



Lifting Global TradeSM

APM TERMINALS

APM Terminals Pipavav

Gujarat Pipavav Port Limited

ANNUAL REPORT 2013



CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board, I present to you the first Annual Report and Financial Statements for the year ended 31st December 2013 after assuming the Chairmanship.

The global economy continued to face many challenges. Looking back on 2013, your Company has a good reason to be satisfied. Strong container volume growth despite demand not growing at the rate seen in the past, operational productivity, and superior rail connectivity have been the mainstay of our performance this year. Bulk cargo remained steady during the year though the overall outlook is likely to remain weak in the absence of clarity in the power purchase policy, as well as adverse rail freight differential for coal transportation for power plants located in the Northern hinterland.

The construction of tanks by 3 liquid cargo operators at Pipavav is in advanced stages of completion. With this the handling of Liquid Cargo is likely to commence very soon.

2013 represented a year of strong growth in both revenue and profitability. Operating revenue increased by 24% to ₹ 5,179.35 Million while EBITDA grew 41% to ₹ 2,568 Million, driven mainly by a substantial improvement in container volumes and realization.

During the year, your Company commenced handling of double stack high cube container trains in collaboration with its JV partner, Pipavav Railway Corporation Limited (PRCL). This has benefitted Exim Trade by reducing transit time and improved efficiency to the main cargo generating areas across North and North West India. The availability of capable rail connections will decrease congestion on roads, enable fuel savings and benefit the environment. PRCL continued to benefit by the strong cargo growth through rail and in the current year, distributed its maiden dividend (interim) of ₹ 38.8 Million to your Company.

The demand for port capacity on the West Coast makes it essential that the use of Port infrastructure is optimized. Your Company has put in place long term strategic plans to develop port infrastructure. The Company's Environment approval received in June 2012 was under abeyance for six months but the authorities have now reinstated the approval and the letter has been received. The plans are now being reassessed by our project team in consultation with the project consultants.

As vessels get larger and more capacity is added, freight rates for shipping lines are coming under pressure. This has resulted in the creation of Mega alliances by the container shipping lines by way of consolidation. This coupled with the improved global economic outlook will make the role of ports in the logistics chain even more critical. Terminal operators will not only have to enhance their capabilities but also re-orient their services to work closely with customers. Your company is well positioned to capitalize on this and will continue to leverage its strength, in offering higher productivity, terminal efficiency and care for the environment. Your Company will continue to deliver on the requirements of its customers. Additionally, it shall continue to strengthen the supply chain in order to maintain this growth trajectory.

I would like to place on record the Board's acknowledgement and gratitude to Mr. Per Jørgensen for his distinguished contribution as Chairman of your Company since 2008. He ensured the Board was effective in its oversight of management and in delivery of the Company's strategy. We are grateful to him for his efforts. I also would like to thank all our employees for their continued hard work, dedication, sincerity and commitment to work in a Safe Environment.

Yours faithfully,

Tejpreet Singh Chopra
Chairman

BOARD OF DIRECTORS

| | |
|--------------------------------|---|
| Mr. Tejpreet Singh Chopra | Chairman (from 1 st June 2013) |
| Mr. A. K. Rakesh, IAS | (from 29 th October 2013) |
| Mr. Dinesh Kumar Lal | |
| Mr. Henrik Lundgaard Pedersen | |
| Ms. Hina Shah | (from 30 th July 2013) |
| Mr. Jan Damgaard Sorensen | (from 30 th July 2013) |
| Mr. Pradeep Mallick | |
| Mr. Pravin Laheri, IAS (Retd.) | |
| Mr. Prakash Tulsiani | Managing Director |
| Mr. Pankaj Kumar, IAS | (upto 2 nd May 2013) |
| Mr. Per Jørgensen | (upto 31 st May 2013) |
| Mr. Martin Gaard Christiansen | (upto 30 th June 2013) |

CHIEF FINANCIAL OFFICER

Mr. Hariharan Iyer

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Manish Agnihotri

AUDITORS

BSR & Associates LLP
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 400 098

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NOTICE is hereby given that the 22nd Annual General Meeting of the Members of the Company shall be held on Tuesday 6th May 2014 at 2.00 P. 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 2013 and adopt Report of the Directors and of the Auditors thereon.
- (ii) To appoint a Director in place of Mr. Pravin Laheri, IAS (Retd.) who retires by rotation and being eligible, offers himself for re-appointment.
- (iii) To appoint a Director in place of Mr. Henrik Lundgaard Pedersen who retires by rotation and being eligible, offers himself for re-appointment.
- (iv) To appoint a Director in place of Mr. Pradeep Mallick 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 Ordinary Resolution with or without modification(s):

RESOLVED THAT M/s B S R & Associates LLP, 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. Jan Damgaard Sorensen 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. Jan Damgaard Sorensen who was appointed Additional Director pursuant to the provisions of the then Section 260 of the Companies Act, 1956, 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 Ms. Hina Shah 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 Ms. Hina Shah who was appointed Additional Director pursuant to the provisions of the then Section 260 of the Companies Act, 1956, 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) **Appointment of Mr. A. K. Rakesh, IAS 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. A. K. Rakesh, IAS who was appointed Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013, 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.

(ix) **Re-appointment of Mr. Prakash Tulsiani as Managing Director and approve his Remuneration**

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956, and subject to approval of the Central Government and such other approvals/permissions, as may be required, consent of the Company be and is hereby accorded for re-appointment of Mr. Prakash Tulsiani as Managing Director of the Company for a period of 5 years commencing from 28th January 2014 on such terms and conditions including revision in remuneration from 1st April 2014, as set out in the Explanatory Statement annexed to this Notice, with liberty to the Board of Directors (including the Remuneration Committee) to alter and vary any terms and conditions including remuneration in such manner as may be agreed between Mr. Prakash Tulsiani and the Company from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.

By Order of the Board

Manish Agnihotri
Company Secretary

Place : Mumbai
Date : 18th February 2014

REGISTERED OFFICE:

Pipavav Port,
At Post Ucchhaiya, via Rajula,
District Amreli- 365 560.

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 LEAST FORTY EIGHT HOURS BEFORE THE DATE OF THE MEETING.**
- 2. The Explanatory Statement under Section 102 of the Companies Act, 2013 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 26th April 2014 to 6th May 2014 (both days inclusive)**

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

| | Mr. Pravin Laheri, IAS (Retd.) | Mr. Henrik Lundgaard Pedersen | Mr. Pradeep Mallick | Mr. Jan Damgaard Sorensen | Ms. Hina Shah | Mr. A. K. Rakesh, IAS |
|----------------------------|--|---|--|---|--|---|
| Profile of the Director | Mr. Laheri belongs to the batch of 1969 of the elite Indian Administrative Services and has held various positions across different departments in the State of Gujarat. He was Principal Secretary to five Chief Ministers of Gujarat and was Chief Secretary of the State from 2003 to 2005 prior to his retirement. Amongst the various positions held by him he was Chairman & Managing Director of Sardar Sarovar Nigam, Chairman of Gujarat State Finance Corporation, Gujarat Narmada Valley Corporation and Gujarat Alkalis and Chemicals Limited. | Mr. Pedersen is CEO of Asia Pacific Region since February 2012. Prior to this he was Vice President Business Development in Latin America. During his 4 year tenure in Latin America APM Terminals secured new projects in Peru, Brazil, Costa Rica and Mexico. He joined AP Moller Maersk Group in 1998 and has held various positions in Finance within Maersk Line before being transferred to another group entity DAMCO in USA. In 2001 he was appointed CFO of DAMCO in Greater China and was based in Shanghai and subsequently took different | Mr. Mallick is an Electrical Engineer from IIT Madras one of the premier technology institutes of India, Fellow of the Institution of Engineering & Technology, London and has Diploma in Business Management from UK. He has over four decades of experience in power transmission and distribution works and managing large scale turnkey projects in India, Middle-East, Africa and West Asia. Mr. Mallick helped Finnish Company Wartsila to set up its business in India and was its Managing Director for 15 years until 2003. | Mr. Sorensen is Chief Financial Officer of APM Terminals, Asia Pacific and is based in Singapore. He joined the A.P. Moller-Maersk Group in 2001 and since then held various positions within the Group Functions and Maersk LINE in Copenhagen, Prague and Vienna. In September 2009, he took over as CFO of Suez Canal Container Terminal (SCCT) based in Port Said, Egypt and was responsible for completion of the expansion of USD 500 Million doubling the Terminal's capacity to 6 Million TEU/year. | Ms. Shah established the International Centre for Entrepreneurship and Career Development (ICECD) in Ahmedabad in 1986. It is a non-profit voluntary organisation and has developed various modules for women from low income group in urban and rural areas. She has worked as Advisor and Training faculty with various agencies like The World Bank and organisations affiliated to the United Nations apart from various National and International agencies. Ms. Shah has been awarded by Hon'ble President of India for her valuable service | Mr. Rakesh is Vice Chairman & CEO of Gujarat Maritime Board. He is from 1989 batch of the elite Indian Administrative Services. He has held various positions in Gujarat Government till date. Apart from Vice Chairman and CEO of GMB he also holds the charge of Development Commissioner of Gujarat State. Mr. Rakesh is a Bachelor of Technology in Civil Engineering |

| | Mr. Pravin Laheri, IAS (Retd.) | Mr. Henrik Lundgaard Pedersen | Mr. Pradeep Mallick | Mr. Jan Damgaard Sorensen | Ms. Hina Shah | Mr. A. K. Rakesh, IAS |
|--|--|---|--|--|---|--|
| | He has also worked as Executive Director of National Institute of Fashion Technology (NIFT) under Ministry of Textiles, Government of India. Mr. Laheri holds Bachelors degree in Arts as well as Law, Masters of Science and Economics Degree from the University of Wales | assignments in Greater China area. Mr. Pedersen comes with a Finance background from Copenhagen Business School, Denmark and subsequent management courses from Columbia Business School in New York. | He was conferred Knight First Class of the Order of The White Rose of Finland by the President of Finland. He is currently an Independent Director on the Boards of several Companies and an Executive Coach/ Mentor. | Mr. Sorensen holds Masters in Finance and Accounting and an Executive MBA. | towards cause of women. Ms. Shah has done Masters in Chemistry apart from various Management courses. | |
| Date of joining the Board | 29 th August 2008 | 4 th September 2012 | 4 th September 2012 | 30 th July 2013 | 30 th July 2013 | 29 th October 2013 |
| Directorships and Committee Memberships in other limited companies in India* | <ul style="list-style-type: none"> PI Industries Limited New Light Hotels Ltd Narayani Hotels & Resorts Ltd Pahal Financial Services Ltd National Multi Commodity Stock Exchange- Member Audit Committee Gulmohar Greens Golf & Country Club Ltd | None | <ul style="list-style-type: none"> Automotive Stampings and Assemblies Ltd- Chairman of Board and Member Audit Committee Blue Star Ltd- Member Audit Committee ESAB India Ltd- Member Audit Committee Foseco India Ltd- Chairman of Board and Member Audit Committee & Chairman Investor Grievance Committee | None | None | <ul style="list-style-type: none"> Gujarat Port Infrastructure & Development Company Ltd Dahej SEZ Ltd Alcock Ashdown (Gujarat) Ltd Gujarat Chemical Port Terminal Co Ltd Gujarat Industrial Corridor Corporation Ltd Bharuch Dahej Railway Corporation Ltd Adani Ports & Special Economic Zone Ltd |
| No. of Shares held in their own name | Nil | Nil | Nil | Nil | Nil | Nil |

* The details include Directorships and Committee Memberships in Audit Committee and Investor Grievance Committee. But it does not include details of Gujarat Pipavav Port Limited and directorships in Private Limited companies, Foreign companies, Port Trusts, Section 25 companies and their committee memberships.

The Board of Directors recommend the re-appointment of Mr. Pravin Laheri, IAS (Retd.), Mr. Henrik Lundgaard Pedersen and Mr. Pradeep Mallick.

Except Mr. Laheri no other Director of the Company is concerned or interested in the appointment of Mr. Pravin Laheri, IAS (Retd.). Except Mr. Pedersen no other Director of the Company is concerned or interested in the appointment of Mr. Henrik Lundgaard Pedersen. Except Mr. Mallick no other Director of the Company is concerned or interested in the appointment of Mr. Pradeep Mallick.

The Board of Directors recommend the appointment of Mr. Jan Damgaard Sorensen. Except Mr. Sorensen no other Director may be deemed to be concerned or interested in his appointment.

The Board of Directors recommend the appointment of Ms. Hina Shah. Except Ms. Shah no other Director may be deemed to be concerned or interested in her appointment.

The Board of Directors recommend the appointment of Mr. A. K. Rakesh, IAS. Except Mr. Rakesh 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 : 18th February 2014

ANNEXURE TO NOTICE

Explanatory Statement under Section 102 of the Companies Act, 2013

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

Item no. (vi)

Mr. Jan Damgaard Sorensen was appointed Additional Director of the Company on 30th July 2013 and pursuant to the provisions of the then Section 260 of the Companies Act, 1956 ceases to be the Director at this Annual General Meeting.

Mr. Sorensen is Chief Financial Officer of APM Terminals, Asia Pacific and is based in Singapore. He joined the A.P. Moller-Maersk Group in 2001 and since then held various positions within the Group Functions and Maersk LINE in Copenhagen, Prague and Vienna. In September 2009, he took over as CFO of Suez Canal Container Terminal (SCCT) based in Port Said, Egypt and was responsible for completion of the expansion of USD 500 Million doubling the Terminal's capacity to 6 Million TEU/year. He holds Masters in Finance and Accounting and an Executive MBA.

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.

Mr. Jan Damgaard Sorensen is interested / concerned in the resolution for his appointment as per the aforesaid resolution.

| Name of the Director / other person | Financial Interest | Other Interest |
|-------------------------------------|--------------------|---|
| Mr. Jan Damgaard Sorensen | Nil | Nil |
| APM Terminals Mauritius Ltd | Nil | Promoter of the Company holding 43.01% shares |

Apart from the aforesaid persons, none of the other persons specified in Section 102 of the Companies Act, 2013 namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons are concerned or interested in the above resolution.

Item no. (vii)

Ms. Hina Shah was appointed Additional Director of the Company on 30th July 2013 and pursuant to the provisions of the then Section 260 of the Companies Act, 1956 ceases to be the Director at this Annual General Meeting.

Ms. Shah established the International Centre for Entrepreneurship and Career Development (ICECD) in Ahmedabad in 1986. It is a non-profit voluntary organisation and has developed various modules for women from low income group in urban and rural areas.

She has worked as Advisor and Training faculty with various agencies like The World Bank and organisations affiliated to the United Nations apart from various National and International agencies. She has been awarded by Hon'ble President of India for her valuable service towards cause of women. She has done Masters in Chemistry apart from various Management courses.

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

Ms. Hina Shah is interested / concerned in the resolution for her appointment as per the aforesaid resolution.

| Name of the Director / other person | Financial Interest | Other Interest |
|-------------------------------------|--|----------------|
| Ms. Hina Shah | Sitting Fees: Board Meeting ₹ 20,000 per meeting Audit Committee Meeting: ₹ 20,000 per meeting | Nil |

Apart from the aforesaid persons, none of the other persons specified in Section 102 of the Companies Act, 2013 namely the Promoters, Directors, Key Managerial Persons, Relatives of Promoters, Directors and Key Managerial Persons are concerned or interested in the above resolution.