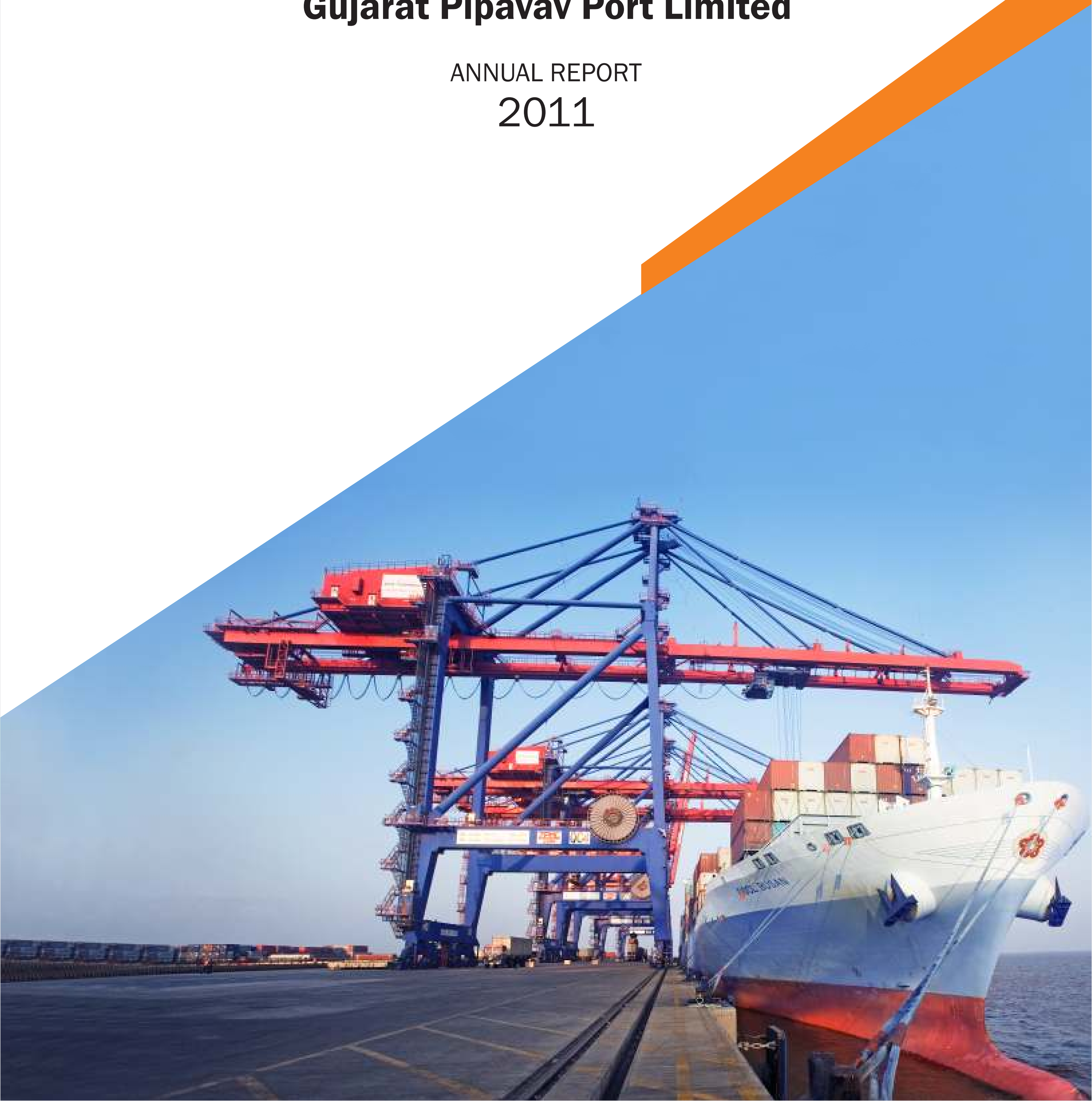
APM TERMINALS Lifting Global Trade℠

APM Terminals Pipavav
Gujarat Pipavav Port Limited

ANNUAL REPORT
2011



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report for the Year 2011 on the overall performance of your Company.

During the Year 2011 the Global Container Market grew 7% compared to 2010. Against this backdrop, the container volume at Pipavav grew 31%. This growth was driven by an increase in services by the shipping lines and improved rail connectivity. Providing faster turnaround of vessels and efficient evacuation facilities will continue to be our key focus areas.

The North and North-West Regions of India are the key markets for container business and Pipavav has ample rail capacity for servicing these markets. Your Company is closely working with the Railways for carrying out necessary civil works to facilitate handling of high cube double stack containers. This will further enhance the rail capacity to cater to this key market, which contributes almost two-thirds of India's container trade volume.

Bulk cargo has remained stable over the past couple of years and has seen a 10% increase during the Year 2011 compared to previous year.

The Year 2011 is the first full year of Net Profit for the company. The Board of Directors is pleased to report Net Profit of Rs. 571 Million during the Year 2011 as compared to a Net Loss of Rs. 547 Million the previous year. An increase in overall container volume, higher refrigerated container cargo handled and continued focus on cost reduction are the main factors behind the positive result for 2011. During the past year the company also prepaid additional debt of Rs. 895 Million which has contributed in reducing the borrowing cost.

Your company has been conferred an award for "Fastest Growing Port in India" by EXIM India at the Maritime & Logistics Awards (MALA) 2011 ceremony. On a Global level, Pipavav has been listed among Top 5 fastest growing Container ports in the world for the second year in succession by Drewry Maritime Research.

Your company continues to fulfill its part in Corporate Social Responsibility, making it an integral part of good business practice. During the year, the company focused on assisting the local community through education, infrastructure and medical care apart from providing Disaster Management Services during emergency in neighboring villages.

India is one of the key markets in global trade and container shipping lines are keen to participate in its growth potential. Pipavav is ready to partner with all shipping lines to provide efficient, reliable and ultra modern port facilities.

On behalf of the Board of Directors, I would like to take this opportunity to express sincere appreciation for the strong and dedicated contribution by the loyal employees at all levels, 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,

Per Jørgensen
Chairman
Gujarat Pipavav Port Limited

BOARD OF DIRECTORS

Mr. Per Jørgensen	Chairman
Mr. Christian Møller Laursen	
Mr. Dinesh Kumar Lal	
Ms. Malini Bansal	Nominee Director- IDBI (from 28th July 2011)
Mr. Martin Gaard Christiansen	
Mr. Pravin Laheri, IAS (Retd.)	
Mr. Pankaj Kumar, IAS	
Mr. Shyam Sundar S. G.	
Mr. Prakash Tulsiani	Managing Director
Mr. Abhay Bongirwar	Nominee Director- IDBI (upto 28th July 2011)

CHIEF FINANCIAL OFFICER

Mr. Hariharan Iyer

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Manish Agnihotri

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

GREEN INITIATIVE

As you may be aware, the Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. Companies can send various notices and documents, including Annual Report, to its shareholders through electronic mode to their registered e- mail addresses. To support this green initiative of the Government in full measure, members are requested to register their email addresses at **einward.ris@karvy.com** , in respect of electronic holdings with the Depository through their concerned Depository Participants

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NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of the Company shall be held on Thursday 3rd May 2012 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 2011 and adopt Report of the Directors and of the Auditors thereon.

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

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

(iv) To appoint a Director in place of Mr. Shyam Sundar S. G. 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 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) **Increase in Investment limit by Foreign Institutional Investors (FIIs) under the Portfolio Investment Scheme (PIS)**

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

RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act, 1999, as amended ("FEMA"), Foreign Exchange Management (Transfer or Issue of Security by a person Resident Outside India) Regulations 2000, as amended, the Companies Act, 1956 and all other applicable acts, rules, regulations, provisions, circulars and guidelines (including any statutory modifications or re-enactments thereof for the time being in force) and subject to approvals, permissions and sanctions of the Government of India, Reserve Bank of India and any other regulatory authorities, if required, and such conditions as may be prescribed by any of the said authorities while granting such approvals, permissions and sanctions, the foreign institutional investors, including their sub-accounts, registered with SEBI be permitted to acquire equity shares of the Company, under the portfolio investment scheme or any other permissible mode under FEMA, up to an aggregate limit of 45% of the paid-up equity share capital of the Company.

RESOLVED FURTHER THAT any of the Directors of the Company, the Chief Financial Officer and the Company Secretary of the Company be and are hereby severally authorised to file the requisite forms, etc. with the office of the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, file requisite application(s) as may be required with the Reserve Bank of India and other regulatory authorities, take all necessary steps and actions, give such directions, delegate such authorities and to do all other acts, deeds and things, and execute all documents or writings as may be necessary in this regard.

(vii) **Remuneration to Managing Director Mr. Prakash Tulsiani**

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 Sections 198, 269, 309, Schedule XIII and any other applicable provisions, consent of the Company be and is hereby accorded for payment of remuneration to Mr. Prakash Tulsiani, Managing Director of the Company towards Salary, Fixed Allowances and Incentives/ Performance linked Bonus to a maximum limit of Rs. 37,837,704 for the year 2012 and the following Perquisites not covered hereinabove:

(a) Contribution to Provident Fund for the year 2012, Superannuation Fund etc

Contribution to Provident Fund, Superannuation or Annuity Fund will not be included in the above ceiling to the extent these are not taxable under the Income-tax Act, 1961. Gratuity shall be payable as per the Company's Scheme.

(b) Medical Expenses

Reimbursement of all medical expenses incurred by Mr. Tulsiani for his family as per the rules of the Company.

(c) Club Membership

Annual Membership Fees for a Club

The Board of Directors or Remuneration Committee of the Board may in its discretion pay to Mr. Prakash Tulsiani lower remuneration than the maximum remuneration hereinbefore stipulated and revise the same from time to time, within the maximum limits stipulated.

Minimum Remuneration:

In the event of loss or inadequacy of profits during the tenure the Board or Remuneration Committee of the Board shall determine the amount of total remuneration payable to Mr. Tulsiani and approval of Central Government, if required.

RESOLVED FURTHER THAT the Board of Directors of the Company or Remuneration Committee of the Board be and is hereby authorised from time to time to amend, alter or otherwise vary the terms and conditions of the remuneration to Mr. Tulsiani provided such remuneration shall not exceed the maximum limits for payment of remuneration as may be admissible to him within the overall limits specified in the Act, and as existing or amended, modified or re-enacted from time to time, as the Board may deem fit.

RESOLVED FURTHER THAT the Board of Directors of the Company or Remuneration Committee of the Board be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, may consider necessary, in order to give effect to this Resolution.

By Order of the Board

Manish Agnihotri
Company Secretary

Place: Mumbai
Date: 22nd February 2012

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 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 24th April 2012 to 3rd May 2012 (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. Per Jørgensen	Mr. Pravin Laheri, IAS (Retd.)	Mr. Shyam Sundar S. G.
Profile of the Director	Mr. Per Jørgensen has worked with AP Møller Mærsk A/S from 1954 to 2006 and has held various positions in Denmark and overseas. He retired as Executive Vice President and Partner of AP Møller Mærsk A/S in 2006. Mr. Jørgensen has completed his education in Denmark and Harvard University.	Mr. Pravin Laheri belongs to the batch of 1969 of the Indian Administrative Services and has held various positions across different departments in the State of Gujarat. He has been Principal Secretary to five Chief Ministers of Gujarat. He retired as Chief Secretary of Gujarat in 2005, a position he held since 2003. He was Chairman and Managing Director of Sardar Sarovar Narmada Nigam from 2005-2008. Between the period 2003 - 2005, he was also the Chairman of Gujarat State Finance Corporation, Gujarat Narmada Valley Corporation and Gujarat Alkalies and Chemicals Limited. 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 and a masters of Science (Economics) degree from the University of Wales.	Mr. Shyam Sundar is currently Senior Managing Director at IDFC Private Equity Company Limited. He has over 15 years of experience in Indian Infrastructure industry. He started his career with ICICI Securities and then shifted to IDFC Private Equity in its initial years. Mr. Shyam Sundar is a Mechanical Engineer and MBA from Indian Institute of Management (IIM), Kolkata.
Date of joining the Board	29th August 2008	29th August 2008	29th October 2010

	Mr. Per Jørgensen	Mr. Pravin Laheri, IAS (Retd.)	Mr. Shyam Sundar S G
Directorships and Committee Memberships in other limited companies in India*	None	• PI Industries Limited • New Light Hotels Limited • Narayani Hotels & Resorts Limited • Pahal Financial Services Limited **Committee Memberships:** None	• Seaways Shipping Limited • Ashoka Buildcon Limited • Goodearth Maritime Limited • Maharashtra Natural Gas Ltd • Krishna Godavari Gas Network Ltd • Central UP Gas Ltd **Committee Memberships:** • Goodearth Maritime Limited- Audit Committee • Ashoka Buildcon Limited- Audit Committee & Investor Grievance Committee • Seaways Shipping Limited- Audit Committee • Krishna Godavari Gas Network Limited- Audit Committee
No. of Shares held in their own name	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. Per Jørgensen, Mr. Pravin Laheri, IAS (Retd.) and Mr. Shyam Sundar S. G. Except Mr. Jørgensen no other Director of the company is concerned or interested in the appointment of Mr. Per Jørgensen. Except Mr. Laheri no other Director of the company is concerned or interested in the appointment of Mr. Pravin Laheri, IAS (Retd.). Except, Mr. Shyam Sundar no other Director of the company is concerned or interested in the appointment of Mr. Shyam Sundar S G.

By Order of the Board

Manish Agnihotri
Company Secretary

Place: Mumbai
Date: 22nd February 2012

ANNEXURE TO NOTICE

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

The Explanatory Statement for Item Nos. (vi) and (vii) of the accompanying notice hereinabove is mentioned as under:

Item no. (vi)

The total shareholding of Foreign Institutional Investors (FIIs) under the Portfolio Investment Scheme (PIS) is upto 24% of company's paid up share capital. In order to facilitate increased investment by FIIs into the company, it is proposed to increase the limit to 45% of the company's paid up share capital.

Considering the high level of interest of the Registered FIIs in the company and to enable them to increase their shareholding, the Board of Directors have approved the proposal to increase the FII limit to 45% of the company's paid up share capital in the Meeting held on 22nd February 2012, subject to approval of members by way of Special Resolution.

The Board of Directors recommend the resolution for approval.

None of the Directors are interested in the resolution.

Item no. (vii)

The Remuneration Committee and the Board of Directors in the meeting held on 22nd February 2012 approved the remuneration payable to Mr. Prakash Tulsiani Managing Director for the year 2012.

The information required to be furnished under the Code of Corporate Governance is as follows:

Mr. Prakash Tulsiani, aged 49 years, is a certified Chartered Accountant from The Institute of Chartered Accountants of India (ICAI - CA), and a certified Company Secretary from The Institute of Company Secretaries of India (ICSI - CS). He also holds a degree in Law and a degree in Commerce from Mumbai University.

Mr. Tulsiani started his career in Thailand with a trading and shipping company. He joined the Maersk group in Indonesia in 1993 and held several management positions until 2005. He then headed the project in Gateway Terminals in Mumbai as the Chief Operating Officer from 2005-2009 and was instrumental in its success from project stage to commercial operations. Mr. Tulsiani is the Managing Director of Gujarat Pipavav Port Limited since January 2009.

He is also Director on the Board of Pipavav Railway Corporation Limited.

Mr. Tulsiani holds 22,000 shares of the company in his own name.

The Board recommends this Resolution for approval by the Members.

The above particulars may be treated as an Abstract pursuant to Section 302 of the Companies Act, 1956.

Mr. Prakash Tulsiani is deemed to be interested in this Resolution as it concerns him. No other Director is concerned or interested in passing of this Resolution.

By Order of the Board

Manish Agnihotri
Company Secretary

Place: Mumbai
Date: 22nd February 2012

DIRECTORS REPORT

The Directors present herewith Twentieth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st December 2011.

FINANCIAL RESULTS

Particulars	Year Ended 31st December 2011 (Rs. In Million)	Year Ended 31st December 2010 (Rs. In Million)
Operating Income	3,967.72	2,839.29
Less: Total Expenditure	2,139.55	1,695.16
Operating Profit	1,828.17	1,144.13
Add: Other Income	152.53	111.11
Profit before Interest, Depreciation, tax and exceptional items	1,980.70	1,255.24
Less: Interest	851.88	1,271.44
Less: Depreciation	557.82	492.67
Profit/(Loss) for the year before Exceptional Item	571.00	(508.87)
Exceptional Item (Prior period adjustment)	-	(38.85)
Profit/ (Loss) Before Tax	571.00	(547.22)
Less: Taxes (Fringe Benefit Tax)	--	---
Profit/ (Loss) After Tax	571.00	(547.22)
Balance brought forward from previous year	(7,745.45)	(8,316.45)

DIVIDEND

Your company is pleased to report for first time ever full year Net Profit of Rs. 571.00 Million. However considering the accumulated losses of Rs. 7,745.45 Million, no dividend is recommended.

YEAR IN RETROSPECT & OTHER KEY DEVELOPMENTS

A brief statistical profile on port operations during the year ended 31st December 2011 comprising of ships calling at the Port and volume of cargo handled is as under:

Particulars	Year 2011	Year 2010
No. of vessel calls at the Port	**1,315**	**1,076**
Bulk Cargo Handled (In MT.)	**3,793,881**	**3,383,588**
Containers Handled (TEU)	**610,243**	**466,138**

Bulk cargo handled during the year increased by 10% compared to previous year while Containers handled during the year increased by 31%. This can be attributed to addition of new services by the container shipping lines and improved business opportunities from the hinterland area.

MANAGEMENT DISCUSSION AND ANALYSIS

A separate section on Management Discussion and Analysis (MD&A) forms part of the Annual Report as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The MD&A includes the review of industry prospects and developments, opportunities and risks, outlook for business, risks and concerns, internal control systems and their adequacy and discussion on financial performance.

SUBSIDIARY COMPANY

The Company does not have any subsidiaries.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report along with the Certificate from the Company's Auditors confirming compliance with the conditions stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

(i) In preparation of the annual accounts, all applicable accounting standards have been followed;

(ii) The accounting policies have been applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as on 31st December 2011 and of the profit & loss for that period;

(iii) Proper and sufficient care has been taken for 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;

(iv) The annual accounts have been prepared on a going concern basis.

DIRECTORS

Mrs. Malini Bansal Lenders Nominee representing IDBI Bank Limited was appointed as Director of the Company on 11th July, 2011 replacing Mr. A. L. Bongirwar who was on the company's Board since February 2009.

The Board places on record its appreciation for Mr. Bongirwar's valuable contribution as Director of the Company.

In accordance with the provisions of the Companies Act, 1956, Mr. Per Jørgensen, Mr. Pravin Laheri, IAS (Retd.) and Mr. Shyam Sundar S. G. are due to retire by rotation and being eligible, offer themselves for re-appointment.

Appropriate resolutions are being placed in the ensuing Annual General Meeting for your approval. A brief resume of the Directors and other information has been detailed in the Notice forming part of this report. The Board recommends their re-appointment as Directors of the company.

AUDITORS

M/s BSR & Associates, Chartered Accountants, are the Statutory Auditors of the Company and hold office until the ensuing Annual General Meeting. Being eligible, it is proposed to re-appoint them.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION

Your company is not engaged in any manufacturing activity therefore the information required under 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 and forming part of the Directors' Report for the year ended 31st December 2011 is not applicable.

However, the company has been taking regular steps for energy conservation and technology absorption in order to save energy, reduce cost and reduce carbon footprint.

The port has been actively engaged in reducing dependency on diesel and encouraging innovation amongst its employees to develop low carbon solutions. These initiatives include Gottwald Crane that operated on diesel has been electrified by in-house engineers. 10 Rubber Tyre Gantry Cranes (RTGs) have been installed with hybrid engines which consume lesser fuel in comparison with conventional RTGs. The Engineering Team has developed in house cleaning equipment which is used for removing contaminants from Lube Oil used in the cranes. After completing the entire cleaning process the oil is recycled. Special electric connections have been created on shore for tugs which are used for charging during its idle time so that marine activities could be carried out on various systems instead of diesel. Solar Powered lights have been installed on the approach bridges to the jetty.

ENVIRONMENT PROTECTION & CORPORATE SOCIAL RESPONSIBILITY

Your company considers protection of Environment and contribution to the local community in the Region it operates into, as an important responsibility as good corporate citizen.

The Port Management is directly engaged with the citizens of nearby villages to understand their requirements and contribute for their well being. A team comprising of managers regularly visits various schools in the area to understand their requirements and fulfil them by providing them computers, scientific instruments, installing water coolers, carrying out school repairs, donating school bags, books etc.

Your company has completed Mangrove plantation in an area of 500 Hectares as per the requirement of Environment authorities and has received a Certificate to this effect from Gujarat Ecology Commission. The port has planted 11,000 saplings inside the premises and has nurtured 7000 saplings in an in-house nursery. The treated water from the Sewage treatment plant inside the port is re-used for gardening and the residue is used for plants. The awareness on Solid Waste Management is spread in the villages and is being implemented by the port team. Rain water harvesting is carried out during the monsoon season.

The Water quality including the Sea water at the Jetty area is monitored and analysed regularly and so is the Air quality.

FOREGIN EXCHANGE EARNINGS AND OUTGO

Details of expenditure and earnings in foreign currencies are mentioned in Schedule 15 Note no. 16 to the financial statements.

PERSONNEL RESOURCES

The particulars as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are annexed to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders of the Company excluding the aforesaid information. The aforesaid information is available for inspection at the Registered Office of the Company. Any shareholder interested in obtaining such particulars may write to the Company Secretary.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

ACKNOWLEDGEMENTS

The Board of Directors of your company acknowledge and place on record their sincere appreciation for the strong and dedicated contribution made by the loyal employees at all levels. The Directors also wish to place on record their appreciation for continued valuable support, co-operation and assistance of Government of India, Government of Gujarat, Gujarat Maritime Board and various other Government Agencies, Financial Institutions & Banks, Promoters and Group Companies.

For and on behalf of Board of Directors

Place : Mumbai
Date : 22nd February 2012

Per Jørgensen
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2011

Introduction

The following discussion and analysis of the financial performance and activity of Gujarat Pipavav Port Limited is intended to provide an introduction and understanding of financial statements for the year ended December 31, 2011, with selected comparative information for the year ended December 31, 2010. This section has been prepared by the Management of Gujarat Pipavav Port Limited (referred to as "APM Terminals Pipavav" or "the company") and should be read in conjunction with the financial statements and notes, thereon, which follow the section.

Our financial statements have been prepared on going concern basis and on accrual basis, under the historical cost convention and in accordance with Indian GAAP, the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006, issued by the Central Government of India and relevant provisions of the Companies Act, as adopted consistently by us. See the Notes to Financial Statements for a description of the Company's significant accounting policies.

Synopsis

Gujarat Pipavav Port Ltd. (GPPL) operates and maintains a multipurpose port at Pipavav, in South West region of Gujarat. Located 152 nautical miles from Nhava Sheva in Mumbai, around 10 hours steaming time, it provides excellent access to Shipping Lines through international routes as well as for the cargo belt in North and North- West Region of India.

The port is managed and operated by APM Terminals (APMT), one of the largest ports and terminals operator in the world and part of A.P. Moller-Maersk Group (APMM). APM Terminals operates and manages over 56 Ports and Terminals with six new terminal projects under development and 155 Inland Terminals across the globe. It provides Ports, Terminals and Inland Services management and operational expertise to over 60 Container Shipping Lines. APM Terminals is winner of the 2011 Lloyd's List Global Safety Award for exceptional commitment to improve safety standards in the industry. With 43.01% stake, the Lead Promoter APM Terminals is the largest shareholder.

APM Terminals Pipavav, is emerging as one of the important gateway ports on West Coast of India for North and North-West India. The port has Container capacity of around 850,000 TEUs per annum (1.3 Million TEUs on the quay side), Bulk Cargo capacity of around 4 to 5 Million Tons per annum depending on cargo mix and Liquid Cargo capacity of around 2 Million Tons per annum.

Economy & Port Sector

The growth momentum of Year 2010 in Indian Economy continued during first half of calendar year 2011. However the second half has witnessed overall slowdown in industrial development. The economic turmoil in Europe and slower than expected recovery in US had a negative impact on the overall Exports from India, however a strong domestic demand boosted Import volumes in 2011. The overall GDP growth during the year 2011-12 is expected to be in the range of 7%.

The growth of the Indian container market has been lower compared to the past years. The country has seen total growth in container volume of about 8% compared to usual double digit growth. The North and North-West Region constitute 65% of total container volume of India. The ports in Mumbai Region continue to handle containers much above their designed capacity and near full evacuation capacity. APM Terminals Pipavav has capacity on the Quay side as well as on the rail evacuation side.

In order to handle high cube double stack containers on the Pipavav- Surendranagar rail line, Ministry of Railways has issued work order for raising height of a bridge near Limbdi. After completion of work, APM Terminals Pipavav will be able to further enhance its rail capacity on this section.

The Port has been witnessing strong growth in its ICD volume, increasing two fold from 134,656 TEUs in Year 2010 to 286,204 TEUs in 2011. In order to further improve the rail yard efficiency, APM Terminals Pipavav has ordered for 3 Rail Mounted Gantry Cranes (RMGCs) expected to be received and operational during 4th Calendar Quarter of Year 2012. These RMGCs will replace Reach stackers which are currently being used in the rail yard. It will make the operations efficient and safer. It will also reduce the carbon footprints because these RMGCs will be operating on electricity as against the Reach stackers which operate on diesel.

APM Terminals Pipavav is ready to handle the growth in container volumes. The Port industry in India has recognized the growth at APM Terminals Pipavav and conferred for second year in succession an Award for "Fastest Growing Port in India" in the Year 2011 at Maritime & Logistics Awards (MALA) 2011 organised by EXIM India.

On a Global level, APM Terminals Pipavav has been listed among Top 5 fastest growing Container ports in the world for second year in succession by Drewry Maritime Research.

Fastest Growing Ports Jan-Oct 2011

Position	Port	Country	2011 YTD Growth (Y-o-Y)
1	Gdansk	Poland	41.2%
2	Pipavav	India	38.0%
3	Vostochny	Russia	37.7%
4	Klaipeda	Lithuania	36.6%
5	Odessa	Ukraine	31.7%

Fastest Growing Ports in Oct 2010

Position	Port	Country	2010 YTD Growth (Y-o-Y)
1	Gdansk	Poland	104.3%
2	Novorossiysk	Russia	67.4%
3	Itajai	Brazil	63.6%
4	St Petersburg	Russia	46.4%
5	Pipavav	India	44.2%

Performance Highlights

- APM Terminals Pipavav has reported first full year of Net Profit during the Year 2011
- APM Terminals Pipavav continues to be the fastest growing Container port in India and 2nd fastest growing in the world in Year 2011 as per Drewry.
- The company's market share grew to 9.3% in 2011 compared to 7.6% in 2010 in the previous year.
- Container throughput on the West Coast increased by 7% in Year 2011 compared to 17% in Year 2010. APM Terminals Pipavav grew 31% and continues to grow faster than the market.
- During the Year 2011 the company prepaid additional loan amount of Rs. 895 Million. The overall debt has reduced from Rs. 7,650 Million to Rs. 6,750 Million.
- Safety continues to be an important focus area at APM Terminals Pipavav. The Company has procured Cherry Picker during the year to carry out any Repair/ Maintenance work at heights by using the equipment.
- APM Terminals Pipavav has completed planting of Mangroves in 500 hectares, an effort recognized by Gujarat Ecology Commission.
- After entering into agreement with Aegis Logistics Ltd., the company has entered into agreements with two parties i.e. Gulf Petrochem and IMC. These parties will set up tankage facility inside the port to store their liquid cargo.
- With increase in cargo traffic on rail, APM Terminals Pipavav's Joint Venture with Ministry of Railways, Pipavav Railway Corporation Limited reported Net Profit for first time ever for the year ended 31st March 2011.

Business and Operation Results

The company's total income consists of operating revenue and other income. Total income for the year ended December 31, 2011 is Rs. 4,120 Million as compared to Rs. 2,950 Million for the year ended December 31, 2010.

Operating revenue consists of income from port services, mainly Container and Bulk Cargo. The revenue from Container cargo consists of container handling charges, berth hire charges, marine services, wharfage and storage. Our revenue from Bulk Cargo consists of handling and storage of bulk cargo, marine services, berth hire charges, wharfage and stevedoring charges. Revenue from LPG cargo consists of marine services, handling charges and related ancillary facilities to the vessels. Other operating income comprises of lease rentals from various port users and incidental income from operations.

Gross operating revenues totalled nearly Rs. 3,967 Million for the year ended December 31, 2011, about 40% increase from Year 2010. The port handled 1,315 vessels for the year ended December 31, 2011 as against 1,076 vessels during the previous calendar year. Container volumes handled at the port increased by 31 % to 610,243 TEUs compared to 466,138 TEUs for the year ended December 31, 2010. Bulk volumes were higher by 10% during the Year 2011 compared to last year. EBITDA margins have significantly improved from 40% during Year 2010 to 46% in the current year riding on increasing container volume growth, improved operational efficiencies and better realization.

On the rail side, total number of rakes handled increased by 113% while cargo volume moving through rail increased by 73 % for the year ended December 31, 2011 as compared to the previous year.

Our operating expenses primarily include equipment hire charges, stevedoring charges, power and fuel, waterfront royalty payments to GMB under the terms of the Concession Agreement and repairs. Operating expenses totalled nearly Rs. 1,505 Million for the year ended December 31, 2011 as compared to Rs. 1,140 Million for the year ended December 31, 2010, increase of 32% as compared to the previous year. The increase in volumes resulted in an increase in wharfage payment to Gujarat Maritime Board for the year ended December 31, 2011.

The company incurred a total expenditure of Rs. 3,549 Million for the year ended December 31, 2011 as against Rs. 3,459 Million for the year ended December 31, 2010. However, the total cost of the company as a percentage of the total income decreased from 117% in CY 2010 to 86% in CY 2011. Our total expenditure consists of operational and other expenses, borrowing costs and depreciation.

Risk and Concern

APM Terminals Pipavav has set up Risk Management Committee comprising of the Executive Management Team. The Committee meets at least once in each quarter to evaluate all the risks pertaining to the company and steps taken to mitigate those risks. The Minutes of the Risk Committee and the Risk Register is presented to the Audit Committee every quarter.

The management is of the view that the man-machine engagement at APM Terminals Pipavav is very high which poses concerns on Safety. Therefore the management has initiated review of all the areas to increase mechanization and remain focused on reducing the level of man-machine engagement.

Safety and Environment

Safety is one of the top Global priority areas at all APM Terminals facilities. The HSE team at APM Terminals Pipavav continuously carries on Safety drills and training in order to improve awareness. Considering that apart from the company's own employees there are large number of contractor’s employees involved in various port activities, continuous engagement with them becomes necessary.

Safety Culture workshops are regularly organized and safety compliance is meticulously monitored. These workshops have been initiated not only for employees but for every person working or visiting the operational area of the port.

APM Terminals Pipavav has completed planting of mangroves in 500 Hectare area in Bharuch and Surat District areas. The company has received certificate from Gujarat Ecology Commission for completion of this planting. The steps are also taken to carry out regular monitoring of these mangroves to ensure their growth.

Within the port premises also the HSE team has planted 11,000 saplings and uses recycled water from the Sewage treatment plant developed inside the port for gardening while the residue is used as manure.

Corporate Social Responsibility

The Port Management at APM Terminals Pipavav is directly engaged with the local villagers on continuous basis to understand their requirement and to be able to meet those requirements as a responsible corporate citizen. The company has constituted a committee comprising of middle level managers who carry out the activities depending on the requirements of these villages such as constructing dining facility and toilet blocks for school children, providing them with water coolers, computers, scientific instruments, supplying of school bags, books. They are engaged in creating awareness for solid waste management and rain water harvesting. The Safety team at the Port supports local administration by providing Disaster Management Services in the event of an emergency. The company also provides Ambulance Service.

APM Terminals Pipavav is actively engaged with Amreli School for the Speech and Hearing Impaired. The employees in Mumbai office participated in Mumbai Marathon held on 15th January 2012 in support of these underprivileged school children. The Port Management and middle level managers regularly visit the school and interact with the Trustees to understand their requirements, if any.

The company continues to provide free medical check up and medicine to villagers and create hygiene awareness.

The company has recruited and continues to recruit people from nearby villages in various jobs commensurate to their aptitude and capabilities. Training is provided to them to improve upon their skill which has helped the company in developing some of them as crane operators in the port. The company management continues to explore areas for involvement by local villagers in its activities.

Outlook

The overall outlook on the company's business remains positive, though inflation and increase in interest rates has negatively impacted the country's economic growth in the recent past. However, capacity constraints at the terminals at Nhava Sheva and evacuation challenges is resulting into the Shipping Lines preferring the containers meant for North and North- West India to be handled through container ports in Gujarat.

Internal Control Systems and their adequacy

The company has engaged Ahmedabad based Mukesh M Shah & Co. Chartered Accountants, as Internal Auditors of the company who review the company's internal control systems and their adequacy on quarterly basis. The Internal Auditors directly report to the Audit Committee. Also, aspects pertaining to business control and other procedures which may be reviewed by the Audit Committee or the management are conducted on a periodic basis.

As a part of APMT's Global initiative, the Company conducts a 'Self- Assessment' Questionnaire (AQ) covering internal control aspects on all key operational areas. The Questionnaire is essentially a quality assessment whether the company adheres to relevant global APM Terminals guidelines and directions in relation to revenue/income, cost control, reporting and compliance.

The AQ is an important pillar of the APMT control monitoring framework. It is designed to verify whether the entity adheres to key control requirements. In addition it evaluates topical control matters and also serves to provide assurance regarding the extent of compliance to global Risk and Internal Control Compliance framework.

In addition, APM Terminals has also developed a Control Manual that serves as a management resource to help the teams to understand, design, implement and maintain effective internal controls. Subsequently, control monitoring assures that staff and management observe the established control requirements. Management is required to review local business processes and risks and adopt additional measures as and when the exposures facing the business warrant a higher level of control. In the event that the minimum internal control requirements cannot be adopted, management along with regional and global finance functions discusses alternative procedures to mitigate the risk in question.

Considering the company's level of operations there are adequate internal control systems in place. These are regularly reviewed for improvement.

Material Developments in Human Resources/ Industrial Relations

As part of the overall global policy APM Terminals requires all the employees to participate in its Annual Employee Engagement Survey which is carried out entirely in confidence by an external agency to understand the requirements at each terminal. Based on the results of the survey, feedback is provided to the management of APM Terminals which in turn is intimated to respective Terminal Management for necessary action.

The survey score of APM Terminals Pipavav has been higher than the overall average. The Management encourages its employees to provide feedback in all the areas in order to carry out improvements on an ongoing basis.

Cautionary Statement

Certain statements found in the Management Discussion and Analysis may constitute "forward-looking statements" within the meaning of applicable securities laws and regulations. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

1. The Company's philosophy on Corporate Governance

The company strives to follow highest standards of ethics, transparency and integrity as its philosophy on Corporate Governance while conducting business. It is also in line with the Core Values followed by its promoter APM Terminals.

The Company has adopted Code of Conduct for its employees including the Managing Director. The Company has also adopted Code of Conduct for its Non-Executive Directors. The Code for Prevention of Insider Trading and the Whistle Blower Policy has been adopted. The Company is in compliance with the requirements of Guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement with Stock Exchanges.

2. Board of Directors

The Company's Board of Directors comprises of total 9 Directors, out of which 1 is an Executive Director, 3 Independent Directors and 5 Non-Executive Non-Independent Directors. The composition is in compliance with the requirements stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

None of the Director of the Company is a Member of more than 10 Committees or Chairman of more than 5 Committees across the companies in which they hold directorships. Mr. Martin Gaard Christiansen joined as Non-Executive Non-Independent Director with effect from 23rd February 2011 and Mrs. Malini Bansal, Lenders Nominee representing IDBI Bank Limited joined as Non-Executive Independent Director with effect from 11th July 2011.

The name and category of Directors on the Board, their attendance at Board Meetings, the number of directorships and committee chairmanship/ membership held by them in Audit Committee and Investor Grievance Committee is given below:

Name	Category	No. of Board Meetings attended during 2011		Whether attended last AGM	No. of Directorships in other public limited companies	No. of Committee positions held in other companies		Number of shares held as of 31st December 2011
		Held	Attended			Chairman	Member	
Mr. Per Jørgensen-Chairman DIN:00050532	Independent Non-Executive	5	4	Yes	Nil	Nil	Nil	Nil
Mr. Pravin Laheri, IAS (Retd.) DIN:00499080	Independent Non-Executive	5	5	Yes	4	Nil	Nil	Nil
Mr. A. L. Bongirwar* DIN: 00660262	Independent Non-Executive	2	2	No	1	Nil	Nil	Nil
Mrs. Malini Bansal	Independent Non-Executive	3	3	NA	Nil	Nil	Nil	Nil
Mr. Shyam Sundar S. G. DIN: 02202523	Non- Independent Non-Executive	5	5	Yes	6	Nil	5	Nil
Mr. Pankaj Kumar, IAS DIN: 00267528	Non- Independent Non-Executive	5	Nil	No	7	Nil	Nil	Nil
Mr. Christian Møller Laursen DIN: 00431748	Non- Independent Non-Executive	5	3	No	Nil	Nil	Nil	Nil

Mr. Charles Menkhorst** DIN: 02660981	Non- Independent Non-Executive	1	1	No	Nil	Nil	Nil	Nil
Mr. Martin Gaard Christiansen	Non- Independent Non-Executive	4	3	Yes	Nil	Nil	Nil	Nil
Mr. Dinesh Lal DIN; 00037142	Non- Independent Non-Executive	5	5	No	2	Nil	Nil	3100
Mr. Prakash Tulsiani DIN: 02590972	Managing Director	5	5	Yes	1	Nil	Nil	22000

* Mr. A.L.Bongirwar ceased to be Director and was replaced by Mrs. Malini Bansal effective July 2011

** Mr. Charles Menkhorst ceased to be Director and was replaced by Mr. Martin Gaard Christiansen effective February 2011

Other directorships do not include Directorships of Private Limited Companies, Alternate Directorships, Directorships in Section 25 Companies and in the Companies incorporated outside India.

The Board of Directors met 5 times during the Calendar Year 2011 on: 23rd February 2011, 28th April 2011, 11th July 2011, 28th July 2011 and 31st October 2011. The details on matters mentioned in Annexure IA of Clause 49 of Listing Agreement are provided to the directors for consideration at the Board Meetings.

Except for payment of sitting fees to Independent Directors, the company does not have any pecuniary relationship with any Non- Executive Director during the year.

Code of Conduct:

The Company has adopted Code of Conduct for all employees including Managing Director and has received compliance from them for the year ended 31st December 2011. The Company has also adopted separate Code of Conduct for Non- Executive Directors and has received confirmation from them. Both the Codes are available on the company's website.

3. Audit Committee

The Audit Committee of the Company is constituted as per the provisions of Clause 49 of the Listing Agreement with Stock Exchanges read with Section 292A of the Companies Act, 1956. The Committee comprises of 3 Non- Executive Directors out of which 2 including the Chairman are Independent.

The Audit Committee held discussions with the Statutory Auditors as well as Internal Auditors regarding the company's accounts, its internal control systems and reviewed the quarterly reports of Internal Auditor. The Committee also reviewed the matters mentioned under Clause 49 II (D).

The Audit Committee Meeting is attended by the Managing Director, CFO and Statutory Auditors. The Internal Auditors are also invited to present the Internal Audit report to the Committee. The Company Secretary acts as Secretary of the Audit Committee. The Minutes of Audit Committee Meeting are also submitted to the Board of Directors for reference.

The details of composition of Audit Committee and the meetings attended by Directors are as follows:

Name	Category	No. of Committee Meetings during the year 2011	
		Held	Attended
Mr. Pravin Laheri, IAS (Retd), Chairman	Non- Executive Independent	4	4
Mr. Per Jørgensen	Non- Executive Independent	4	4
Mr. Christian Møller Laursen	Non- Executive Non- Independent	4	3

The members of Audit Committee have requisite financial, legal and management expertise. During the year 4 Audit Committee Meetings were held on: 22nd February 2011, 26th April 2011, 27th July 2011 and 30th October 2011. The necessary quorum was present at the meetings.

The Chairman of Audit Committee briefs the Board about deliberations of the Audit Committee Meetings.

Whistle Blower Policy

The Board of Directors approved the Whistle Blower Policy that provides a formal mechanism for all employees of the company to make disclosure at the designated email id about suspected fraud or unethical behaviour.

4. Remuneration Committee

Setting up of Remuneration Committee is non-mandatory as per Clause 49. The Remuneration Committee of the company determines the remuneration payable to the Managing Director. The Committee took on record the Central Government approval and confirmed the remuneration payable to Managing Director in its meeting held on 28th July 2011. The composition of Remuneration Committee and the details of meeting are:

Name	Category
Mr. Per Jørgensen, Chairman	Non- Executive Independent
Mr. Shyam Sundar S. G.	Non- Executive Non- Independent
Mr. Martin Gaard Christiansen*	Non- Executive Non- Independent

*appointed on 23rd February 2011 by replacing Mr. Charles Menkhorst

Remuneration Policy

The remuneration of Managing Director is determined by the Remuneration Committee and it comprises of salary, perquisites and allowances and performance bonus.

The company does not pay any remuneration to its Non- Executive Directors except payment of sitting fee to Independent Directors. A sitting fee of Rs. 20,000/- is paid for attendance at each meeting of the Board and the Committee.

Directors Remuneration

Name	Sitting Fees for attending Board and Committee Meetings in year 2011
Mr. Per Jørgensen, Chairman	Rs. 220,000/-
Mr. Pravin Laheri, IAS (Retd.)	Rs. 260,000/-

Managing Director

Name	Salary (Rs. Million)	Perquisites & Allowances (Rs. Million)	Performance Bonus (Rs. Million)	Term of Contract
Mr. Prakash Tulsiani	8.21	13.13	----	5 years

5. Investor Grievance Committee

The Board has constituted the Committee for redressal of complaints made by investors. The composition of the committee and details of the meeting are:

Name	Category	No. of Committee Meetings during the year 2011	
		Held	Attended
Mr. Pravin Laheri, IAS (Retd.), Chairman	Non- Executive Independent	4	4
Mr. Shyam Sundar S. G.	Non- Executive Non- Independent	4	4

The Company Secretary is Secretary of the Committee.

The other details are:

(a) Name & Designation of Compliance Officer: Mr. Manish Agnihotri, Company Secretary

(b) Email Id for correspondence: investorrelationinppv@apmterminals.com

(c) Details of complaints received from SEBI/ Stock Exchange and redressed in the year ended 31st December 2011

Nature of Complaint	No. of Complaint received	No. of complaints replied	No. of complaints pending
Status of application lodged in IPO	0	0	—
Non-receipt of refund order	8	8	—
Non-receipt of securities	1	1	—
Non-receipt of dividend	1	1	—
Non-receipt of annual reports	6	6	—
TOTAL	16	16	—

There were no pending requests for share transfer/dematerialisation of shares as of 31st December 2011.

6. Details of General Meetings

Location and time of meetings held during last 3 years

Meeting	Date	Time	Venue
17th AGM	23rd June 2009	2:00 P. M.	Pipavav Port, At Post Ucchaiya via Rajula, Dist Amreli, Gujarat
EGM	17th November 2009	2:00 P. M.	Pipavav Port, At Post Ucchaiya via Rajula, Dist Amreli, Gujarat
18th AGM	28th April 2010	9:00 A. M.	Pipavav Port, At Post Ucchaiya via Rajula, Dist Amreli, Gujarat
EGM	25th May 2010	2:00 P. M.	Pipavav Port, At Post Ucchaiya via Rajula, Dist Amreli, Gujarat
EGM	9th July 2010	2:00 P. M.	Pipavav Port, At Post Ucchaiya via Rajula, Dist Amreli, Gujarat
19th AGM	29th April 2011	10:00 A.M.	Pipavav Port, At Post Ucchaiya via Rajula, Dist Amreli, Gujarat

All resolutions were passed by a show of hands.

The details of Special Resolutions passed by show of hands are:

Meeting	Special Resolution Passed	Summary of the Resolution
EGM on 17th November 2009	Yes	(i) Preferential Allotment of Shares to APM Terminals Mauritius Limited of Rs. 1000 Million (ii) Issue of Shares through book building process of an aggregate value of Rs. 7500 million (iii) Amendment of Articles of Association to make them compliant with the Listing Agreement
EGM on 25th May 2010	Yes	Amendment of Articles of Association for removal of clause as per SEBI's requirement.
EGM on 9th July 2010	Yes	Amendment of Articles of Association for removal of clause as per SEBI's requirement.

There were no special resolutions passed in 2011.

There were no resolutions proposed by Postal Ballot

7. Disclosures

(i) The transactions with the related parties are disclosed in the Notes to Financial Statements of Annual Report.

(ii) A statement of summary of related party transactions in ordinary course of business is placed before the Board.

(iii) The company does not have material transactions with related party which are not in ordinary course of business.

(iv) The company has complied with certain non-mandatory requirements under the Listing Agreement such as constitution of Remuneration Committee and adopting Whistle Blower Policy.

(v) The company has established the Risk Committee comprising of the members of Executive Management who assess the risks/ likely risks for the company and mitigation steps.

8. Means of Communication

The company submits its quarterly results to the Stock Exchanges and publishes them in the newspapers. They are also displayed on the website www.apmtpipavav.com .

The company arranges conference calls and meets the institutional investors/ analysts from time to time.

9. Secretarial Audit for Reconciliation of Capital

A Practising Company Secretary has carried out Secretarial Audit to reconcile the total admitted capital with NSDL and CDSL and in physical form and the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the aggregate of total number of shares in physical form and the total number of shares in dematerialised form held with the two depositories namely NSDL and CDSL.

10. General Shareholder Information

Annual General Meeting	
Date and Time	Thursday 3rd May 2012 at 2.00 P. M.
Venue	Pipavav Port, At Post Ucchaiya via Rajula
Date of book closure	24th April 2012 to 3rd May 2012 (both days inclusive)
Listing on Stock Exchanges	The Bombay Stock Exchange Limited and the National Stock Exchange of India Limited

As required under Clause 49 VI(A) of the Listing Agreement, the particulars of appointment of Directors seeking appointment are included in the Notice convening the Annual General Meeting.

The Company follows Calendar Year as its Financial Year.

The Company has paid annual listing fees to both the Stock Exchanges.

Stock Code:

Stock Exchange	**Equity**
BSE	533248
NSE	GPPL

Market Information:

The monthly high and low prices and volumes of your Company's shares at Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE) for the year ended 31st December, 2011 are given as follows:

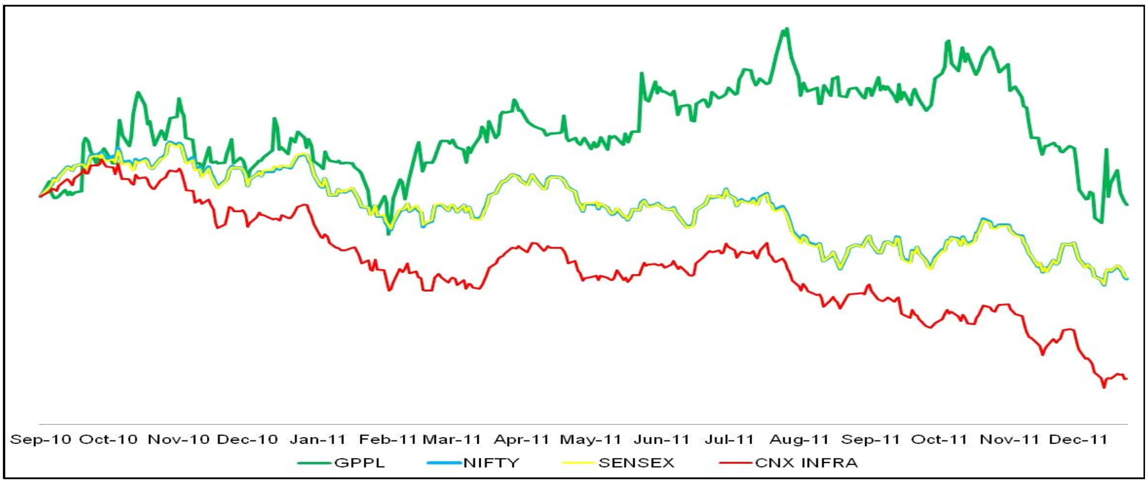
Month	BSE			NSE		
	High (Rs)	Low (Rs)	No. of shares traded	High (Rs)	Low (Rs)	No. of shares traded
Jan-2011	62.50	54.35	1,348,062	62.40	54.40	5,135,749
Feb-2011	62.35	49.05	2,136,262	62.40	48.00	6,317,777
Mar-2011	64.85	57.50	965,478	64.90	57.65	2,766,911
Apr-2011	66.50	57.50	1,455,252	66.00	59.60	3,651,016
May-2011	71.20	59.00	1,832,622	71.25	58.05	4,933,226
June-2011	70.10	57.00	779,577	70.30	59.60	1,584,095
July-2011	73.20	62.90	1,009,847	73.00	64.75	2,151,946
Aug-2011	75.10	62.00	6,314,438	75.25	60.35	14,851,804
Sep-2011	69.20	63.45	829,934	74.00	60.75	2,677,038
Oct-2011	74.50	63.65	4,374,962	74.40	63.55	9,659,981
Nov-2011	72.60	56.25	1,329,365	72.90	56.10	8,491,266
Dec-2011	61.50	48.50	665,096	64.70	48.50	1,567,842

Note:

High and low are in rupees per traded share.

Volume is the total monthly volume of trade in Gujarat Pipavav Port Ltd shares on BSE & NSE

The Chart below shows the comparison of your Company's share price movement on NSE vis-à-vis the movement of the NSE Nifty, BSE Sensex and Infrastructure Index since the time of its listing on 9th September 2010 to 31st December 2011.



Distribution of Shareholder holdings:

The distribution pattern of shareholding of your Company as on 31st December, 2011 by ownership and size class, respectively, is as follows:

		31-Dec-11		31-Dec-10	
		No. of Equity Shares	**Shares Held (%)**	**No. of Equity Shares**	**Shares Held (%)**
A	**Promoter and Promoter Group**				
	Bodies Corporate	182,152,360	43.01%	182,152,360	43.01%
	Total A:	**182,152,360**	**43.01%**	**182,152,360**	**43.01%**
B	**Public Shareholding**				
	Mutual Funds /UTI	22,220,809	5.25%	14,676,962	3.47%
	Financial Institutions /Banks	32,233,665	7.61%	35,145,621	8.30%
	Venture Capital Funds	25,029,213	5.91%	44,834,889	10.59%
	Foreign Institutional Investors	117,868,823	27.83%	88,537,433	20.90%
	Bodies Corporate	27,076,166	6.39%	35,197,953	8.31%
	Individuals				
	(i) Individuals holding nominal share capital upto Rs.1 lakh	11,429,596	2.70%	15,350,819	3.62%
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4,082,403	0.96%	4,962,876	1.17%
	Trusts	924,474	0.22%	1,827,512	0.43%
	Non-Resident Indians	528,207	0.12%	727,480	0.17%
	Clearing Members	13,955	0.00%	145,766	0.03%
	Total B :	**241,407,311**	**56.99%**	**241,407,311**	**56.99%**
	GRAND TOTAL (A+B) :	**423,559,671**	**100.00%**	**423,559,671**	**100.00%**

Registrar & Share Transfer Agents:

Karvy Computershare Private Limited
Plot no. 17 – 24, Vittal Rao Nagar,
Madhapur,
Hyderabad- 500 081

The company's shares are held in dematerialised form with NSDL and CDSL to the extent of 99.71% and 0.29% in physical form as of 31st December 2011.

The shares are regularly traded in electronic form on both the Stock Exchanges.

Address for correspondence : Gujarat Pipavav Port Limited
301, Trade Centre,
Bandra Kurla Complex,
Bandra (East),
Mumbai- 400 051
Tel: 022- 300 11 300
Fax: 022- 300 11 333
Email: manish.agnihotri@apmterminals.com
investorrelationinppv@apmterminals.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Gujarat Pipavav Port Limited

We have examined the compliance of conditions of Corporate Governance by Gujarat Pipavav Port Limited ('the Company') for the year ended 31 December 2011 as stipulated in Clause 49 of the Listing Agreement of the Company entered into with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai

22nd February 2012

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Prakash Tulsiani, Managing Director and Hariharan Iyer, Chief Financial Officer, of Gujarat Pipavav Port Limited (the Company), certify to the Board that:

A. We have reviewed the financial statements and cash flow statement for the year ended 31st December 2011 and to the best of our knowledge and belief:

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

B. To the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st December 2011 are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

D. 1. There has not been any significant change in internal control over financial reporting during the year;

2. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

3. We are not aware of any instance during the year of significant fraud with involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

E. We affirm that we have not denied any personal access to the Audit Committee of the Company (in respect of matters involving alleged misconduct, if any).

F. We further declare that all Board members and Senior management have affirmed compliance with the code of conduct for the current year.

For Gujarat Pipavav Port Limited

Hariharan Iyer
Chief Financial Officer

For Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Place : Mumbai

Date : 22nd February 2012

AUDITORS' REPORT

To the Members of
Gujarat Pipavav Port Limited

1. We have audited the attached balance sheet of Gujarat Pipavav Port Limited ('the Company') as at 31 December 2011 and also 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 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 misstatement. 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 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), 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 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 Act;
   e) on the basis of written representations received from the Directors of the Company as at 31 December 2011, and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31 December 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
   f) in our opinion, and to the best of our information and according to the explanations given to us the said accounts, 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 31 December 2011;
      ii) in the case of the profit and loss account, of the profit 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 **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W

Sanjay Aggarwal
Partner
Membership No: 40780

Place : Mumbai
Date : 22nd February 2012

Annexure to the Auditors' Report – 31 December 2011

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Company has a regular programme of physical verification of fixed assets, by which all fixed assets are verified in a phased manner over a period of 3 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

2. (a) The inventory of stores and spare parts, fuel and lubricants has been physically verified by management during the year. In our opinion, the frequency of such physical verification is reasonable.

   (b) In our opinion, the procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to the purchase of inventories and fixed assets and with regard to the services rendered. The activities of the Company do not involve sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

5. (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 Act have been entered in the register required to be 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 and arrangements referred to in (a) above and exceeding the value of INR 0.5 million with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the services rendered by the Company.

9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income Tax, Provident Fund, Sales-tax, Wealth tax, Service tax, Customs duty and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance, Investor Education and Protection Fund and Excise duty.

   According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs duty and other material statutory dues were in arrears as at 31 December 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the following dues of Customs duty and Income tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Financial Year	Amount in INR million	Forum where dispute is pending
Customs Act	Customs duty	2004-05	5.79	Appellate Tribunal
Income tax Act	Tax deducted at source	2006-07	15.34	Commissioner of Income Tax appeals
Income tax Act	Tax deducted at source	2010-11	0.05	Commissioner of Income Tax appeals
Income tax Act	Tax deducted at source	2011-12	9.83	Commissioner of Income Tax appeals

10. The Company has accumulated losses at the end of the financial year aggregating INR 7,745.45 million which is not in excess of 50% of its net worth. The Company has not incurred cash losses in the current year, however, has incurred cash losses in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or to any financial institutions. The Company did not have any outstanding debentures during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/ society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has provided commitment of INR 350 million towards consortium lending to Pipavav Shipyard Limited conditional to fulfillment of certain obligations by Pipavav Shipyard Limited and other parties. The Company has sought discharge from this commitment in the previous year which is still in process.
16. No term loans have been taken by the Company during the year. In our opinion and according to the information and explanations given to us, the term loans outstanding as at the year -end have been fully utilised in earlier years for the purpose for which they were raised.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that funds raised on short term basis have not been used for long term investment.
18. The Company has not made any preferential allotment of shares to companies / firms / parties covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, the Company did not have any outstanding debentures during the year.
20. We have verified the end-use of money raised by public issues as disclosed in note 3 of Schedule 15 to the financial statements
21. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W

Sanjay Aggarwal
Partner
Membership No: 40780

Place : Mumbai
Date : 22nd February 2012

BALANCE SHEET AS AT 31 DECEMBER 2011

(CURRENCY: INDIAN RUPEES IN MILLION)

	Schedules	2011	2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	**4,235.60**	4,235.60
Reserves and surplus	2	**11,439.51**	11,439.51
		15,675.11	15,675.11
Loan funds			
Secured loans	3	**6,758.59**	7,654.43
Unsecured loans	4	**-**	318.86
		6,758.59	7,973.29
		22,433.70	23,648.40
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		**17,514.80**	16,883.01
Accumulated depreciation		**(3,063.04)**	(2,523.34)
Impairment		**(1,754.11)**	(1,756.87)
Net block		**12,697.65**	12,602.80
Capital work-in-progress (including capital advances)		**120.88**	304.20
		12,818.53	12,907.00
Investments	6	**830.00**	830.00
Deferred tax asset (net)	7	**-**	-
Current assets, loans and advances	8		
Inventories		**57.00**	74.67
Sundry debtors		**295.27**	294.51
Cash and bank balances		**1,271.58**	1,948.77
Loans and advances		**560.16**	529.96
		2,184.01	2,847.91
Current liabilities and provisions	9		
Current liabilities		**(758.65)**	(867.77)
Provisions		**(385.64)**	(385.19)
		(1,144.29)	(1,252.96)
Net current assets		**1,039.72**	1,594.95
Profit and loss account		**7,745.45**	8,316.45
		22,433.70	23,648.40
Significant accounting policies and notes to financial statements	15		

The schedules referred to above form an integral part of this balance sheet.

As per our report attached

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai
22 February 2012

For Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Dinesh Lal
Director

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
22 February 2012

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

(CURRENCY: INDIAN RUPEES IN MILLION)

	Schedules	2011	2010
Income			
Operating revenue	*10*	**3,967.72**	2,839.29
Other income	*11*	**152.53**	111.11
		4,120.25	2,950.40
Expenditure			
Operating and other expenses	*12*	**1,798.14**	1,423.33
Personnel costs	*13*	**341.41**	271.83
		2,139.55	1,695.16
Profit before finance cost, depreciation, exceptional items / prior period adjustments and taxation		**1,980.70**	1,255.24
Finance cost	*14*	**(851.88)**	(1,271.44)
Depreciation	*5*	**(557.82)**	(492.67)
Net profit / (loss) before exceptional items / prior period adjustments and taxation		**571.00**	(508.87)
Exceptional items / prior period adjustments *(refer note no. 9 to schedule 15)*		-	(38.35)
Net profit / (loss) before taxation		**571.00**	(547.22)
Provision for taxation		-	-
Current tax *(refer note no. 4 to schedule 15)*		-	-
Deferred tax *(refer schedule 7)*		-	-
Net profit / (loss) after taxation		**571.00**	(547.22)
Profit and loss account, beginning of the year		**(8,316.45)**	(7,769.23)
Balance carried forward to balance sheet		**(7,745.45)**	(8,316.45)
Basic and diluted earnings per share (INR) - before exceptional items		**1.35**	(1.45)
Basic and diluted earnings per share (INR) - after exceptional items		**1.35**	(1.56)
(Face value of INR 10 each)			
(refer note no. 11 to schedule 15)			
Significant accounting policies and notes to financial statements	*15*		

The schedules referred to above form an integral part of this Profit and Loss Account

As per our report attached

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai
22 February 2012

For Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Dinesh Lal
Director

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
22 February 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

(CURRENCY: INDIAN RUPEES IN MILLION)

		2011	2010
A	**Cash flow from operating activities**		
	Net Profit / (Loss) before taxation	**571.00**	(547.22)
	Adjustments for:		
	Depreciation	**557.82**	492.67
	Interest expenses	**836.13**	1,271.44
	Interest income	**(123.03)**	(64.49)
	Loss on sale of assets	**7.94**	0.14
	Exceptional Items / prior period adjustments	**-**	38.35
	Write offs / provisions for current assets, loans and advances	**11.14**	26.47
	Sundry balance write back	**(29.50)**	(29.70)
	Unrealised exchange gain	**(0.64)**	(15.33)
	Operating profit before working capital changes	**1,830.86**	1,172.33
	Adjustment for:		
	Decrease / (Increase) in Inventories	**2.79**	(34.85)
	Decrease / (Increase) in Sundry debtors	**2.98**	(92.61)
	Decrease in Loans and advances	**19.85**	164.20
	Increase / (Decrease) in sundry creditors and provisions	**42.55**	(279.05)
	Cash generated from operations	**1,899.03**	930.02
	Direct taxes paid (net of refund)	**(34.54)**	(40.72)
	Net cash generated from operating activities	**1,864.49**	889.30
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(532.09)**	(523.43)
	Proceeds from sale of fixed assets	**7.58**	68.37
	Interest income	**108.16**	75.12
	Net cash used in investing activities	**(416.35)**	(379.94)
C	**Cash flow from financing activities**		
	Proceeds from issue of share capital	**-**	5,000.00
	Loans taken	**-**	690.27
	Repayments of loans	**(1,214.70)**	(3,595.10)
	Share issue expenses	**-**	(204.84)
	Repayments of preference shares premium	**-**	(17.75)
	Interest paid	**(910.63)**	(1,231.22)
	Net cash (used in) / generated from financing activities	**(2,125.33)**	641.36
	Net (Decrease) / Increase in cash and cash equivalents	**(677.19)**	1,150.72
	Cash and cash equivalents, at beginning of year	**1,948.77**	798.05
	Cash and cash equivalents, at end of year	**1,271.58**	1,948.77

Notes:

The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statement prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards

Cash and cash equivalents consists of cash on hand INR 0.35 million (2010: INR 0.08 million), Bank Balance INR 145.18 million (2010: INR 388.02 million) and deposit account INR 1,126.05 million (2010: INR 1,560.67 million). *(refer schedule 8)*

As per our report attached

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai
22 February 2012

For Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Dinesh Lal
Director

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
22 February 2012

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

		2011	2010
1.	**SHARE CAPITAL**		
	Authorised		
	600,000,000 (2010 : 600,000,000) equity shares of INR 10 each	**6,000.00**	6,000.00
		6,000.00	6,000.00
	Issued, subscribed and paid-up		
	423,559,671 (2010: 423,559,671) equity shares of INR 10 each, fully paid-up	**4,235.60**	4,235.60
		4,235.60	4,235.60
	Of the above:		
	24,941,200 (2010 : 24,941,200) equity shares were allotted in the year 1994 and 1995 as fully paid up, for consideration received other than cash.		
	182,152,360 (2010: 182,152,360) equity shares held by APM Terminals Mauritius Limited.		
2	**RESERVES AND SURPLUS**		
	Securities premium account		
	Balance at the beginning of the year	**11,439.51**	7,731.36
	Received during the period	**-**	3,913.04
	Share issue expenses	**-**	(204.84)
	Premium on redemption of preference shares	**-**	(0.05)
		11,439.51	11,439.51

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

		2011	2010
3	**SECURED LOANS**		
	Term loans		
	Long Term Loans		
	From Banks		
	Rupee Term Loan	**1,791.67**	1,791.67
		1,791.67	1,791.67
	From Financial Institutions		
	Rupee Term Loan	**4,966.92**	5,862.76
		4,966.92	5,862.76
		6,758.59	7,654.43

Notes :

1 Amounts repayable within one year INR 50.69 million (2010 : Nil)

2 Nature of security on term loans

(i) The Rupee Term Loan is secured by way of first mortgage and charge on all the immovable properties, hypothecation of all movable properties, charge on cash flows, book debts, receivable, intangibles including but not limited to goodwill, uncalled capital pertaining to project, right, title or interest in project documents including but not limited to Insurance Contract, letter of credit, corporate guarantee, bank guarantee provided by any party, Trust and Retention Account including all sub-accounts and all other bank accounts of the Company.

(ii) These loans are also secured by pledge of entire shares held by APM Terminals Mauritius Limited.

		2011	2010
4	**UNSECURED LOANS**		
	From promoter [USD Nil (2010: USD 7.10 million)]	-	318.86
	This loan has been repaid in January 2011.	-	318.86

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

5. FIXED ASSETS

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION / IMPAIRMENT								NET BLOCK	
	As at 1 January 2011	Additions during the year	Deductions/ Adjustment during the year	Adjustment during the year	As at 31 December 2011	As at 1 January 2011		Charge on account of		On Deductions/		As at 31 December 2011		As at 31 December 2011	As at 31 December 2010
						Depreciation	Impairment	Depreciation	Impairment	Adjustments (Depreciation)	Adjustments (Impairment)	Depreciation	Impairment		
						for the year		for the year		for the year					
Tangible Assets															
Land and site development	383.61	-	3.17	(72.71)	**307.73**	-	52.77	-	-	-	-	**-**	**52.77**	**254.96**	330.84
Buildings	3,206.66	477.82	0.94	72.71	**3,756.25**	348.84	537.96	56.29	-	0.28	0.19	**404.85**	**537.77**	**2,813.63**	2,319.86
Plant, Machinery and Equipments	8,494.65	130.32	28.74	-	**8,596.23**	1,766.87	1,166.14	363.81	-	15.02	2.57	**2,115.66**	**1,163.57**	**5,317.00**	5,561.64
Dredging	4,412.03	-	-	-	**4,412.03**	274.48	-	88.28	-	-	-	**362.76**	**-**	**4,049.27**	4,137.55
Railway sidings	196.44	52.46	-	-	**248.90**	48.02	-	10.08	-	-	-	**58.10**	**-**	**190.80**	148.42
Furniture, Fittings and Leasehold Improvements	42.94	4.69	-	-	**47.63**	29.78	-	2.14	-	-	-	**31.92**	**-**	**15.71**	13.16
Motor Vehicles	20.69	2.89	3.54	-	**20.04**	8.76	-	1.81	-	2.81	-	**7.76**	**-**	**12.28**	11.93
Sub Total - A	**16,757.02**	**668.18**	**36.39**	**-**	**17,388.81**	**2,476.75**	**1,756.87**	**522.41**	**-**	**18.11**	**2.76**	**2,981.05**	**1,754.11**	**12,653.65**	**12,523.40**
Intangible Assets															
Computer Software	125.99	-	-	-	**125.99**	46.59	-	35.40	-	-	-	**81.99**	-	**44.00**	79.40
Sub Total - B	**125.99**	**-**	**-**	**-**	**125.99**	**46.59**	**-**	**35.40**	**-**	**-**	-	**81.99**	**-**	**44.00**	**79.40**
Grand Total (A + B)	**16,883.01**	**668.18**	**36.39**	**-**	**17,514.80**	**2,523.34**	**1,756.87**	**557.82**	**-**	**18.11**	**2.76**	**3,063.04**	**1,754.11**	**12,697.65**	**12,602.80**
Previous Year	**16,882.58**	**392.88**	**392.45**	**-**	**16,883.01**	**2,117.25**	**1,935.09**	**492.67**	**-**	**86.58**	**178.22**	**2,523.34**	**1,756.87**	**12,602.80**	**-**

Notes :

1. Land and site development includes
   - Freehold land INR 65.85 million (2010: INR 65.85 million)
   - During the year, the Company has re-classified Terminal Infrastructure assets aggregating to INR 72.71 million from Land and site development to Building.
   - Pursuant to Government notification the land purchased aggregating INR 1.57 million (2010: INR 1.57 million) during prior years for getting the rail connectivity from nearest station upto the port boundary. This land is registered in the name of our joint venture Rail Company, Pipavav Railway Corporation Limited.
   - Land purchased aggregating INR 11.33 million (2010: INR 11.33 million) during prior years pursuant to the order issued by Hon'ble Gujarat High Court for handing it over to Government of Gujarat. This land will be exchanged with the land located inside the port premises which does not form part of the current Concession with Gujarat Maritime Board (GMB).
2. Buildings includes expenditure of INR 369.99 million (2010: INR 369.99 million) incurred during prior years for development of roads on land not owned by the company in order to provide better road connectivity.
3. In accordance with the concession agreement GMB has to approve capital cost incurred with respect to port development. Approval for capital expenditure incurred is in progress.
4. For the purpose of impairment testing, the bulk, container and liquid operations have been considered as a single cash generating unit as the port is a composite facility and these operations use common facilities within the port.

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

		2011	2010
6	**INVESTMENTS**		
	Long term - Non trade (Unquoted)		
	76,000,010 (2010 : 76,000,010) equity shares of INR 10 each of Pipavav Railway Corporation Limited, fully paid up. *(refer note no. 5 to schedule 15)*	**830.00**	830.00
7	**DEFERRED TAX ASSET (NET)**		
	Deferred tax liability		
	Difference between book and tax depreciation	**2,706.75**	2,610.40
	Deferred tax asset		
	Impairment loss	**582.67**	583.59
	Unabsorbed depreciation	**2,124.08**	2,026.81
	Deferred tax asset (net)	**-**	-

Note:

Deferred tax assets have been recognised only to the extent of the deferred tax liability, as this amount is considered to be virtually certain of realisation.

		2011	2010
8	**CURRENT ASSETS, LOANS AND ADVANCES**		
	CURRENT ASSETS		
	INVENTORIES		
	Stores and spares	**49.68**	68.60
	Fuel and lubricants	**7.32**	6.07
		57.00	74.67
	SUNDRY DEBTORS (Unsecured)		
	Debts outstanding for a period exceeding six months		
	Considered good	**4.23**	21.61
	Considered doubtful	**15.04**	24.87
		19.27	46.48
	Other debts		
	Considered good	**291.04**	272.90
	Considered doubtful	**3.31**	7.20
	Provision for doubtful debts	**(18.35)**	(32.07)
		295.27	294.51

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

		2011	2010
SCHEDULE - 8 (Continued)			
CASH AND BANK BALANCES			
Cash in hand		**0.35**	0.08
Balances with Scheduled banks			
in Current accounts		**145.18**	388.02
in Deposit accounts *(refer note below)*		**1,070.00**	1,524.37
in Margin accounts		**56.05**	36.30
		1,271.58	1,948.77

Note:

Balance with Scheduled banks in deposit account includes INR 350 million (2010: INR 350 million) earmarked for Debt Service Reserve and INR 170 million (2010: INR 150 million) earmarked for Operation and Maintenance Reserve and INR 56.05 million (2010: INR 36.30 million) on lien against bank guarantees issued.

		2011	2010
LOANS AND ADVANCES			
(Unsecured, considered good - Unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
Considered good		**129.96**	95.73
Considered doubtful	**11.78**		11.78
Provision for doubtful advances	**(11.78)**	-	(11.78)
Balance with excise authorities		**11.41**	62.98
Prepaid expenses		**167.09**	168.32
Interest accrued		**32.41**	17.54
Sundry deposits		**51.72**	52.36
Advance tax (including tax deducted at source)		**167.57**	133.03
		560.16	529.96

Note:

1 Prepaid expenses include the syndication fees of INR 136.45 million (2010:INR 147.44 million) and port package insurance INR 14.46 million (2010: INR 13.00 million)

2 There are no amounts due to be credited to Investor Education and Protection Fund.

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

		2011	2010
9	**CURRENT LIABILITIES AND PROVISIONS**		
	CURRENT LIABILITIES		
	Sundry Creditors		
	Dues to Micro, Small and Medium Enterprises *(refer note no. 16 (f) to schedule 15)*	**2.62**	0.45
	Others	**356.80**	347.03
	Security deposits	**77.64**	77.48
	Interest accrued but not due	**61.90**	136.40
	Advance from customers	**171.33**	176.65
	Retention Money	**61.19**	34.44
	Other current liabilities	**27.17**	95.32
		758.65	867.77
	PROVISIONS		
	Gratuity	**5.15**	3.58
	Leave encashment	**8.77**	6.89
	Claims	**371.72**	374.72
		385.64	385.19

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

		2011	2010
10	**OPERATING REVENUE**		
	Income from port services	**3,661.91**	2,608.80
	Others	**305.81**	230.49
		3,967.72	2,839.29
11	**OTHER INCOME**		
	Interest received from		
	- banks [tax deducted at source INR 5.74 million, (2010: INR 0.62 million)]	**115.54**	61.69
	- others [tax deducted at source INR Nil, (2010: INR Nil)]	**7.49**	2.80
	Sundry balance write back	**29.50**	29.70
	Exchange gain / (loss), net	**-**	16.92
		152.53	111.11
12	**OPERATING AND OTHER EXPENSES**		
	Operating expenses	**987.29**	751.58
	Waterfront royalty	**90.95**	70.36
	Power and fuel	**203.30**	171.92
	Repairs plant, machinery and equipment	**125.86**	94.88
	Repairs others	**97.88**	51.79
	Rent, rates and taxes *(refer note no. 7 to schedule 15)*	**20.76**	17.59
	Insurance	**34.54**	35.95
	Travelling expenses	**58.12**	40.28
	Legal, consultancy and professional fees *(refer note no.15 to schedule 15)*	**74.33**	37.43
	Loss on sale of fixed assets	**7.94**	0.14
	Write offs / provisions for current assets, loans and advances (net)	**11.14**	26.47
	(Reversal) / provision for claims *(refer note no.8 to schedule 15)*	**(3.00)**	64.78
	Miscellaneous expenses	**89.03**	60.16
		1,798.14	1,423.33

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

		2011	2010
13	**PERSONNEL COSTS**		
	Salaries, wages and bonus	**312.99**	240.96
	Contribution to provident fund and other funds	**10.02**	9.07
	Staff welfare	**16.62**	17.55
	Provision of gratuity liability	**1.78**	4.25
		341.41	271.83
14	**FINANCE COST**		
	Interest		
	- on term loans	**803.00**	1,234.27
	- others	**33.13**	33.73
	Financial charges	**5.02**	7.67
	Exchange loss	**10.73**	-
		851.88	1,275.67
Finance cost capitalised during the year		**-**	(4.23)
		851.88	1,271.44

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

Schedule 15 – Significant accounting policies and notes to financial statements

1. Background

i. Gujarat Pipavav Port Limited, ("the Company") was incorporated on 5 August 1992 to construct, operate and maintain an all weather port at Pipavav, District Amreli, in the State of Gujarat.

ii. The port is designed to handle bulk, container and liquid cargo and to provide port services such as marine services, material handling and storage operations.

iii. The Company has entered into a 30 year Concession Agreement with Government of Gujarat and Gujarat Maritime Board ("GMB") dated 30 September 1998 to engage in the business of developing, constructing, operating and maintaining the port on a BOOT (Build Own Operate Transfer) basis.

iv. During the year 2005, AP Moller-Maersk group together with certain financial investors acquired the complete shareholdings held by the original promoter viz. SKIL group, on receipt of approval from Government of Gujarat, and Gujarat Maritime Board. Accordingly, AP Moller-Maersk group became the key promoter of the Company under the Concession Agreement.

2. Significant accounting policies

I. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with relevant provisions of Companies Act, 1956 ('the Act').

The Ministry of Company Affairs vide letter dated 31 May 2005 has given approval to the Company to show the figures in Balance Sheet and Profit and Loss Account and Other Schedules for the financial year ended on 31 March 2005 and onwards in "Rupees in million" under sub-section (1) of Section 211 of the Companies Act,1956. All figures unless otherwise stated are Rupees in million.

II. Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future years.

III. Fixed assets and depreciation

i. Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost includes:

a) Preoperative expenses incidental and related to construction of the fixed assets upto the date of commencement of commercial operations, net of income earned from pre-commercial operations during the construction period;

b) Inward freight, duties, taxes and expenses incidental to construction, acquisition and installation.

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

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ii. Depreciation

Depreciation on tangible fixed assets is provided on straight line method (SLM), at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except in the case of following fixed assets, which are depreciated at higher rates based on management's estimates of useful life.

a) Expenditure on roads constructed on land not owned by the Company - over the remaining concession period

b) Dredging - at 2% p.a.

c) Second hand Quay Cranes - First 5 years at 15% p.a. and next five years at 5% p.a.

iii. Leasehold improvements are amortised over the primary lease period or useful life of assets, whichever is lower.

iv. Assets individually costing upto Rupees five thousand are fully depreciated in the year of acquisition.

v. Intangible assets are recognised only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of such assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. All costs relating to the acquisition are capitalised. Intangible assets are amortised over its estimated useful life of the assets.

vi. In accordance with AS 28 on 'Impairment of assets', the Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the greater of the net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

IV. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the profit and loss account as and when incurred.

V. ***Foreign currency transactions***

Foreign currency transactions are recorded using the rates prevailing on the date of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the profit and loss account.

Exchange difference arising on the forward exchange contracts entered into to hedge the foreign currency risk of existing assets and liabilities is recognized in the profit and loss account.

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

Premium in respect of forward contracts, are recognized over the life of contract, and exchange difference arising on renewal or cancellation of forward exchange contracts are recognized in the profit and loss account.

VI. Investments

Long-term investments are stated at cost. Provision for diminution in the value of long term investments is made if such decline is considered other than temporary.

VII. Inventories

Stores, spare parts, fuel and lubricants are valued at cost or net realisable value whichever is lower; the cost is calculated on first-in-first-out ('FIFO') basis. Systematic provisioning is made for inventories held for more than a year.

VIII. Income recognition

Revenue from operations is recognised as and when services are performed. Revenue is exclusive of service tax and education cess wherever applicable.

Interest income is recognised on a time proportion basis at the applicable interest rates.

IX. Insurance Claims

The Company recognises insurance claims when the recoverability of the claims is established with a reasonable certainty.

X. Employee benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and short term compensated absences, etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. The undiscounted amount of short term employee benefits, expected to be paid in exchange for the services rendered by employees is recognised during the year.

Long term employment benefits

The Company's net obligation in respect of long-term employment benefits consisting of long term compensated absence is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated based on an independent actuarial valuation at balance sheet date using the Projected Unit Credit Method and is discounted to its present value and the fair value of any related assets is deducted. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised immediately in the profit and loss account.

Post employment benefits

Defined contribution plans:

Contributions payable to the recognized Provident Fund, which is defined contribution scheme, is charged to the profit and loss account during the period in which the employee renders the related service. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

Defined benefit plan:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on an independent actuarial valuation at balance sheet date using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

When the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the profit and loss account.

The Company has funded its gratuity liability with Life Insurance Corporation of India (LIC) under the Group Gratuity cum Life Assurance (Cash Accumulation) Scheme.

XI. Taxation

Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Provision for current tax is based on the results for the year ended 31 December, in accordance with the provisions of the Income Tax Act, 1961. The final tax liability will be determined on the basis of the taxable profit for the period 1 April to 31 March, being the tax year of the Company.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however when there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

XII. Provisions and Contingent liabilities

The Company creates a provision where there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. In case of certain litigations, legal opinions are obtained as necessary to support management estimates.

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

XIII. Earnings Per Share (EPS)

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

XIV. Lease

Lease rentals in respect of assets acquired under operating lease are charged to profit and loss account on straight line basis.

3. Initial Public Offer (IPO)

During previous year, the Company came out with Initial Public Offer (IPO) of its equity shares aggregating INR 5,000 million.

Details of utilisation of funds received from IPO of equity shares are as under:

(INR in million)

Particulars	**2011**	2010
Term Loan Repayment	3,095.10	3,095.10
Investment in Capital Expenditure	465.90	37.46
Investment in Capital Equipment	286.72	232.27
General Corporate Purpose	646.95	401.22
Issue related expenses	204.84	204.84
Total	**4,699.51**	3,970.89

Balance INR 300.49 million (2010: INR 1,029.11 million) is held in short term deposits with banks.

4. Taxation

a) *Transfer Pricing*

The Company's international transactions with related parties are at arm's length as per the independent accountants' report for the year ended 31 March 2011. Management believes that the Company's international transactions with related parties post 31 March 2011 continue to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expenses and that of provision of taxation.

b) Tax Holiday

As per the provisions of Indian Tax laws, the Company is eligible for a tax holiday under Section 80IA for a block of 10 consecutive Assessment years out of the 15 years beginning of port operations. Accordingly, the Company is entitled to tax holiday commencing from 1 April 2007 until 31 March 2017. Minimum Alternative Tax will apply after lower of unabsorbed book loss or depreciation is adjusted against book profits during the years of tax holiday.

5. Investment in Pipavav Railway Corporation Limited (PRCL)

The Company has an investment of INR 830 million (2010: INR 830 million) in PRCL as at 31 December 2011. As per latest available audited financial statements of PRCL for the year ended 31 March 2011 the book value of our investment

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

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is INR 391.53 million. Based on the cash flow projections prepared by the Company and after considering the rise in container and bulk cargo volumes at the port of Pipavav and the business opportunity available to PRCL, the Company believes that the diminution in value of its investment is only temporary in nature and hence no provision is considered necessary to the carrying value of the investment.

6. Traffic Guarantee Commitment

The Company has entered into Transportation and Traffic Guarantee Agreement with PRCL to provide minimum volumes of 3 million metric tonnes in every Financial Year. Due to growth in volumes this figure is already met and there is no shortfall to be paid to PRCL.

PRCL has raised an additional claim of INR 31.60 million pertaining to the period 2008-2009 to 2010-2011. The total claim till date is INR 699.33 million (2010: INR 660.41 million) which the Company has disputed.

7. Capital and other Commitments

Capital Commitments

The estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) is INR 743.12 million (2010: INR 275.71 million)

Export Promotion Capital Goods Commitments

The Company had imported capital goods at concessional rate of import duty under Export Promotion Capital Goods ('EPCG') scheme by executing a legal undertaking in favour of Government of India with an obligation to export goods / services and realize foreign exchange to the extent of INR 2,966.95 million by 2015, INR 2,680.81 million by 2017 and INR 498.11 million by 2018. Income arising out of handling container and bulk vessels owned by foreign shipping lines are considered as deemed exports and consequently form export obligations of the company for the said EPCG commitment.

Others

During the year 2005 and prior to AP Moller Maersk group acquiring the complete shareholdings held by the original promoters, SKIL group, the Company had provided commitment of INR 350 million (2010: INR 350 million) towards consortium lending to a SKIL Group Company, Pipavav Shipyard Limited (formerly Pipavav Ship Dismantling & Engineering Limited) conditional to fulfilment of certain obligations by Pipavav Shipyard Limited and other parties. The Company will be discharged from this commitment upon Government of Gujarat issuing a "No Dues certificate" to IL&FS (lead manager in the consortium) and consequently IL&FS releasing the Company of its commitment.

Lease Commitments

The Company's leasing arrangement is in respect of a non-cancellable operating lease for office premises. The future minimum lease payments payable under the said non-cancellable operating lease for rented premises are as follows:

Particulars	2011	2010
Within one year	**9.54**	9.80
More than 1 year and less than 5 years	**0.88**	10.44
Total	**10.42**	20.24
Operating lease rentals debited to profit and loss account	**8.71**	8.94

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

8. Provisions and Contingent Liabilities

Claims against Company not acknowledged as debt aggregates to INR 1,643.84 million (2010: INR 1,664.17 million). Provisions made in respect of the same aggregates to INR 433.62 million (2010: INR 436.62 million).

Movement in Provisions

	2011	2010
Provision made during the year	**-**	116.45
Provision reversed during the year	**(3.00)**	-

9. Exceptional items / prior period adjustments

Exceptional items represent loss due to damage of asset net of insurance claim.

10. Disclosure pursuant to Accounting Standard – 15 (Revised) Employee Benefits

a. The Company recognised INR 10.01 million (2010: INR 9.07 million) for provident fund contribution in the profit and loss account.

b. Gratuity (Defined benefit plan)

The Company makes annual contribution to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

c. Long term compensated absence (Long term employment benefit)

The leave salary is payable to all eligible employees for each day of accumulated leave on death or on resignation or upon superannuation. Compensated absence debited to profit and loss account during the year amounts to INR 1.88 million and is included in 'Salaries, Wages and Bonus' under Schedule 12 – 'Personnel Costs'.

Other payment for leave encashment aggregates to INR 2.06 million.

d. The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements based on actuarial valuations being carried out as at 31 December 2011.

i) Change in the present value of defined benefit obligations:

Defined Benefit Plan - Gratuity

	2011	2010
Defined benefit obligation, beginning of the year	**16.14**	10.06
Current Service cost	**2.96**	2.91
Interest cost	**1.49**	0.96
Actuarial (gain) / loss	**(2.57)**	0.65
Benefit paid	**(0.97)**	(2.00)
Liability Transferred In	**0.99**	3.59
(Liability Transferred Out)	**-**	(0.03)
Defined benefit obligation, end of the year	**18.04**	16.14

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ii) Change in fair value of plan assets:

	2011	2010
Fair value of plan asset, beginning of the year	**12.56**	7.28
Expected return on plan assets	**0.98**	0.78
Employer's contribution	**0.21**	3.45
Benefit paid	**(0.97)**	(2.00)
Actuarial (loss) / gain	**(0.88)**	(0.51)
Transfer from other company	**0.99**	3.59
(Transfer to other company)	**-**	(0.03)
Fair value of plan assets at the end of the year	**12.89**	12.56

iii) Net gratuity cost for the year ended 31 December 2011

	2011	2010
Service cost	**2.96**	2.91
Interest on Defined benefit obligation	**1.49**	0.96
Expected return on plan assets	**(0.98)**	(0.78)
Net actuarial loss / (gain) recognised during in the year	**(1.69)**	1.16
Net gratuity cost	**1.78**	4.25

iv) Actual return on Plan Assets

	2011	2010
Expected return on plan assets	**0.98**	0.78
Actuarial (loss) / gain on plan assets	**(0.88)**	(0.51)
Actual return on plan assets	**0.10**	0.27

v) Balance sheet reconciliation

	2011	2010
Net liability, beginning of the year	**3.58**	2.78
Gratuity cost as above	**1.78**	4.25
Employer's contribution	**(0.21)**	(3.45)
Amount recognised in balance sheet	**5.15**	3.58

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vi) Experience Adjustment

	2011	2010	2009
Experience Adjustment on Liability	**(2.57)**	(0.65)	(1.44)
Experience Adjustment on Asset	**(0.88)**	0.51	0.48

vii) Category of Assets

	2011	2010
Insurer Managed Funds	**12.89**	12.56

viii) Assumptions used in accounting for the gratuity plan

	2011	2010
Discounting rate	**8.75%**	8.00%
Salary escalation rate	**8.00%**	5.00%
Expected rate of return on plan assets	**8.60%**	8.00%
Attrition rate	**4.00%**	2.00%
Mortality	**LIC (1994-96) Ultimate Table**	LIC (1994-96) Ultimate Table

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

11. Earnings per share

		2011	2010
Profit / (Loss) for the year before tax, prior period adjustments and exceptional item as per Profit and Loss Account	**(A)**	**571.00**	(508.87)
Profit / (Loss) for the year after tax, exceptional item and prior period adjustment as per Profit and Loss Account	**(B)**	**571.00**	(547.22)
Calculation of weighted average number of shares			
Number of equity shares at the beginning of the year		**423,559,671**	314,864,019
Number of equity shares at the end of the year		**423,559,671**	423,559,671
Weighted average number of equity shares outstanding during the year	**(C)**	**423,559,671**	350,301,780
Basic and diluted earnings per share (INR)- before Exceptional item	**(A/C)**	**1.35**	(1.45)
Basic and diluted earnings per share (INR)- after Exceptional item	**(B/C)**	**1.35**	(1.56)

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

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12. (A) List of related Parties and their Relationship

Relation	Party
A. Holding Company	(i) APM Terminals Mauritius Limited (upto 03 September 2010) (ii) APM Terminals B.V. (Ultimate Holding Company) (upto 03 September 2010)
B. Party with substantial interest and its associates	(i) APM Terminals Mauritius Limited (w.e.f. 04 September 2010) (ii) APM Terminals B.V. (w.e.f. 04 September 2010) (iii) APM Terminals Management B.V. (iv) APM Terminals AMI Management DMCEST (v) AP Moller – Maersk A/S. (vi) Maersk India Private Limited acting as an agent for AP Moller – Maersk A/S and Safmarine Container Lines N.V. (vii) Gateway Terminals India Private Limited
C. Key management personnel	Managing director Mr. Prakash Tulsiani
D. Associate	Pipavav Railway Corporation Limited

12. (B) Related party transactions

All transactions above INR 1 million have been disclosed.

Transactions during the year	APM Terminals Mauritius Limited	APM Terminals Manage-ment B.V.	APM Terminals AMI Manage-ment DMCEST	AP Moller - Maersk A/S	Maersk India Private Limited	Gateway Terminals India Private Limited	Pipavav Railway Corporation Limited
Loans taken	-	-	-	-	-	-	-
	-	-	-	-	-	(500.00)	-
Loans repaid	**318.86**	-	-	-	-	-	-
	-	-	-	-		(500.00)	-
Interest expenses on loan	-	-	-	-	-	-	-
	(12.35)	-	-	-	-	(7.46)	-
Guarantee Fees	-	-	-	-	-	-	-
	-	(2.00)	--	-	-	-	-
Training Expenses	-	**4.80**	**1.28**	-	-	-	-
	-	-	-	-	-	-	-

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12. (B) Related party transactions

All transactions above INR 1 million have been disclosed.

Transactions during the year	APM Terminals Mauritius Limited	APM Terminals Manage-ment B.V.	APM Terminals AMI Manage-ment DMCEST	AP Moller - Maersk A/S	Maersk India Private Limited	Gateway Terminals India Private Limited	Pipavav Railway Corporation Limited
Income from port services	-	-	-	-	**1,061.13**	-	-
	-	-	-	-	(722.79)	-	-
Expenses incurred	-	**3.53**	-	-	**9.86**	-	-
	-	(3.30)	-	-	(1.90)	-	-
Expenses reimbursed	-	**13.13**	-	**1.68-**	-	-	-
	-	(14.48)	(2.59)	-	-	-	-
Professional fees	-	-	-	-	**5.34**	-	-
	-	(1.21)	-	-	-	-	-
Traffic Guarantee / Manpower Cost	-	-	-	-	-	-	**1.65**
	-	-	-	-	-	-	(365.00)
Others	-	-	-	-	-	-	-
	-	(25.22)	-	-	-	-	-
Closing Balances							
Receivable	-	-	-	-	**70.68**	-	-
	-	-	(1.90)	-	(60.91)	-	-
Payable	-	**4.50**	-	-	-	-	-
	(62.84)	(3.27)	-	-	-	-	-
Unsecured Loan	-	-	-	-	-	-	-
	(318.86)	-	-	-	-	-	-
Investments	-	-	-	-	-	-	**830.00**
	-	-	-	-	-	-	(830.00)

Managerial Remuneration paid to Mr. Prakash Tulsiani INR 21.34 million (2010: INR 20.93 million)

13. Segment Reporting

The Company has only one reportable business segment, which is Port services and only one reportable geographical segment, which is the port at Pipavav. Accordingly, the Company is single segment company in accordance with Accounting Standard 17 "Segment Reporting" notified in Companies (Accounting Standard) Rules, 2006.

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14. Managerial remuneration

Computation of net profits for the year ended 31 December 2011 under Section 349 of the Companies Act, 1956.

	2011
Net Profit as per Profit and Loss Account	**571.00**
Add : Provision for taxation	**-**
Depreciation as charged in the books	**557.82**
Loss on sale of Fixed Assets	**7.94**
Less : Depreciation as charged in the books	**557.82**
Bad debts written off	**9.97**
Write back of provision for doubtful debts	**13.72**
Profit under Section 349 of the Companies Act, 1956	**555.25**
Add : Remuneration to Directors	**21.34**
Profit under Section 198 of the Companies Act, 1956	**576.59**
Commission paid to the directors	**-**
Remuneration to Managing Director :	
Subject to a ceiling of 5% of profit as computed above	**28.82**
Total Remuneration actually paid	**21.34**

	2011	2010
Salary and allowances	**20.99**	13.41
Perquisites	**0.35**	2.94
Bonus	**-**	4.58
Total	**21.34**	20.93

Managerial remuneration excludes provisions for/contribution to gratuity and leave encashment, which are based on actuarial valuation determined for all employees, including Directors.

15. Legal, consultancy and professional fees includes auditor's remuneration (excluding service tax):

	2011	2010
Audit fees	**1.30**	1.30
Tax Audit fees	**0.65**	0.67
Expenses	**0.05**	0.02
Other services	**2.33**	6.44
Total	**4.33**	8.43

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

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16. Other Notes

a) CIF value of imports

	2011	2010
Capital goods	**9.27**	272.96
Spares	**16.48**	13.69

b) Value of imported and of indigenous spares consumed and percentage of each to total consumption

	2011		2010	
	%	**Value**	%	**Value**
Spares consumed		**31.80**		58.01
Of which				
Imported	**32%**	**10.19**	36%	20.84
Indigenous	**68%**	**21.61**	64%	37.17

c) Expenditure in foreign currency

	2011	2010
Consultancy fees	**7.41**	1.05
Legal fees*	**1.90**	10.55
Travelling	**1.96**	0.76
Interest	**0.98**	12.35
Sitting fees	**0.20**	-
Others	**28.27**	0.99

* Previous year amount relates to legal advisor fees for Initial Public Offer.

d) Earnings in foreign exchange

	2011	2010
Deemed foreign currency receipts	**2,599.28**	1,653.03

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

e) Exposure in Foreign Currency

There are no outstanding forward cover contracts.

Foreign currency exposure not covered by Forward Contracts as at 31 December 2011:

(INR in million)

Details	**USD Exposure**		**EURO Exposure**	
	INR	**USD**	**INR**	**Euro**
Receivables	**6.31**	**0.12**	**6.25**	**0.09**
	(11.45)	(0.26)	(1.19)	(0.02)
Payables	**12.66**	**0.24**	**-**	**-**
	(10.42)	(0.22)	(3.02)	(0.05)
Interest payable	**-**	**-**	-	-
	(62.84)	(1.40)	*(Nil)*	*(Nil)*
Unsecured Loans	**-**	**-**	-	-
	(318.86)	(7.10)	*(Nil)*	*(Nil)*

(Amounts in Italics represent amounts as at 31 December 2010)

SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

(CURRENCY : INDIAN RUPEES IN MILLION)

f) Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Company, the details of outstanding dues to the Micro and Small enterprises as defined in the MSMED Act, 2006 as set out in the following disclosures:

(INR In million)

	2011	2010
Principal amount due to any supplier as at the year end	**2.62**	0.45
Interest due on the principal amount unpaid at the year end to any supplier	**-**	-
Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	**-**	-
Payment made to the enterprises beyond appointed date under Section 16 of MSMED	**1.36**	2.74
Amount of interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year but without adding the interest specified under MSMED	**0.03**	0.07
The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.03**	0.13
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED	**-**	-

g) Previous year's figures aggregating INR 29.7 million have been reclassified from "Operating and other expenses" to "Other income" to confirm current year presentation.

As per our report attached

For **B S R & Associates**
Chartered Accountants
Firm's Registration No: 116231W

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai
22 February 2012

For Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Dinesh Lal
Director

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
22 February 2012

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	1 8 1 0 6	**State Code**	0 4
Balance Sheet Date	31 12 11		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rupees in million)

Public Issue	**Right Issue**
NIL	NIL
Bonus Issue	**Private Placements**
NIL	NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rupees in million)

Total Liabilities	**Total Assets**
23577.99	23577.99

SOURCES OF FUNDS

Share Capital	**Reserves & Surplus**
4235.60	11439.51
Secured Loans	**Unsecured Loans**
6758.59	NIL
Deferred tax liability (net)	
-	

APPLICATION OF FUNDS

Net Fixed Assets (Including CWIP)	**Investments**
12818.53	830.00
Net Current Assets	**Misc. Expenditure**
1039.72	-
Accumulated Losses	
(7745.45)	

IV. PERFORMANCE OF COMPANY (Amount in Rupees in million)

Turnover	**Total Expenditure**
4120.25	2139.55
Profit/ (Loss) before tax	**Profit/Loss after tax**
571.00	571.00
Earning per Share in INR	**Dividend Rate %**
1.35	-

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	PORT DEVELOPMENT AND OPERATION

APM TERMINALS Lifting Global Trade

GUJARAT PIPAVAV PORT LTD.

Pipavav Port, At Post Uchhaiya, via Rajula,
Dist. Amreli, Gujarat

FORM OF PROXY

Twentieth Annual General Meeting, May 3, 2012

Registered Folio No.__________

I/We ....

of .... being a Member/Members of the above-named Company, hereby appoint ....

in the district of .... in the district of ....

as my/our proxy to attend and vote for me / us and on my / our behalf at the Twentieth Annual General Meeting of the Company to be held on Thursday, 3rd May, 2012 and at any adjournment thereof.

Signed this .... day of 2012

Signature .... 30 Paise Revenue Stamp ....

NOTE : This form of proxy duly completed, stamped and signed should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.

APM TERMINALS Lifting Global Trade

GUJARAT PIPAVAV PORT LTD.

Pipavav Port, At Post Uchhaiya, via Rajula,
Dist. Amreli, Gujarat

ATTENDANCE SLIP

Twentieth Annual General Meeting, May 3, 2012

Registered Folio No.______________

I hereby record my presence at the Twentieth Annual General Meeting of the Company held at Pipavav Port, At Post Uchhaiya, Via Rajula, Dist. Amreli, Gujarat at 2.00 P.M. on Thursday, 3rd May, 2012.

(To be filled in block letters)

Folio No   No. of Shares

Full Name of the Shareholder ______________________________________

Full Name of the Proxy ______________________________________

Signature______________________________________


MAERSK


13212 WDG

Lifting Global Trade SM

APM TERMINALS

2011

APM Terminals Pipavav
Gujarat Pipavav Port Limited
Port of Pipavav, Post Uchaiya via Rajula,
District Amreli, Gujarat 365 560, India.
Website : **www.apmtpipavav.com**