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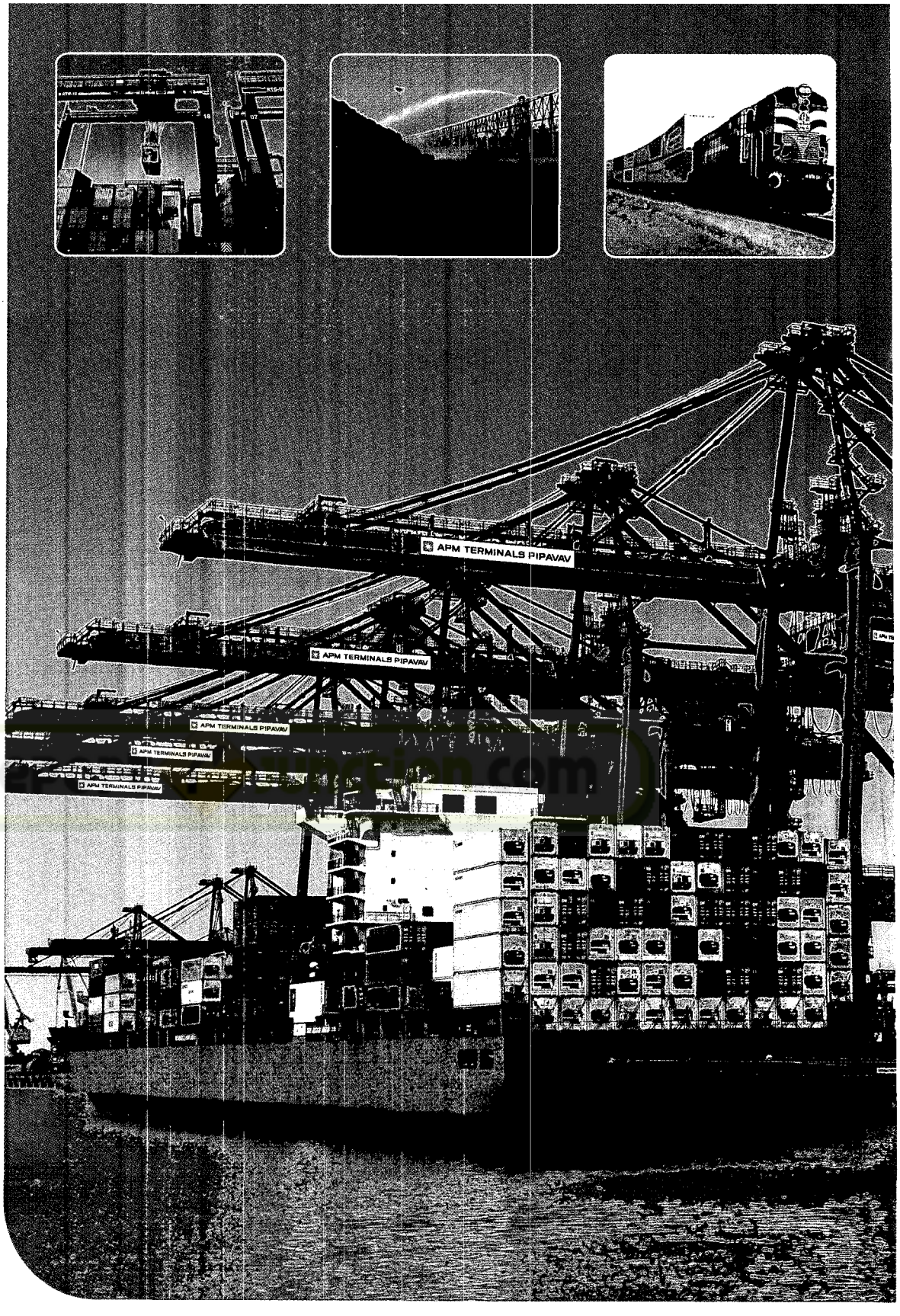
APM TERMINALS PIPAVAV



GUJARAT PIPAVAV PORT LIMITED

ANNUAL REPORT 2010

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CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the 2010 annual report on the performance of the company, following the successful IPO and listing on the National Stock Exchange of India and the Bombay Stock Exchange in September 2010.

In 2009, the port infrastructure improvement project was completed. Although the 2009 global economic crisis sparked a 12.2% contraction in global trade volume, your company managed to grow 65% in volumes in the same year. Against that backdrop, container volumes has further seen a 45% increase in 2010 on the back of new clients and services as well as improved hinterland connectivity. The Company's value proposition to the customer has centered on faster turnaround of vessels, better connectivity and evacuation facilities. The positive commercial and operational trend of the last several quarters have continued and the focus now shifts to delivering on strategic plans and be positioned for continued growth in 2011.

From the financial perspective, your company recorded its first quarterly profit ever of Rs. 111 million in 2010, marking a turnaround from a negative Rs. 349 million in the comparable quarter in 2009. Increase in volumes, better realizations, remaining focused on the cost and also reduction in the interest cost has allowed your company to deliver a strong financial and operational performance for the year. Operating income grew by 29% to Rs. 2,839 million (2009 – Rs. 2,207 million) and EBITDA increased by 134% to Rs. 1,174 million (2009 – Rs. 503 million). Your company has managed to repay some of its high cost debt from the IPO proceeds and obtain lower interest rates for the existing loans.

During the year, the company has successfully managed to execute projects that aid to smooth operations. Your company has been conferred with several awards in recognition of its high service standards, namely "Emerging Gateway Port of the Year" given by EXIM, EPC World Award for "Outstanding Contribution in Ports and Shipping" and also the Chemtech Foundation Award for the "Fastest Growing Port in India".

Your company continued to fulfill its part in corporate social responsibility, making it an integral part of good business practice. In the year, the company focused on assisting the local community through education, infrastructure and medical care.

India is already poised to become an important player in global trade and a growth rate of over 9% is forecasted for 2011. With trade volume typically growing at twice the GDP growth rate in developing economies, one can expect volumes increase in the range of 16-17% in India. Improved capacity and infrastructure, along with the Government's efforts will be key elements fuelling the country's growth potential in the coming years. Your company's focus will be to fully exploit its locational advantage, improved support infrastructure and operational reliability to increase the port's throughput in the coming years.

On behalf of the Board of Directors, I would like to take this opportunity to express high appreciation to the entire staff for their dedication and hard work, to my fellow Board colleagues for their continued support and guidance, and finally to our business partners and shareholders for their enduring confidence in the Company.

Yours faithfully,

Sd/-
Per Jorgensen
Chairman
Gujarat Pipavav Port Limited

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BOARD OF DIRECTORS

Mr. Per Jørgensen	Chairman
Mr. Abhay Bongirwar	Nominee Director- IDBI
Mr. Christian Møller Laursen	
Mr. Dinesh Kumar Lal	
Mr. Martin Gaard Christiansen	
Mr. Pankaj Kumar, IAS	Nominee Director - GMB
Mr. Pravin Laheri, IAS (Retd.)	
Mr. Shyam Sundar S. G	
Mr. Prakash Tulsiani	Managing Director

CHIEF FINANCIAL OFFICER

Mr. Hariharan Iyer

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Manish Agnihotri

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AUDITORS

BSR & Associates
Chartered Accountants

REGISTRAR & TRANSFER AGENTS

Karvy Computershare Private Limited
17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad- 500 081

REGISTERED OFFICE

Pipavav Port, At Post Ucchaiya Via Rajula
Dist. Amreli, Gujarat 365 560

CORPORATE OFFICE

301, Trade Centre
Bandra Kurla Complex
Bandra (E),
Mumbai 400 051

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NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company shall be held on Friday 29th April 2011 at 10.00 A. M. at the Company's Registered Office at Pipavav Port, At Post Ucchaiya, via Rajula, District Amreli to transact the business as mentioned herein below:

ORDINARY BUSINESS:

(i) To receive, consider and approve the Audited Accounts of the Company for the year ended 31st December 2010 and adopt Report of the Directors and of the Auditors thereon.

(ii) To appoint a Director in place of Mr. Christian Møller Laursen who retires by rotation and being eligible, offers himself for re-appointment.

(iii) To appoint a Director in place of Mr. Pankaj Kumar, IAS who retires by rotation and being eligible, offers himself for re-appointment.

(iv) To appoint a Director in place of Mr. Dinesh Lal who retires by rotation and being eligible, offers himself for re-appointment.

(v) To appoint Auditors and fix their remuneration by passing the following resolution as an Ordinary Resolution with or without modification(s):

RESOLVED THAT M/s BSR & Associates, Chartered Accountants (ICAI Registration Number 116231W), the retiring Auditors of the Company be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company and the Board of Directors be and is hereby authorized to fix their remuneration plus travelling and other out of pocket expenses incurred by them in connection with Statutory Audit.

SPECIAL BUSINESS:

(vi) Appointment of Mr. Shyam Sundar S. G. as Director of the Company

To consider and if thought fit, pass with or without modification (s) the following as an **Ordinary Resolution**:

RESOLVED THAT Mr. Shyam Sundar S. G. who was appointed Additional Director, who ceases to hold office at this Annual General Meeting, and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation.

(vii) Appointment of Mr. Martin Gaard Christiansen as Director of the Company

To consider and if thought fit, pass with or without modification (s) the following as an **Ordinary Resolution**:

RESOLVED THAT Mr. Martin Gaard Christiansen, who was appointed Additional Director, who ceases to hold office at this Annual General Meeting, and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation.

(viii) Maintenance of Members Register & Share Transfer Register

To consider and if thought fit, pass with or without modification (s) the following as an **Ordinary Resolution**:

RESOLVED THAT the Register of Members and Share Transfer Register of the company be kept at the Office of Karvy Computershare Private Limited, Plot no. 17- 24, Vittal Rao Nagar, Madhapur, Hyderabad- 500 081.

(ix) Donations

To consider and if thought fit, pass with or without modification (s) the following as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 293 (1)(e) of the Companies Act, 1956, consent is hereby accorded to the Board of Directors for donation of an amount not exceeding Rs. 263,000/-/- in the year ended 31st December 2010 for charitable and other purpose not directly related to the company's business.

By Order of the Board

Manish Agnihotri
Company Secretary

Place: Mumbai
Date: 23rd February 2011

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NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE VALID SHALL BE DEPOSITED AT THE REGISTERED OFFICE AT LEAST FORTY EIGHT HOURS BEFORE THE DATE OF THE MEETING.**

2. **The Explanatory Statement under Section 173 (2) of the Companies Act, 1956 is annexed herewith and forms part of the notice.**

3. **The Register of Members and Share Transfer Books of the Company will remain closed from 22nd April, 2011 to 29th April, 20011(both days inclusive)**

The information required under Clause 49 IV G of the Listing Agreement (relating to Corporate Governance) with respect to the Director being appointed and Directors retiring by rotation and being eligible seeking re-appointment is as under:

	Mr. Christian Møller Laursen	Mr. Pankaj Kumar, IAS	Mr. Dinesh Lal	Mr. Shyam Sundar S. G.	Mr. Martin Gaard Christiansen
Profile of the Director	He holds Masters Degree in Finance from the University of Aarhus, Denmark. He joined as Economist with A. P. Moller Maersk Group in 1990 and has held various positions in Finance in Indonesia, Pakistan, Taiwan, Singapore and CFO of Latin America. Mr. Laursen is CFO of APM Terminals B. V.	He holds a Bachelor of Technology (Civil Engineering) from IIT, Kanpur and Masters in Business Administration from Ljubljana, Slovenia. Mr. Kumar joined the IAS in 1986 in Gujarat Cadre. He has held various positions in Gujarat Government and is now Vice Chairman and CEO of Gujarat Maritime Board	A Commerce Graduate from Delhi University, Mr. Lal started his shipping career in 1974 with Mackinnon Mackenzie & Co and thereafter has been actively involved in liner shipping and project cargo transport. He has also been Trustee of JNPT and Mumbai Port.	An MBA from the Indian Institute of Management (IIM), Calcutta, and a BE (Mechanical) from Anna University, Chennai Mr. Shyam Sundar has over 14 years of experience in Indian Infrastructure sector. He started his career with ICICI Securities and then shifted to IDFC Private Equity in its initial years.	Apart from his formal education, Mr. Christiansen has completed management courses from Henley Business School in the UK, IMD Business School in Switzerland and Executive MBA from the University of Chicago. He is Chief Executive Officer of APM Terminals for Asia Pacific Region since August 2008 and is based in Shanghai, China. He has been with A. P. Moller-Maersk Group since 1990 and has held various positions in London, Hongkong, Singapore and Sri Lanka.

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Date of joining the Board	13th May 2005	28th January 2010	1st June 2004	29th October 2010	23rd February 2011
Directorships and Committee Memberships in other limited companies in India*	None	• Gujarat Chemical Port Co. Ltd. • Mundra Port and SEZ Ltd • Gujarat Port Infrastructure and Development Company Ltd • Alcock Ashdown Gujarat Ltd • Bharuch Dahej Railway Co. Ltd. • Gujarat Industrial Corridor Corporation Ltd. • Dahej SEZ Ltd.	• Pipavav Railway Corporation Limited • Lotus Court Limited	• Seaways Shipping Ltd- Member Audit Committee • Ashoka Buildcon Ltd- Member Audit Committee & Investor Grievance Committee • Goodearth Maritime Ltd- Member Audit Committee • Maharashtra Natural Gas Ltd • Krishna Godavari Gas Network Ltd- Member Audit Committee	None
No. of Shares held in their own name	Nil	Nil	3100	Nil	Nil

*Directorships and Committee Memberships of Gujarat Pipavav Port Limited is not included in the above disclosure. Also directorships in Private Limited Companies, Foreign Companies, Port Trusts and Section 25 Companies is excluded.

The Board of Directors recommends the re-appointment of Mr. Christian Møller Laursen, Mr. Pankaj Kumar, IAS, Mr. Dinesh Lal. Except, Mr. Christian Møller Laursen no other Director of the company is concerned or interested in the appointment of Mr. Christian Møller Laursen. Except, Mr. Pankaj Kumar, IAS no other Director of the company is concerned or interested in the appointment of Mr. Pankaj Kumar, IAS. Except, Mr. Dinesh Lal no other Director of the company is concerned or interested in the appointment of Mr. Dinesh Lal.

The Board of Directors recommend the appointment of Mr. Shyam Sundar S. G. Except Mr. Shyam Sundar S. G. no other Director may be deemed to be concerned or interested in his appointment.

The Board of Directors recommend the appointment of Mr. Martin Gaard Christiansen. Except Mr. Martin Gaard Christiansen no other Director may be deemed to be concerned or interested in his appointment.

By Order of the Board

Manish Agnihotri
Company Secretary

Place: Mumbai
Date: 23rd February 2011

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ANNEXURE TO NOTICE

Explanatory Statement under Section 173 (2) of the Companies Act, 1956

The Explanatory Statement for Item Nos. (vi) to (ix) of the accompanying notice hereinabove are mentioned as under:

Item no. (vi)

Mr. Shyam Sundar S. G. was appointed Additional Director of the company in the Board Meeting held on 29th October 2010 and pursuant to the provisions of Section 257 of the Companies Act, 1956 ceases to be the Director at this Annual General Meeting.

Mr. Shyam Sundar is Senior Managing Director of IDFC Private Equity Company Limited (IDFC- PE). He joined IDFC- PE during its initial years from ICICI Securities (ICICI's investment banking JV with JP Morgan). Mr. Shyam Sundar has over 14 years of experience. He is a Mechanical Engineer from Chennai University and MBA from Indian Institute of Management, Calcutta.

The company will immensely benefit from his appointment as Director. The shareholders may approve his appointment as Director of the company liable to retire by rotation.

None of the Directors are interested except Mr. Shyam Sundar S. G..

Item no. (vii)

Mr. Martin Gaard Christiansen was appointed Additional Director of the company in the Board Meeting held on 23rd February 2011 and pursuant to the provisions of Section 257 of the Companies Act, 1956 ceases to be the Director at this Annual General Meeting.

He is the Chief Executive Officer of the Asia Pacific Region of APM Terminals, the Regional Office at which the Company reports. He has been with A. P. Moller Maersk Group since 1990 and has held various positions in London, Hongkong, Singapore and Sri Lanka. He has management qualifications from Henley Business School in the UK, IMD Business School in Switzerland and Executive MBA from the University of Chicago. The company will immensely benefit from his appointment as Director. The shareholders may approve his appointment as Director of the company liable to retire by rotation.

None of the Directors are interested except Mr. Martin Gaard Christiansen.

Item no. (viii)

Post company's IPO Karvy Computershare Private Limited (Karvy) based in Hyderabad is Share Transfer Agent of the Company. Since the Company's Register of Members and Share Transfer Register is being maintained by Karvy at a place other than company's Registered Office, the company seeks shareholders approval for the same.

None of the Directors are interested in the resolution.

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Item no. (ix)

As per the provisions of Section 293 (1) (e) of the Companies Act, 1956, the company is required to obtain shareholders consent if the donations made during the year to charitable and other funds not directly relating to the company's business or welfare of employees exceed an aggregate amount of Rs. 50,000/- or 5% of average net profit during three financial years whichever is higher.

None of the Directors are interested in the resolution.

By Order of the Board

Manish Agnihotri
Company Secretary

Place: Mumbai
Date: 23rd February 2011

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DIRECTORS REPORT

The Directors present herewith Nineteenth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st December 2010.

FINANCIAL RESULTS

Particulars	Year Ended 31st December 2010 (Rs. In Million)	Year Ended 31st December 2009 (Rs. In Million)
Operating Income	2,839.29	2,207.09
Less: Total Expenditure	1,665.46	1,704.42
Operating Profit	1,173.83	502.67
Add: Other Income	81.41	6.65
Profit before Interest, Depreciation, tax and exceptional items	1,255.24	509.32
Less: Interest	1,271.44	1,156.78
Less: Depreciation	492.67	457.56
Profit/(Loss) for the year before Exceptional Item	(508.87)	(1,105.02)
Exceptional Item (Prior period adjustment)	(38.85)	(58.00)
Profit/ (Loss) Before Tax	(547.22)	(1,163.02)
Less: Taxes (Fringe Benefit Tax)	—	(0.91)
Profit/ (Loss) After Tax	(547.22)	(1,163.93)
Balance brought forward from previous year	(8,316.45)	(7,769.23)

DIVIDEND

Considering the loss for the year of Rs. 547.22 Million and total accumulated losses amounting Rs. 8,316.45 Million, no dividend is recommended.

YEAR IN RETROSPECT & OTHER KEY DEVELOPMENTS

A brief statistical profile on port operations during the year ended 31st December 2010 comprising of ships calling at the Port and volume of cargo handled is as under:

Particulars	Year 2010	Year 2009
No. of vessel calls at the Port	1,076	1,037
Bulk Cargo Handled (In MT.)	3,383,588	3,371,114
Containers Handled (TEU)	466,138	321,400

While the bulk cargo handled during the year has remained flat compared to previous year the containers handled during the year increased by 45% compared to previous year. This can be attributed to addition of new shipping lines and introduction of new services by shipping lines.

The company successfully completed its Initial Public Offer of Rs. 5,000 Million along with an Offer for Sale of 11,707,369 shares by an existing shareholder. The shares of face value of Rs. 10 each had a Price Band between Rs. 42 to Rs. 48 per share. The issue was oversubscribed approximately 20 times and the issue price was fixed at Rs. 46 per share. The shares got listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 9th September 2010.

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