Lifting Global Trade℠

APM TERMINALS

APM Terminals Pipavav

Gujarat Pipavav Port Limited

ANNUAL REPORT 2013

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

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

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

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

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

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

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

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

Yours faithfully,

Tejpreet Singh Chopra
Chairman

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER
Mr. Hariharan Iyer

COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. Manish Agnihotri

AUDITORS
BSR & Associates LLP
Chartered Accountants

REGISTRAR & TRANSFER AGENTS
Karvy Computershare Private Limited
17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad- 500 081

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

CORPORATE OFFICE
301, Trade Centre
Bandra Kurla Complex
Bandra (E),
Mumbai 400 098

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NOTICE is hereby given that the 22nd Annual General Meeting of the Members of the Company shall be held on Tuesday 6th May 2014 at 2.00 P. M. at the Company's Registered Office at Pipavav Port, At Post Ucchaiya, via Rajula, District Amreli to transact the business as mentioned herein below:

ORDINARY BUSINESS:

(i) To receive, consider and approve the Audited Accounts of the Company for the year ended 31st December 2013 and adopt Report of the Directors and of the Auditors thereon.

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

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

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

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

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

SPECIAL BUSINESS:

(vi) **Appointment of Mr. Jan Damgaard Sorensen as Director of the Company**

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

RESOLVED THAT Mr. Jan Damgaard Sorensen who was appointed Additional Director pursuant to the provisions of the then Section 260 of the Companies Act, 1956, who ceases to hold office at this Annual General Meeting, and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation.

(vii) **Appointment of Ms. Hina Shah as Director of the Company**

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

RESOLVED THAT Ms. Hina Shah who was appointed Additional Director pursuant to the provisions of the then Section 260 of the Companies Act, 1956, who ceases to hold office at this Annual General Meeting, and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation.

(viii) **Appointment of Mr. A. K. Rakesh, IAS as Director of the Company**

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

RESOLVED THAT Mr. A. K. Rakesh, IAS who was appointed Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013, who ceases to hold office at this Annual General Meeting, and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed a Director of the Company liable to retire by rotation.

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

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

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

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

By Order of the Board

Manish Agnihotri
Company Secretary

Place : Mumbai
Date : 18th February 2014

REGISTERED OFFICE:
Pipavav Port,
At Post Ucchaiya, via Rajula,
District Amreli- 365 560.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE VALID SHALL BE DEPOSITED AT LEAST FORTY EIGHT HOURS BEFORE THE DATE OF THE MEETING.**
2. **The Explanatory Statement under Section 102 of the Companies Act, 2013 is annexed herewith and forms part of the Notice.**
3. **The Register of Members and Share Transfer Books of the Company will remain closed from 26th April 2014 to 6th May 2014 (both days inclusive)**

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

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

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

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

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

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

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

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

The Board of Directors recommend the appointment of Mr. A. K. Rakesh, IAS. Except Mr. Rakesh no other Director may be deemed to be concerned or interested in his appointment.

By Order of the Board

Manish Agnihotri
Company Secretary

Place : Mumbai
Date : 18th February 2014

ANNEXURE TO NOTICE

Explanatory Statement under Section 102 of the Companies Act, 2013

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

Item no. (vi)

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

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

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

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

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

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

Item no. (vii)

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

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

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

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

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

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

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

Item no. (viii)

As per the provisions of the Concession Agreement with Gujarat Maritime Board (GMB), GMB as the port regulatory authority is entitled to appoint one Director. Mr. A. K. Rakesh, IAS was appointed Additional Director of the Company on 29th October 2013 and pursuant to the provisions of Section 161 of the Companies Act, 2013 ceases to be the Director at this Annual General Meeting.

Mr. Rakesh is Vice Chairman & CEO of Gujarat Maritime Board. He is from 1989 batch of the elite Indian Administrative Services. During his career he has held various positions in Gujarat Government. Apart from Vice Chairman and CEO of GMB he also holds the charge of Development Commissioner of Gujarat State.

Mr. Rakesh is a Bachelor of Technology in Civil Engineering.

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

Mr. A. K. Rakesh, IAS is interested / concerned in the resolution for his appointment as per the aforesaid resolution.

Name of the Director / other person	Financial Interest	Other Interest
Mr. A. K. Rakesh, IAS	Sitting Fee: ₹ 20,000 per meeting	Nil

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

Item no. (ix)

The Remuneration Committee and the Board of Directors in their Meetings held on 22nd October 2013 re-appointed Mr. Prakash Tulsiani as Managing Director of the Company for a period of 5 years with effect from 28th January 2014.

The Remuneration Committee and the Board of Directors in their Meetings held on 18th February 2014 approved the remuneration payable to Mr. Prakash Tulsiani Managing Director for one year from 1st April 2014.

The re-appointment and revision of remuneration of Mr. Prakash Tulsiani as Managing Director of the Company is subject to approval of the Members.

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

Mr. Prakash Tulsiani, aged 51 years, was appointed the Company's Managing Director for a period of 5 years from 28th January 2009. The Company achieved several milestones during the tenure of Mr. Tulsiani as Managing Director namely, successful completion of the project for setting up the Container Terminal during May 2009, the Company's Initial Public Offer of ₹ 5,000 Million and Listing on the Stock Exchanges in India during September 2010, the Company's turnaround into Profits from the month of September 2010 and raising equity by way of Qualified Institutional Placement (QIP) offer of ₹ 2,000 Million in July 2012. The Company reported its first ever Net Profit for the Year in 2011 of ₹ 571 Million. In Year 2012 the Net Profit increased by 29.5% to ₹ 739.61 Million. In Year 2013 the Net Profit increased by more than two and half times at ₹ 1,917.65 Million. On the back of the growth in cargo volumes of the Port, Pipavav Railway Corporation Limited (PRCL) the Company's joint venture entity with Indian Railways became the first ever dividend paying Public-Private Partnership Company when it paid maiden (Interim) dividend of 5% in September 2013. The Company also won several awards during his tenure as Managing Director, the most prominent one being the fastest growing port in India.

Mr. Tulsiani is a certified Chartered Accountant from the Institute of Chartered Accountants of India (ICAI – CA) and a certified Company Secretary from Institute of Company Secretaries of India (ICSI – CS). He is a Commerce Graduate from Mumbai University and also holds a degree in Law.

He started his career in Thailand with a trading and shipping company. He joined the A. P. Moller Maersk Group in Indonesia in 1993 and held several positions until 2005. Thereafter he joined APM Terminals and headed its project in Gateway Terminals in Mumbai as the Chief Operating Officer from 2005-2008. He was instrumental in its success from project stage to commercial operations.

Mr. Tulsiani is a Director on the Board of Pipavav Railway Corporation Limited.

He holds 22,000 shares of the Company in his own name.

It is proposed to re-appoint Mr. Prakash Tulsiani as Managing Director of Gujarat Pipavav Port Limited for a period of 5 years from 28th January 2014 and approve revised remuneration for 1 year from 1st April 2014.

The terms and conditions of appointment and revisions in remuneration of Mr. Prakash Tulsiani is as set out below:

1. Term: 5 years from 28th January 2014.
2. Revised Remuneration for 1 year from 1st April 2014:
   (a) Gross Salary: ₹ 24,876,676 p.a.
   (b) Benefits, Perquisites and allowances as will be determined by the Board from time to time
   (c) Bonus/ Performance linked Incentive and/ or Commission based on certain performance criteria as may be laid down by the Board
   (d) Minimum Remuneration: In the event of loss or inadequacy of profits during the tenure the Board shall determine the amount of total remuneration payable to Mr. Tulsiani and seek Central Government approval, if required.
   (e) No sitting fee shall be paid to him for attending the Board Meeting.

The Board recommends this Special 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 interested / concerned in the resolution for his Re-appointment as per the aforesaid resolution.

Name of the Director / other person	Financial Interest	Other Interest
Mr. Prakash Tulsiani	Monthly Remuneration as per the details mentioned in the Explanatory Statement of this Notice	22,000 shares
Mrs. Kiran Tulsiani (Wife)	Nil	500 shares
Mr. Harsh Tulsiani (Son)	Nil	17,000 shares

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

By Order of the Board

Manish Agnihotri
Company Secretary

Place : Mumbai
Date : 18th February 2014

DIRECTORS' REPORT

The Directors present herewith their Twenty Second Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st December 2013.

FINANCIAL RESULTS

Particulars	Year Ended 31st December 2013 (₹ In Million)	Year Ended 31st December 2012 (₹ In Million)
Operating Income	5,179.35	4,160.33
Less: Total Expenditure	2,611.07	2,341.62
Operating Profit	2,568.28	1,818.71
Add: Other Income	167.61	154.47
Profit before Interest, Depreciation, tax and exceptional items	2,735.89	1,973.18
Less: Interest	374.25	684.15
Less: Depreciation	607.81	549.42
Profit/(Loss) for the year before Exceptional Item	1,753.83	739.61
Add: Exceptional Item (Prior period adjustment)	163.82	-
Profit/ (Loss) Before Tax	1,917.65	739.61
Less: Taxes	---*	--
Profit/ (Loss) After Tax	1,917.65	739.61
Balance brought forward from previous year	(5,088.19)	(7,005.84)

** Taxes include Minimum Alternate Tax paid ₹ 1,760 Million for which Credit has been taken. Therefore the net impact is Nil*

DIVIDEND

Your Company is pleased to report Net Profit of ₹ 1,917.65 Million. But considering the forthcoming major expansion of the Port and the accumulated losses of ₹ 5,088.19 Million, no dividend is recommended.

YEAR IN RETROSPECT & OTHER KEY DEVELOPMENTS

A brief statistical profile on port operations during the year ended 31st December 2013 is as under:

Particulars	Year 2013	Year 2012
No. of vessel calls at the Port	1,035	1,117
Bulk Cargo Handled (In MT)	3,167,586	3,118,168
Containers Handled (TEU)	661,865	570,480

Given the economic slowdown in India the last two years, container trade of the country and the West Coast in particular, has not shown the same pace of growth as it had in the previous years.

The total operating revenue was ₹ 5,179.35 Million representing an increase of 24.5% as against ₹ 4,160.33 Million in the previous year. During the year under review, the Company handled container throughput of 661,865 TEUs, a growth in excess of 16% as compared to last year. Bulk cargo volumes remained steady at 3.1 million tons. Despite tepid market growth, the container business has been growing rapidly. This is due to a combination of organic growth of existing services, and the addition of 2 new services.

The total expenditure amounted to ₹ 2,611.07 Million, representing an increase of 11.5% over last year. This includes operating expenses, staff costs, administrative and other expenses. Operating expenses were ₹ 1,320.31 Million, an increase of 11.8% over the previous year, primarily due to a change in the commodity mix for bulk cargo and higher container volume. Staff Costs amounted to ₹ 420.54 Million, representing an increase of 16.5% over last year. Administrative and other expenses for the year increased by 8.7% to ₹ 870.22 Million. Power & Fuel and Repairs & Maintenance form the key components of other expenses.

Other income was ₹ 167.61 Million for the year under review mainly on account of interest income received from banks, favourable exchange rate gain and write back of certain sundry balances. Interest expense decreased by 45.3% during the year to ₹ 374.25 Million after reduction of Indian Rupee debt since July 2012. The current debt outstanding is ₹ 3,038.75 Million.

Exceptional items include favourable write back on impairment of ₹ 163.82 Million consequent to partial write-back of impairment and write-off of certain non-operational assets.

The net profit for the year was ₹ 1, 917.65 Million, a two and half fold increase over ₹ 739.61 Million in the previous year.

UPDATE ON PORT PROJECT EXPANSION

Your Company received Environmental Approval during June 2012 from the Ministry of Environment and Forest (MoEF) for the expansion and modernization of the port. Thereafter the Company raised Equity of ₹ 3,500 Million by way of Qualified Institutional Placement (QIP) to Institutional Investors and Preferential Allotment to the Promoters. The Company also tied up External Commercial Borrowing (ECB) debt of USD 152 Million from International Finance Corporation (IFC) a part of World Bank Group. Consequent to a complaint by a NGO, the National Green Tribunal directed MoEF in August 2013 to reassess the project approval and ordered that the EC approval be kept under abeyance for a period of six months. In view of this delay, the Company has also been continuously reviewing the expansion plans to keep it aligned to changing market conditions. As per the minutes of the meeting held in November 2013, the Expert Appraisal Committee (EAC) has again recommended the expansion plan to MoEF for clearance. The final order by MoEF is awaited. The Company has not drawn any funds out of the ECB debt of USD 152 Million.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the requirements under Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Management Discussion and Analysis (MD&A) has been included as part of the Annual Report. The MD&A includes review of industry prospects and developments, opportunities, risks and concerns, business outlook, internal control systems and their adequacy and discussion on financial performance.

SUBSIDIARY COMPANY

The Company does not have any subsidiaries.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Corporate Governance Report is included in the Annual Report along with the Statutory Auditor's Certificate.

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 2013 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

Mr. Per Jørgensen, Independent Director stepped down as Director and Chairman of the Company in June 2013. Mr. Pankaj Kumar, IAS, Nominee representing Gujarat Maritime Board and Mr. Martin Gaard Christiansen representing APM Terminals Mauritius Limited also ceased to be Directors of the Company from May and June 2013 respectively.

The Board thanks and places on record its appreciation for the valuable guidance and support received from Mr. Jørgensen as Chairman of the Company. The Board also thanks Mr. Kumar and Mr. Christiansen for their valuable contribution as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956, Mr. Pravin Laheri, IAS (Retd.), Mr. Henrik Lundgaard Pedersen and Mr. Pradeep Mallick are due to retire by rotation and being eligible, offer themselves for reappointment.

Ms. Hina Shah and Mr. Jan Damgaard Sorensen were appointed as Additional Directors of the Company effective July 2013. Mr. A. K. Rakesh, IAS was appointed as Additional Director from October 2013. They all cease to be Directors of the Company at this Annual General Meeting and are proposed to be appointed as Directors of the Company liable to retire by rotation.

Appropriate resolutions are being placed in the Notice convening the Annual General Meeting for your approval. A brief resume of the Directors and other information as per the requirement under Listing Agreement has been detailed in the Notice forming part of this report. The Directors recommend the resolutions for approval.

AUDITORS

M/s B S R & Associates LLP, 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 engaged in the business of port operations and does not carry 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 2013 is not applicable.

However, the Company has been consciously taking regular steps towards energy conservation, technology absorption and reducing carbon footprint.

The Company enhanced its Rail Yard infrastructure by installing 3 Rail Mounted Gantry Cranes (RMGCs). These cranes optimize the turnaround of incoming and outgoing container cargo at the rail yard and significantly reduce the terminal's operational footprint. By eliminating diesel powered Reach Stackers, these electrically powered RMGCs have increased the efficiency of operations, reduced overall energy consumption, improved air quality, safety and security at the port.

ENVIRONMENT PROTECTION & CORPORATE SOCIAL RESPONSIBILITY

The Company is constantly working towards integrating social and environmental concerns in its business operations through interactions with the various stakeholders involved.

The Company maintained its focus while adopting a more holistic approach in implementing environmentally friendly practices and measures at the port. Strategies ranging from rain water harvesting system of 15 million liters , monitoring ambient air and decibel levels to developing a separate waste management system for handling ferrous and non-ferrous material, waste oil and battery waste in an environment friendly manner are being carried out.

During the year the Company started a new Medical Centre inside the port premises which apart from catering to the port employees and their families is open for all the nearby villagers for free medical treatment and medicines. The Company also conducted a Medical Health Check-up Camp for the villagers wherein 780 children and 540 ladies were examined by the Doctors and appropriate treatment provided. These initiatives by your Company have been well received by the villagers and much appreciated.

The Company's commitment to Corporate Social Responsibility has been recognized by trade fraternity. The company was awarded the best Terminal/ Port operation in India for Health, Safety and Quality for 2013 by the Maritime and Logistics Association (MALA)

FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of expenditure and earnings in foreign currencies are mentioned in Schedule 15 Note no. 39 to the financial statements.

PERSONNEL RESOURCES

The Directors acknowledge the fact that it's associates and the team are the most important asset and are committed to upgrading their skills and abilities. Your Company takes the necessary steps on a continuous basis to improve living conditions of the employees and their families at the Port.

The particulars as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, form part of this 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 the continued valuable support, co-operation and assistance of the Government of India, Government of Gujarat, Gujarat Maritime Board and various other Government Agencies, Financial Institutions & Banks, Promoters and Group Companies, Vendors and Associates and our esteemed Customers.

For and on behalf of Board of Directors

Place : Mumbai
Date : 18th February 2014

Tejpreet Singh Chopra
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013

INTRODUCTION

The following discussion and analysis of the financial performance and activity of Gujarat Pipavav Port Limited is intended to provide an analysis of the business and the financial statements for the year under review, with selected comparative information for the year 2012. This section has been prepared by 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 the notes thereon, which follow the section.

The 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 Government of India and the relevant provisions of the Companies Act, as adopted by us.

BACKGROUND

Gujarat Pipavav Port Ltd. (GPPL), India’s first private sector port, has multi-cargo and multi-user operations in the State of Gujarat, located 152 nautical miles from Nhava Sheva in Mumbai which is around 10 hours of steaming time. The Port has emerged as one of the principal gateways on the West Coast of India and 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 has Container capacity of approximately 850,000 TEUs per annum (approximately 1.3 million TEUs on the quay side), Bulk Cargo capacity of approximately 5 Million Tons per annum and Liquid Cargo capacity of approximately 2 Million Tons per annum.

APM Terminals is the Lead Promoter of the Company and holds 43.01%. It is one of the largest Ports and Terminals operator in the world and part of A.P. Moller-Maersk Group (APMM). APM Terminals operates a Global Terminal Network which includes 20,000 employees in 68 countries with interests in 74 port and terminal facilities and over 160 Inland Services operations. In 2013 APM Terminals was named “International Terminal Operator of the Year” by Containerization International for the second consecutive year, and was also named the winner of the “Port Operator Award” at the Lloyd’s List Asia Awards.

ECONOMY & PORT SECTOR

The condition of the global economy changed little in 2013. The US and Japanese economies showed some positive growth, while trade with the Far East showed signs of revival. India was fortunate to have a good monsoon, and the recovery was led by the resurgence in the exports of agricultural goods, as well as a bumper sugar crop in the latter half of the year.

Cotton exports rose significantly with robust demand from China following discontinuation of its stock reserve policy in 2014-15. The manufacturing and auto sector continued to struggle. Bulk cargo movement was subdued except coal imports , which rose as power producers bought more due to rising thermal coal demand and domestic shortage. Most of the imports come from Indonesia, South Africa and Australia. Fertilizer imports were slow because of adverse exchange rates.

India’s container trade market is estimated to have achieved over 10 million TEUs during 2013. Imports from South East Asia increased at a CAGR of 28.0% vs 20.5% for Exports. West coast ports continue to dominate the Container throughput in India. It crossed 7 Million TEUs in 2013, a 6% growth over last year.

The Terminals at JNP are operating much above their designed capacities. The Non major ports have an edge over Major ports due to better draft, larger handling and evacuation capacity.

OPERATIONS REVIEW

Despite challenging market conditions, the Company achieved a new annual record of 661,865 TEUs. It is 16% higher compared to 570,480 TEUs handled during the year 2012. The Company achieved two other milestones during Q4 2013 namely highest Quarterly volume of 193,729 TEUs and highest Monthly volume of 77,155 TEUs in December 2013. The increase in volume is a result of new international services to the Middle East and Far East and higher than market growth in Pipavav. Pick up in cotton and refrigerated cargo in the last quarter of 2013 also contributed significantly to the overall volumes.

Coal and fertilizer are two main commodities in dry bulk handled at the port. The prolonged rail freight differential issues, further increase in rail tariff and delay in the commencement of tender business continued to impact coal volumes at the port with volumes decreasing by 12.6% compared to the previous year. Proximity to power plants and rail freight differentials have put the other bulk handling ports on the West Coast at a logistical advantage with significantly lower rail freight. The Company has been reasonably successful in achieving incremental fertilizer imports aided by the Integrated Fertilizer Complex (New Covered warehouse and automated Wagon Loading System). With additional covered space, the Company has handled incremental volume of agro-commodities like wheat and maize by utilizing the smaller covered warehouses which were earlier occupied by fertilizers. With the integrated fertilizer complex fully operational, fertilizer imports increased by 20.9% compared to the previous year, while agro-commodities doubled contributing 8% to the entire volumes in 2013.

On liquid cargo, the development of tank facilities by 3 liquid operators is nearing completion and expected to be operational. The Company handles small amount of LPG volumes which continued to be affected by Government policy on regulation of subsidies.

On rail, the total number of rakes handled increased by 24.6% while cargo volume moving through rail increased by 13.4 % compared to the previous year. This was driven largely by a 31.2% increase in ICD volumes moving to the main cargo generating areas in North and Northwest of India. The port upgraded its infrastructure and started handling double stack high cube container trains in July 2013. This has not only helped the port optimize capacity, it has brought better hinterland connectivity, routing and overall savings on cost and fuel for all the stakeholders.

FINANCIAL REVIEW

The Company's total revenue consists of operating revenue and other operating income. Total income for the year ended December 31, 2013 was ₹ 5,346.96 Million as compared to ₹ 4,314.80 Million during the previous year.

Operating revenue consists of income from marine services, storage services, value-added port services as well as rental income from sub-leasing of land to various Port users. Other operating income comprises lease rentals from various port users and other incidental income from operations. Other income consists of interest on short-term bank deposits, gain or loss from foreign exchange and other miscellaneous income.

Operating revenues totaled ₹ 5,179.35 Million for the year ended December 31, 2013, a 24.5% increase over 2012. Excluding duty benefit of ₹ 115 Million realized under SFIS for import of 3 Rail Mounted Gantry Cranes (RMGCs) during end of 2012, the organic revenue growth was 28.0%. This increase was primarily on account of improvement in realization as result of a tariff revision and favorable exchange rate.

Total expenditure consists of operational and other expenses, Staff Costs and depreciation. The Company incurred a total expenditure of ₹ 3,218.88 Million in 2013 as against ₹ 2,891.04 Million in 2012.

Our operating expenses primarily include equipment hire charges, stevedoring charges and waterfront royalty payments to Gujarat Maritime Board. Operating expenses totaled ₹ 1,320.31 Million in 2013 as compared to ₹ 1,180.68 Million in 2012, an increase of 11.8%. The increase has been on account of change in commodity mix for bulk cargo, lower equipment hire charges compared to the previous year with de-hiring of equipment, installation of 3 RMGCs at the rail yard and construction of the fertilizer shed.

EBITDA amounted to ₹ 2,568.28 Million in 2013 compared to ₹ 1,818.71 Million in the previous year. Higher container volume, better realization and continued operational efficiencies led to a record EBITDA increase of 41% in 2013 compared to the previous year. EBITDA margin expanded by 600 basis points to 50.0% compared to the previous year.

Other income increased by 8.5 % in 2013 compared to the previous year. This year included a maiden dividend received from PRCL of ₹ 38.0 Million. The previous year included favourable write back towards prepayment penalty.

Borrowing costs decreased by 45.3% in 2013 compared to the previous year. This was mainly due to prepayment of the existing Indian Rupee debt of ₹ 3,500 Million in 2012. The outstanding debt as of 31st December 2013 is ₹ 3,038.75 Million. The Company's debt-to-equity ratio is at 0.3.

The Company moved into a Minimum Alternate Tax (MAT) regime in the current year and accordingly paid an advance tax of ₹ 106 Million. An equivalent MAT tax credit has been claimed resulting in nil impact to the net result of the Company.

In March 2004 the Company had created an Impairment provision of ₹ 2,160 Million towards its Port infrastructure assets, which as at the current year stands at ₹ 1,754 Million. As a part of periodic exercise the Management has re-assessed the requirement of impairment provision and future usability of the Fixed Assets. The net positive impact as a result of the partial write-back of impairment and write-off of certain non-operational assets has resulted in an impairment reversal of ₹ 163. 82 Million. This has been disclosed as an exceptional item.

Net Profit improved year over year by ₹ 1,178.04 Million, an increase of over 2.5 times compared to the previous year. The increase in Net Profit has been primarily due to higher container volumes, improvement in realization, lower operating cost amid incremental savings from productivity initiatives, lower finance costs and exceptional item relating to write back of impairment, partially offset by a change in bulk cargo mix resulting in the Company's strong results.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has set up a Risk Committee comprising the Executive Management Team. The purpose is to oversee the identification, mitigation and monitoring of the Company's material risks and exposures. The Committee meets on a quarterly basis to identify risks and opportunities, establish likelihood and ensure appropriate controls are in place. The Risk Register provides a consistent and measurable management assurance metric on broad risks involved and its impact on Company's objectives. The Risk Register is also reviewed by the Audit Committee and Minutes of the Risk Committee are presented to the Board every quarter.

The Board has the overall responsibility to maintain a sound and effective internal control environment. The Audit Committee on behalf of the Board reviews the adequacy and integrity of the Company's internal control system. A firm of independent auditors is retained annually to provide regular assurance.

APM Terminals Group's initiatives, the Audit Questionnaire (AQ) and Internal Control Manual are the overarching framework that sets out the Company's approach to internal controls. The AQ is an important pillar of the APMT control monitoring framework. It is designed to verify whether the entities adhere to key control requirements. In addition it evaluates topical control matters and also serves to provide assurance regarding the extent of compliance to APM Terminals' Risk and Internal Control Compliance (RICC) control framework. Control Manual aims to eliminate the easily foreseeable risks at process level and then secondly, if something should happen, catch it quickly. Risk Management and internal control are two sides of the same coin and are equally considered to effectively govern the organization and the resources at our disposal. The Company was rated the best amongst all the Terminals in the Asia Pacific Region of APM Terminals. The Company was also awarded the "Innovative 100" Award for Excellence in Corporate Governance for the year 2013 by nine. dot.nine media.

In order to ensure the protection of the interests of all stakeholders, the management periodically evaluates internal controls for its effectiveness and incorporates fraud prevention measures into the system. To ensure proper administration of the control activities, the Control Manual Checklist forms part of the annual Audit Plan is overseen by the Company's Internal Auditors, Ahmedabad based Mukesh M Shah & Co. Chartered Accountants, reporting to the Audit Committee.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

APM Terminals is committed to make its terminals and inland locations a safe and healthy place to work. It strives to achieve a zero impact on global and local environment. The Group's commitment to Safety has four underlying fundamental principles – Safety is the license to operate; has no hierarchy, it means no compromise; and all companies should be actively committed to it.

The Company ensures safety at its facility by regular initial and refresher safety training. Safety training is imparted to all persons entering the operational area – this includes employees, suppliers, contractors and contractor's staff.

The Company is backed by the shared experience of its sister companies in the APM Terminals Portfolio. It is standard practice for all the terminals in the portfolio to share accident/incident reports and the corrective measures implemented at any terminal across the world is replicated at all the sister terminals – thereby increasing the chances that an identifiable risk at one terminal is identified and addressed across the portfolio.

On the environment front, state and national rules governing coastal areas have helped the Company plant over 21,000 tree saplings and over 150 acres of Mangroves in 2012 and 2013. A rain water harvesting system has been set up to harvest 15 million liters of water a year which largely substitutes the ports requirement for freshwater from other sources. Ambient air for RSPM and decibel levels on a daily basis are prepared to take action if any deviation is observed. Waste management is also practiced.

The Company was honoured with the "Health, Safety and Quality Award" at the 3rd All India Maritime and Logistics Awards (MALA), 2012 and recognized the Company's commitment to employee/community welfare and environmental protection.

CORPORATE SOCIAL RESPONSIBILITY

The Company promotes the Health and Safety of all the employees and protection of the environment.

During the year the Company started a new Medical Centre inside the port premises which apart from catering to the port employees and their families is open for all the nearby villagers for free medical treatment and medicines. The Company also conducted a Medical Health Check-up Camp for the villagers wherein 780 children and 540 ladies were examined by the Doctors and appropriate treatment provided.

Certain other CSR activities such as Construction of toilet blocks for students in the school, Repair works of the school, distribution of books, stationery, sports equipment, music instrument and science laboratory equipment was done. Solar powered lights were installed at the Shiyal bet island and potable water is supplied to the island residents. The Company also distributes free milk supply to the Girls School located in the vicinity.

Like every year, our support to Amreli Muk Badhir School continues by way of donation by all employees and equal contribution by the Company.

OUTLOOK

According to World Bank, global GDP will grow by 3.2% this year, up from 2.4% in 2013, with much of the pick-up coming from high income economies. Growth in developing countries is expected to be at 5.3% this year, up from 4.8% in 2013. With container trade estimated to grow by 4-6% in 2014 and 2015, strengthening of demand in the Euro zone area as well as US, the Company is well positioned to benefit from any future improvements in underlying economic conditions in the world economy.

The container shipping business is undergoing a massive churn globally, with container liner service providers acquiring larger ships prompting operational alliances in the coming year. Once the large trades like the Asia – Europe, Transatlantic and Transpacific are addressed – we believe there will be a cascading effect of the existing vessels to the smaller trade. The country will need to upgrade its port infrastructure to accommodate the changing trends, with availability of deep draft, larger cranes; higher productivity and faster evacuation to and from ports will become paramount to the future of container business in India. The shipping lines are entering into vessel sharing arrangements in order to ensure optimal utilization of vessels, save operational costs and to reduce capacities. This arrangement has made the shipping world dynamic with constant changes happening in shipping routes and services. While cargo may continue to be handled at the current port of call, the number of vessels calling has seen a reduction and this trend is likely to continue. APM Terminals Pipavav is fully geared for handling the larger vessels likely to make calls in the near future at Indian ports.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

As part of APM Terminals global policy all employees are required 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 places it at the top quartile global average of APM Terminals. 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 2013

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

The Directors present the Annual Corporate Governance Report of Gujarat Pipavav Port Limited ("the Company" or "APM Terminals Pipavav") for the year ended 31st December 2013.

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 a total 9 Directors, out of which 1 is an Executive Director, 4 Independent Directors (including the Chairman of the Board) and 4 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 Directors 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.

Ms. Hina Shah Non-Executive Independent Director and Mr. Jan Damgaard Sorensen Non-Executive Non-Independent Director joined the Board with effect from 30th July 2013. Mr. A. K. Rakesh, IAS Non-Executive Non-Independent Director joined with effect from 29th October 2013.

The name and category of Directors on the Board, their attendance at Board Meetings, 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 2013		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 Dec 2013
		Held	Attended			Chairman	Member	
Mr. Per Jørgensen- Chairman* DIN:00050532	Independent Non-Executive	2	2	Yes	Nil	Nil	Nil	Nil
Mr. Tejpreet Singh Chopra- Chairman# DIN:00317683	Independent Non-Executive	4	4	Yes	1	Nil	Nil	Nil
Mr. A. K. Rakesh, IAS## DIN: 00063819	Non-Independent Non-Executive	Nil	Nil	NA	7	Nil	Nil	Nil
Mr. Dinesh Lal DIN; 00037142	Non- Independent Non-Executive	4	3	No	2	Nil	Nil	3100
Mr. Henrik Lundgaard Pedersen DIN: 06391674	Non-Independent Non-Executive	4	4	Yes	Nil	Nil	Nil	Nil
Ms. Hina Shah### DIN:06664927	Independent Non-Executive	2	2	NA	Nil	Nil	Nil	Nil

Name	Category	No. of Board Meetings attended during 2013		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 Dec 2013
		Held	Attended			Chairman	Member	
Mr. Jan Damgaard Sorensen#### DIN: 06408939	Non- Independent Non-Executive	2	1	NA	Nil	Nil	Nil	Nil
Mr. Martin Gaard Christiansen** DIN:03442462	Non- Independent Non-Executive	2	2	Yes	Nil	Nil	Nil	Nil
Mr. Pankaj Kumar, IAS*** DIN: 00267528	Non- Independent Non-Executive	1	Nil	NA	7	Nil	Nil	Nil
Mr. Pradeep Mallick DIN:00061256	Independent Non-Executive	4	4	Yes	4	1	4	Nil
Mr. Pravin Laheri, IAS (Retd.) DIN:00499080	Independent Non-Executive	4	4	Yes	6	1	Nil	Nil
Mr. Prakash Tulsiani ^ DIN: 02590972	Managing Director	4	4	Yes	1	Nil	Nil	22000

* Mr. Per Jorgensen stepped down as Director effective 1st June 2013

\# Mr. Tejpreet Singh Chopra was appointed Chairman effective 1st June 2013

\## Mr. A. K. Rakesh, IAS was appointed effective 29th October 2013

\### Ms. Hina Shah was appointed effective 30th July 2013

\#### Mr. Jan Damgaard Sorensen was appointed effective 30th July 2013

** Mr. Martin Gaard Christiansen ceased to be Director effective 30th June 2013

*** Mr. Pankaj Kumar, IAS ceased to be Director effective 2nd May 2013

^ Mr. Prakash Tulsiani was Re-appointed Managing Director effective 28th January 2014 for 5 years

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

Committees refer to membership of Audit and Investor Grievance Committee only.

The Board of Directors met 4 times during the Calendar Year 2013 on: 21st February 2013, 2nd May 2013, 30th July 2013 and 22nd October 2013. 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 payment of sitting fees to Independent Directors, the Company did not have any pecuniary relationship with any Non - Executive Director during the year ended 31st December 2013.

Code of Conduct:

The Company has adopted a Code of Conduct for all employees including Managing Director and has received compliance from them for the year ended 31st December 2013. The Company has also adopted a 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 4 Non- Executive Directors out of which 3 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, Statutory Auditors and the Internal Auditors. The Company Secretary acts as Secretary of the Audit Committee. The Minutes of Audit Committee Meeting are 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 2013**	
		Held	**Attended**
Mr. Pravin Laheri, IAS (Retd), Chairman	Non-Executive Independent	4	4
Mr. Pradeep Mallick	Non-Executive Independent	4	4
Ms. Hina Shah#	Non-Executive Independent	1	1
Mr. Henrik Lundgaard Pedersen*	Non-Executive Non-Independent	3	3
Mr. Jan Damgaard Sorensen	Non-Executive Non-Independent	1	1

\# Ms. Hina Shah was appointed Member effective 30th July 2013

* Mr. Henrik Lundgaard Pedersen ceased to be Member effective 30th July 2013 and was replaced by Mr. Jan Damgaard Sorensen

The Members of Audit Committee have requisite financial, legal and management expertise. During the year 4 Audit Committee Meetings were held on: 20th February 2013, 1st May 2013, 29th July 2013 and 21st October 2013. 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

The Remuneration Committee of the Company determines the remuneration payable to the Managing Director. The composition of Remuneration Committee and details of the Meeting are:

Name	**Category**
Mr. Per Jørgensen, Chairman*	Non-Executive Independent
Mr. Pradeep Mallick, Chairman#	Non- Executive Independent
Mr. Tejpreet Singh Chopra	Non- Executive Independent
Mr. Pravin Laheri, IAS (Retd.)	Non- Executive Independent
Mr. Henrik Lundgaard Pedersen	Non- Executive Non- Independent

* Mr. Per Jørgensen stepped down as Member effective 2nd May 2013 and was replaced by Mr. Pravin Laheri, IAS (Retd.)

\# Mr. Pradeep Mallick was appointed Chairman effective 2nd May 2013

The Remuneration Committee held its Meeting on 21st February 2013 and 22nd October 2013.

Remuneration Policy

The remuneration of the entire Management Team is determined by the Remuneration Committee and it comprises 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 ₹ 20,000/- is paid for attendance at each of the Board and Committee Meetings.

Directors Remuneration

Name	Sitting Fees for attending Board and Committee Meetings in Year 2013
Mr. Per Jørgensen, Chairman	₹ 60,000/-
Ms. Hina Shah	₹ 60,000/-
Mr. Tejpreet Singh Chopra	₹ 120,000/-
Mr. Pradeep Mallick	₹ 200,000/-
Mr. Pravin Laheri, IAS (Retd.)	₹ 200,000/-

Managing Director

Name	Salary (₹ Million)	Perquisites & Allowances (₹ Million)	Performance Bonus (₹ Million)	Term of Contract*
Mr. Prakash Tulsiani	15.93	25.54	4.79	5 years

* The Remuneration Committee and Board have re-appointed Mr. Tulsiani as Managing Director for 5 years from 28th January 2014 as his previous contract ended on 27th January 2014.

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 meetings are:

Name	Category	No. of Committee Meetings during the year 2013	
		Held	Attended
Mr. Pravin Laheri, IAS (Retd.), Chairman	Non- Executive Independent	1	1
Mr. Dinesh Lal	Non- Executive Non- Independent	1	1

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 2013

Nature of Complaint	No. of complaints received	No. of complaints replied	No. of complaints pending
Status of application lodged in IPO	0	0	0
Non-receipt of refund order	3	3	0
Non-receipt of securities	0	0	0
Non-receipt of dividend	1	1	0
Non-receipt of annual reports	14	14	0
TOTAL	18	18	0

There were no pending requests for share transfer/dematerialisation of shares as of 31st December 2013.

6. DETAILS OF GENERAL MEETINGS

Location and time of meetings held during last 3 years

Meeting	Date	Time	Venue
AGM	29th April 2011	10:00 AM	Pipavav Port, At Post Ucchaiya via Rajula, Dist Amreli, Gujarat
AGM	3rd May 2012	2:00 PM	Pipavav Port, At Post Ucchaiya via Rajula, Dist Amreli, Gujarat
AGM	2nd May 2013	2:00 PM	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
AGM on 3rd May 2012	Yes	Increase in Investment limit by Foreign Institutional Investors (FIIs) under the Portfolio Investment Scheme
AGM on 2nd May 2013	Yes	Remuneration to Managing Director Mr. Prakash Tulsiani

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 any transaction with related parties 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 the members of Management Team 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.pipavav.com

The Company arranges conference calls and meets the institutional investors/ analysts from time to time. The presentation made during the conference calls is submitted to the Stock Exchanges and is displayed on the website www.pipavav.com

9. SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL

A Practicing 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.

General Shareholder Information

Annual General Meeting	
Date and Time	Tuesday 6th May 2014 at 2.00 P. M.
Venue	Pipavav Port, At Post Ucchaiya via Rajula
Date of book closure	26th April 2014 to 6th May 2014 (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, 2013 are given as follows:

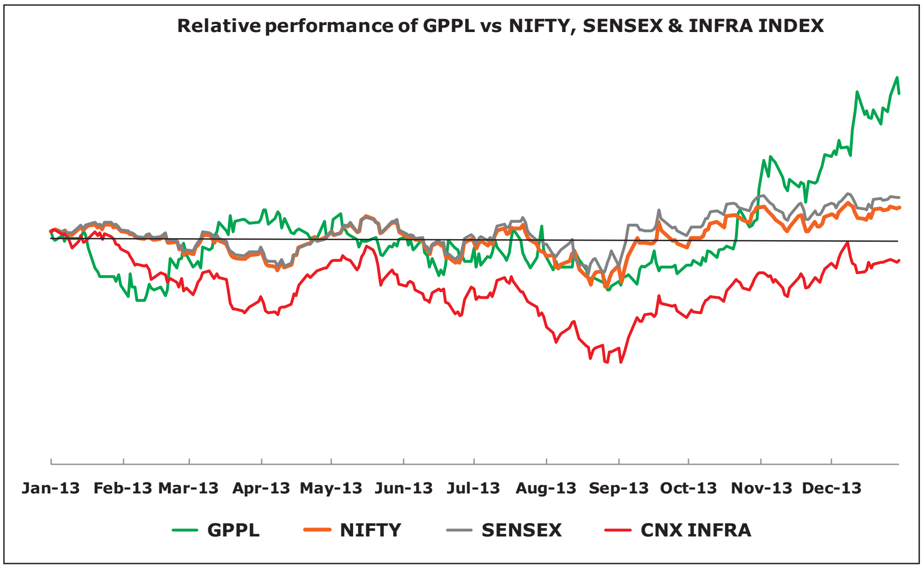
Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
Jan-2013	49.50	43.00	1,483,100	50.10	43.10	7,367,408
Feb-2013	47.50	41.00	1,009,439	47.50	41.00	3,927,615
Mar-2013	51.15	43.50	4,316,623	51.65	43.35	12,046,080
Apr-2013	51.70	46.50	4,306,132	51.50	45.55	7,091,705
May-2013	54.00	46.10	4,495,710	54.20	46.00	6,603,346
June-2013	49.00	43.05	120,831	49.10	42.20	3,184,121
July-2013	49.20	43.00	2,078,833	49.50	42.80	2,236,947
Aug-2013	48.00	42.05	1,782,837	48.00	42.05	3,744,972
Sep-2013	47.10	42.80	665,940	48.00	42.65	9,265,643
Oct-2013	53.90	44.70	6,474,919	54.00	44.75	16,237,188
Nov-2013	58.65	49.60	3,350,557	58.10	49.60	13,869,509
Dec-2013	66.65	56.00	4,597,168	66.50	55.75	13,794,238

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 vis-à-vis the movement of the NSE Nifty, BSE Sensex and Infrastructure Index during 1st January 2013 to 31st December 2013.



Distribution of Shareholder holdings:

The distribution pattern of shareholding of your Company as on 31st December, 2013 by ownership and size class, respectively, is as follows:

		31-Dec-13		31-Dec-12	
		No. of Equity Shares	**Shares Held (%)**	**No. of Equity Shares**	**Shares Held (%)**
A	**Promoter and Promoter Group**				
	Bodies Corporate	207,903,931	43.01%	207,903,931	43.01%
	Total A:	**207,903,931**	**43.01%**	**207,903,931**	**43.01%**
B	**Public Shareholding**				
	Foreign Institutional Investors	163,483,525	33.82%	150,550,548	31.14%
	Mutual Funds /UTI	56,490,452	11.69%	42,694,671	8.83%
	Bodies Corporate	27,738,765	5.74%	40,030,913	8.28%
	Financial Institutions/ Banks/Venture Capital Funds	6,267,031	1.30%	25,663,394	5.31%
	Individuals				
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	12,100,880	2.50%	11,702,944	2.42%
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	7,571,727	1.57%	4,303,747	0.89%
	Trusts	2,118	0.00%	13,218	0.00%
	Non-Resident Indians	986,235	0.20%	513,506	0.11%
	Clearing Members	895,246	0.19%	63,038	0.01%
	Total B :	**275,535,979**	**56.99%**	**275,535,979**	**56.99%**
	GRAND TOTAL (A+B) :	**483,439,910**	**100.00%**	**483,439,910**	**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 99.78% and 0.22% in physical form as of 31st December 2013.

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- 400 098
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 2013 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 LLP**
Chartered Accountants
Firm's Registration No : 116231W

N Sampath Ganesh
Partner
Membership No: 042554

Place : Mumbai
Date : 18th February, 2014

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 2013 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 2013 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.

For Gujarat Pipavav Port Limited

Hariharan Iyer
Chief Financial Officer

For Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Place : Mumbai
Date : 18th February, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Gujarat Pipavav Port Limited

Report on the financial statements

We have audited the accompanying financial statements of Gujarat Pipavav Port Limited ("the Company') which comprise the balance sheet as at 31 December 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the recognition and principles laid down in the Companies (Accounting Standards) Rules, 2006 referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the balance sheet, of the state of affairs of the Company as at 31 December 2013;

(b) in the case of the statement of profit and loss, of the profit of the Company for the year ended on that date; and

(c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, 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 accounts as required by law have been kept by the Company so far it appears from our examination of those books;

c. the balance sheet, the statement of profit and loss 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 statement of profit and loss 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; and

e. on the basis of written representations received from the Directors of the Company as at 31 December 2013, 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 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

N Sampath Ganesh
Partner
Membership No: 042554

Place : Mumbai
Date : 18th February 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT – 31 DECEMBER 2013

(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 three 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 ₹ 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. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Act and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

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 of Wealth tax, Customs duty, Income Tax, Service tax, Works Contract tax, Profession tax, Provident Fund and Value added tax and other material statutory dues have been generally 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 Wealth tax, Customs duty, Income Tax, Service tax, Works Contract tax, Profession tax, Provident Fund, Value added tax and other material statutory dues were in arrears as at 31 December 2013 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 , Income tax and Service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Financial Year	Amount in ₹ Million	Forum where dispute is pending
Income tax Act, 1961	Tax deducted at source	2006-07	6.50	Commissioner of Income Tax appeals
Income tax Act, 1961	Tax deducted at source	2007-08	0.92	Commissioner of Income Tax appeals
Income tax Act, 1961	Tax deducted at source	2008-09	15.05	Commissioner of Income Tax appeals
Income tax Act, 1961	Tax deducted at source	2008-09	0.02	Assessing Officer
Income tax Act, 1961	Tax deducted at source	2009-10	0.03	Assessing Officer
Income tax Act, 1961	Tax deducted at source	2010-11	1.42	Assessing Officer
Income tax Act, 1961	Tax deducted at source	2011-12	2.03	Assessing Officer
Income tax Act, 1961	Tax deducted at source	2011-12	0.04	Commissioner of Income Tax appeals
Income tax Act, 1961	Tax deducted at source	2012-13	0.01	Assessing Officer
Income tax Act, 1961	Tax deducted at source	2013-14	3.88	Assessing Officer
Income tax Act, 1961	Tax deducted at source	2014-15	0.20	Assessing Officer
Custom Act	Custom duty	2004-05	5.79	Supreme Court
Finance Act, 1994	Service tax	2009-10	3.61	Assessing Officer
Finance Act, 1994	Service tax	2010-11	0.65	Assessing Officer

10. The Company has accumulated losses at the end of the financial year aggregating ₹ 5,088.19 Million which is not in excess of 50% of its net worth. The Company has not incurred cash losses in the current year or 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 financial institutions. The Company did not have any outstanding debentures or dues from banks 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 ₹ 350 Million towards consortium lending to Pipavav Shipyard Limited conditional to fulfillment of certain obligations by Pipavav Shipyard Limited and other parties. The Company is in the process of seeking discharge from this commitment.
16. In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied 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. The Company has not raised any money by public issues.
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 LLP**
Chartered Accountants
Firm's Registration No: 116231W

N Sampath Ganesh
Partner
Membership No: 042554

Place : Mumbai
Date : 18th February 2014

BALANCE SHEET AS AT 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

	Note	**31 December 2013**	31 December 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	*3*	**4,834.40**	4,834.40
Reserves and surplus	*4*	**9,200.67**	7,283.02
		14,035.07	12,117.42
Non-current liabilities			
Long-term borrowings	*5*	**2,819.37**	3,038.75
Other long-term liabilities	*6*	**118.25**	105.94
Long-term provisions	*7*	**238.66**	223.24
		3,176.28	3,367.93
Current liabilities			
Trade payables	*8*	**472.09**	321.10
Other current liabilities	*9*	**814.94**	650.47
Short-term provisions	*10*	**167.90**	177.25
		1,454.93	1,148.82
TOTAL		**18,666.28**	16,634.17
ASSETS			
Non-current assets			
Fixed assets	*11*		
Tangible assets		**13,553.34**	12,423.79
Intangible assets		**24.62**	37.99
Capital work in progress		**1,061.18**	1,577.29
Non-current investments	*12*	**830.00**	830.00
Deferred tax assets (net)	*13*	**-**	-
Long-term loans and advances	*14*	**561.68**	431.24
Other non-current assets	*15*	**10.98**	169.13
		16,041.80	15,469.44
Current assets			
Inventories	*16*	**119.98**	114.51
Trade receivables	*17*	**343.63**	385.60
Cash and bank balances	*18*	**2,023.07**	510.70
Short-term loans and advances	*19*	**96.79**	151.02
Other current assets	*20*	**41.01**	2.90
		2,624.48	1,164.73
TOTAL		**18,666.28**	16,634.17
Significant accounting policies	*2*		

The notes referred above form an integral part of the financial statements

As per our report of even date attached

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

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
18 February 2014

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Pravin Laheri, IAS (Retd)
Director

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
18 February 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

	Note	**31 December 2013**	31 December 2012
Income			
Revenue from operations	21	**5,179.35**	4,160.33
Other income	22	**167.61**	154.47
Total revenue		**5,346.96**	4,314.80
Expenses			
Operating expenses	23	**1,320.31**	1,180.68
Employee benefits expense	24	**420.54**	360.77
Finance costs	25	**374.25**	684.15
Depreciation and amortisation	11 & 27	**607.81**	549.42
Other expenses	26	**870.22**	800.17
Total expenses		**3,593.13**	3,575.19
Profit before exceptional item and tax		**1,753.83**	739.61
Exceptional Items	27	**(163.82)**	-
Profit before tax		**1,917.65**	739.61
Tax expense:			
Current tax		**-**	-
Minimum Alternative Tax		**176.00**	
Minimum Alternative Tax Credit		**(176.00)**	
Deferred tax	13	**-**	-
Net profit after tax		**1,917.65**	739.61
Earnings per equity share (₹) before exceptional and extraordinary items	35		
- Basic		**3.63**	1.64
- Diluted		**3.63**	1.64
Earnings per equity share (₹) after exceptional and extraordinary items	35		
- Basic		**3.97**	1.64
- Diluted		**3.97**	1.64
(Face value of ₹ 10 each [2012: ₹ 10 each])			

Significant accounting policies 2

The notes referred above form an integral part of the financial statements

As per our report of even date attached

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

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
18 February 2014

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Pravin Laheri, IAS (Retd)
Director

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
18 February 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
A	**Cash flows from operating activities**		
	Net Profit before tax	**1,917.65**	739.61
	Adjustments :		
	Depreciation	**607.81**	549.42
	Interest expenses	**374.25**	684.15
	Interest income	**(98.74)**	(77.77)
	Dividend Income	**(38.00)**	-
	Loss on sale of fixed assets	**1.72**	1.37
	Exceptional Items (Refer note 27)	**(163.82)**	-
	Sundry Balance write back	**(3.41)**	(58.33)
	Write offs / provisions for current assets, loans and advances	**46.51**	14.15
	Unrealised exchange (gain) / loss	**4.82**	3.00
	Operating profit before working capital changes	**2,648.79**	1,855.60
	Adjustment for:		
	(Increase) in inventories	**(5.47)**	(70.59)
	(Increase) / Decrease in trade receivables	**21.41**	(95.53)
	Decrease in loans and advances, other non-current and current assets	**291.46**	754.77
	Increase in trade payables, other current liabilities and provisions	**167.06**	260.51
	Cash generated from operation	**3,123.25**	2,704.76
	Income taxes paid (net of refund)	**(223.32)**	(83.45)
	Net cash generated from operating activities	**2,899.93**	2,621.31
B	**Cash flow from investing activities**		
	Purchase of fixed assets (tangible and intangible fixed assets, capital work in progress), including Capital advances	**(908.69)**	(1,751.03)
	Proceeds from sale of fixed assets	**0.46**	0.31
	Interest income	**75.79**	86.29
	Bank Deposits against Guarantees	**(925.77)**	36.56
	Net cash (used by) investing activities	**(1,758.21)**	(1,627.87)
C	**Cash flow from financing activities**		
	Proceeds from issue of equity shares including share premium	**-**	3,500.15
	Proceeds from borrowings	**-**	1,065.48
	Repayments of borrowings	**(168.03)**	(4,734.64)
	Share issue expenses	**-**	(52.00)
	Finance cost paid	**(376.11)**	(666.98)
	Net cash (used in) from financing activities	**(544.14)**	(887.99)
	Net Increase in cash and cash equivalents	**597.58**	105.45
	Cash and cash equivalents, at beginning of period **(A+B+C)**	**510.70**	405.25
	Cash and cash equivalents, at end of period	**1,108.28**	510.70

Notes to cash flow statement

		31 December 2013	31 December 2012
1	Components of cash and cash equivalents		
	Cash on hand	**0.17**	0.15
	Cheques on hand	**-**	1.06
	Balances with banks		
	- Current accounts	**110.61**	104.29
	- Deposit accounts (demand deposits and deposits having original maturity of 3 months or less)	**997.50**	405.20
		1,108.28	510.70

2 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.

The notes referred above form an integral part of the financial statements

As per our report of even date attached

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

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
18 February 2014

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Pravin Laheri, IAS (Retd)
Director

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
18 February 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

1. COMPANY OVERVIEW

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.

v. Pursuant to the approval of the shareholders of the Company in an extra ordinary general meeting held on 17 November 2009 the Company has issued and allotted through Initial Public Offering (IPO) 108,695,652 equity shares of ₹ 10 each at a premium of ₹ 36 per share aggregating to a total of ₹ 5,000 Million to all categories of investors. The issue was made in accordance with the terms of the Company's prospectus dated 30 August 2010 and the shares got listed on 9 September 2010 on Bombay Stock Exchange and National Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1. Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 ("the Act") which as per the clarification issued by the Ministry of Corporate Affairs continue to apply under Section 133 of the Companies Act, 2013 (which has superseded Section 211 (3C) of the Act w.e.f. 12 September 2013) and other accounting principles generally accepted in India, to the extent applicable. All figures, unless otherwise stated, are Rupees in Million.

2.2. Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3. Current–non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations the operating cycle is defined as 12 months.

2.4. Fixed assets and depreciation

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Tangible fixed assets under construction are disclosed as capital work in progress and advances paid for the same are disclosed under long term advances.

Tangible fixed assets acquired wholly or partly with specific grant/subsidy from government, are recorded at the net acquisition cost to the company.

Depreciation is provided on the straight-line method, over the estimated useful life of each asset as determined by the management from the subsequent month of the date of purchase. The rates of depreciation prescribed in Schedule XIV to the Act are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on following has been provided at the following rates which are higher than the corresponding rates prescribed in Schedule XIV of the Act:

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

Dredging - at 2% p.a.

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

Freehold land is not depreciated.

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

All assets costing individually ₹ 125,000 or less shall be depreciated fully in the year of purchase.

Till the year ended 31 December 2012, Plant and Equipment and Furniture and Fixtures costing individually ₹ 5,000 or less were depreciated fully in the year of purchase. In the current year, inorder to reflect a more appropriate presentation of the financial statements, the Company has changed this accounting estimate, whereby all assets irrespective of their classification costing individually ₹ 125,000 or less shall be depreciated fully in the year of purchase. Had the Company continued to follow the earlier accounting estimate the profit before tax for the year ended 31 December 2013 would have been higher by ₹ 23 Million.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the revised remaining useful life.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Intangible assets are amortised in Statement of Profit and Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis based on the period of the licences or 3 years, whichever is higher. Such intangible assets that are not yet available for use are tested annually for impairment.

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

2.5. Impairment

Tangible and intangible fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

2.6. Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

Assets given by the company under operating lease are included in fixed assets. Lease income from operating leases is recognized in the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs , including depreciation, incurred in earning the lease income are recognized as expenses.

2.7. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current–non-current classification scheme of revised Schedule VI.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.8. Inventories

Inventories which comprise stores, spares, fuel and lubricants are carried at the lower of cost and net realisable value.

In determining the cost, first-in-first-out ('FIFO') basis method is used. Systematic provisioning is made for inventories held for more than a year.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The comparison of cost and net realisable value is made on an item-by-item basis.

2.9. Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus, short term compensated absences, ex-gratia, etc. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post employment benefits

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plan:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan 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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary 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 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.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

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

Compensated Absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

2.10. Revenue recognition

Revenue from operations is recognised as and when services are performed, the consideration is reliably determinable and no significant uncertainty exists regarding the collection of the consideration. The amount recognised as 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.

Income from export incentives such as Served from India Scheme are recognized as other operating income provided no significant uncertainty exists for the measurability, realisation and utilisation of the credit under this scheme.

Dividend income is recognised when the right to receive payment is established.

2.11. Foreign currency transactions

Foreign currency transactions are recorded in Indian rupees 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 Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, are translated into Indian rupees at the closing exchange rates on that date; the resultant exchange differences are recognised in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

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 Statement of Profit and Loss.

Premium / discount 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 Statement of Profit and Loss.

2.12. Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

2.13. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

In case of certain litigations, legal opinions are obtained as necessary to support management estimates.

2.14. 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.

2.15. Income taxes

Income 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 deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws 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 supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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.

Minimum Alternative Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognized as current tax. The credit available under the said act in respect of MAT is recognized as an asset only when there is certainty that the company will pay income tax in future periods and MAT credit can be carried forward to set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each Balance sheet date and written down to the extent the aforesaid certainty no longer exists.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

	31 December 2013	31 December 2012
3 SHARE CAPITAL		
Authorised share capital		
600,000,000 (2012 : 600,000,000) equity shares of ₹ 10 each	**6,000.00**	6,000.00
	6,000.00	6,000.00
Issued, subscribed and paid up share capital		
483,439,910 (2012 : 483,439,910) equity shares of ₹ 10 each, fully paid-up	**4,834.40**	4,834.40
Total	**4,834.40**	4,834.40

a. Reconciliation of number of equity shares outstanding as at the beginning and at the end of reporting period

Particluars	**31 December 2013**		**31 December 2012**	
	Number	**₹**	**Number**	**₹**
Equity shares at the commencement of the year	**483,439,910**	**4,834.40**	423,559,671	4,235.60
Issued during the year (refer note 28)	**-**	**-**	59,880,239	598.80
At the end of the year	**483,439,910**	**4,834.40**	483,439,910	4,834.40

b. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. Equity shares held by Associate

Name of Shareholder	**Relationship**	**31 December 2013**		**31 December 2012**	
		Number	**Amount**	**Number**	**Amount**
APM Terminals Mauritius Limited	Party with substantial interest	**207,903,931**	**2,079.04**	207,903,931	2,079.04

d. Equity shares in the Company held by each shareholder holding more than 5% shares #

Name of Shareholder	**Relationship**	**31 December 2013**		**31 December 2012**	
		Number	**Percentage**	**Number**	**Percentage**
APM Terminals Mauritius Limited	Party with substantial interest	**207,903,931**	**43.01%**	207,903,931	43.01%
IDBI Bank Limited	Shareholder	*	*	25,068,399	5.92%

As per the records of the Company, including its register of members

* In current period, percentage shareholding has decreased below 5% and accordingly, no disclosure is made for the year ended 31 December 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
4	**RESERVES AND SURPLUS**		
	(a) Securities premium account		
	At the commencement of the year	**14,288.86**	11,439.51
	Add : Premium on shares issued during the period	**-**	2,901.20
	Less : Utilised during the period for:		
	Shares issue expenses (refer note 38)	**-**	(51.85)
	At the end of the period	**14,288.86**	14,288.86
	(b) (Deficit) (profit and loss balance) statement of profit and loss		
	At the commencement of the year	**(7,005.84)**	(7,745.45)
	Profit for the year	**1,917.65**	739.61
	At the end of the year	**(5,088.19)**	(7,005.84)
	Total	**9,200.67**	7,283.02
5	**LONG-TERM BORROWINGS**		
	Term loans		
	Rupee Term Loans (Secured)		
	- From financial institutions	**2,819.37**	3,038.75
	Total	**2,819.37**	3,038.75
	Current maturities of Long-term borrowings	***219.38**	*168.03
	*Amount disclosed under other current liabilities (refer note 9)		

Notes :

(i) Nature of security on rupee term loan :

(a) During the previous year, the Company has borrowed Indian Rupee Loan from IDFC Ltd., which is secured by creating a first charge on :

- immovable properties forming part of Project Assets,
- movable properties forming part of Project Assets, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, verhicles,
- charge on cash flows, book debts, receivables and any other revenue of whatsoever nature and wherever arising, present and future pertaining to the project,
- all intangibles including but not limited to goodwill, uncalled capital present and future pertaining to project,
- right, title or interest, benefit, claims and demands in project documents including but not limited to Insurance Contract, letter of credit, guarantees, performance bond provided by any party, and
- Trust and Retention Account including all sub-accounts, Debt service reserve account and all other bank accounts of the Company.

(b) The rate of interest is around 11.00% p.a. This loan is repayable over a period of 12 years in quarterly installments starting from September 2012 upto March 2023 as per repayment schedule.

(ii) The Company has been sanctioned External Commercial Borrowing (ECB) Loan of USD 152 Million (equivalent ₹ 9,452 Million) by International Finance Corporation (IFC), a part of World Bank Group for the proposed Port expansion. The documentation for this loan is complete, charge on assets against the same is duly created by execution of Indenture of Mortgage and the said loan is secured on *pari passu* basis with borrowings from IDFC Limited by way of first charge and funds are available for draw down. No disbursements have been availed from the ECB Loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
6	**OTHER LONG-TERM LIABILITIES**		
	Retention monies payable	**33.95**	30.20
	Security deposits received	**84.30**	75.74
	Total	**118.25**	105.94
7	**LONG-TERM PROVISIONS**		
	Provision for employee benefits:		
	Gratuity (refer note 34)	**-**	1.47
	Compensated absences (refer note 34)	**10.29**	10.59
	Employee related payables	**8.39**	-
		18.68	12.06
	Others provisions		
	Provision for claims (refer note 33)	**219.98**	211.18
		219.98	211.18
	Total	**238.66**	223.24
8	**TRADE PAYABLES**		
	Trade payables	**470.51**	321.10
	Dues to Micro, Small and Medium Enterprises (refer note 39(f))	**1.58**	-
	Total	**472.09**	321.10
9	**OTHER CURRENT LIABILITIES**		
	Current maturities of long - term borrowings		
	Rupee Term Loans (Secured)		
	from financial institutions (refer note 5)	**219.38**	168.03
	Payables towards capital expenditures	**171.11**	77.69
	Statutory payables		
	- Payable towards tax deducted at source	**6.92**	7.96
	- Payable towards service tax	**65.04**	35.57
	- Payable towards contribution to provident fund	**0.69**	0.77
	- Payable towards work contract tax	**0.13**	0.36
	- Payable towards value added tax and profession tax	**0.53**	0.28

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
9	**OTHER CURRENT LIABILITIES (CONTINUED)**		
	Interest accrued but not due	**15.29**	17.16
	Advances from customers	**179.96**	180.59
	Security deposits received	**2.91**	11.81
	Employee related payables	**43.46**	35.21
	Retention monies payable	**32.37**	49.71
	Other payables	**69.37**	61.89
	Book overdraft	**-**	3.44
	Income received in advance	**7.78**	-
	Total	**814.94**	650.47
10	**SHORT-TERM PROVISIONS**		
	Provision for employee benefits:		
	Gratuity (refer note 34)	**9.66**	9.41
	Compensated absences (refer note 34)	**1.20**	1.10
		10.86	10.51
	Others Provisions		
	Provision for tax*	**-**	-
	Provision for claims (refer note 33)	**157.04**	166.74
		157.04	166.74
	Total	**167.90**	177.25

*Net of Advance tax of ₹ 176 Million (2012: ₹ Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY: INDIAN RUPEES IN MILLION)

11 FIXED ASSETS [1 JANUARY 2013 TO 31 DECEMBER 2013]

Particulars		GROSS BLOCK				ACCUMULATED DEPRECIATION / IMPAIRMENT								N ET BLOCK
		As at 1 January 2013	Additions during the period	Deductions/ Adjustments during the period (refer note 27)	As at 31 December 2013	As at 1 January 2013		Charge on account of		On Deductions /		As at 31 December 2013		As at 31 December 2013
						Depreciation	Impairment	Depreciation for the year (refer note 27)	Impairment for the year (refer note 27)	Adjustments (Depreciation) for the year	Adjustments (Impairment) for the year (refer note 27)	Deprecia-tion	Impairment	
11 A	**Tangible Fixed Assets**													
	Land and site development	323.55	0.20	1.89	**321.86**	-	52.77	-	-	-	52.77	**-**	**-**	**321.86**
	Buildings	3,836.74	730.70	114.11	**4,453.33**	464.00	537.77	100.38	107.75	22.74	287.32	**541.64**	**358.20**	**3,553.49**
	Plant, Machinery and Equipments	8,779.25	729.43	86.13	**9,422.55**	2,463.39	1,163.57	600.77	-	44.80	291.65	**3,019.36**	**871.92**	**5,531.27**
	Dredging	4,412.03	-	0.25	**4,411.78**	451.04	-	88.28	-	0.03	-	**539.29**	**-**	**3,872.49**
	Railway sidings	249.43	88.14	-	**337.57**	69.92	-	11.82	-	-	-	**81.74**	**-**	**255.83**
	Furniture, Fittings and Leasehold Improvements	49.37	3.40	6.86	**45.91**	34.62	-	8.12	-	6.84	-	**35.90**	**-**	**10.01**
	Motor Vehicles	20.04	-	2.49	**17.55**	9.54	-	1.89	-	2.27	-	**9.16**	**-**	**8.39**
	Sub Total - A	**17,670.41**	**1,551.87**	**211.73**	**19,010.55**	**3,492.51**	**1,754.11**	**811.26**	**107.75**	**76.68**	**631.74**	**4,227.09**	**1,230.12**	**13,553.34**
11 B	**Intangible Fixed Assets**													
	Computer Software	151.03	15.89	7.30	**159.62**	113.05	-	28.99	-	7.04	-	135.00	-	24.62
	Sub Total - B	**151.03**	**15.89**	**7.30**	**159.62**	**113.05**	**-**	**28.99**	**-**	**7.04**	**-**	**135.00**	**-**	**24.62**
	Grand Total (A + B)	**17,821.44**	**1,567.76**	**219.03**	**19,170.17**	**3,605.56**	**1,754.11**	**840.25**	**107.75**	**83.72**	**631.74**	**4,362.09**	**1,230.12**	**13,577.96**
	Tangible Capital work in progress - C	**1,567.76**	**1,045.29**	**1,552.44**	**1,060.61**									**1,060.61**
	Intangible Capital work in progress - D	**9.53**	**4.26**	**13.22**	**0.57**									**0.57**
	Grand Total (C+D)	**1,577.29**	**1,049.55**	**1,565.66**	**1,061.18**									**1,061.18**

Notes :

1. Land and site development includes

- Freehold land of ₹ 50.55 Million (2012: ₹ 65.85 Million)
- Land aggregating ₹ 1.47 Million (2012: ₹ 1.47 Million) purchased during prior years for getting the rail connectivity from nearest station upto the port boundary is registered in the name of our joint venture rail company, Pipavav Railway Corporation Limited, pursuant to Government notification.
- Land aggregating ₹ 24.99 Million (2012: ₹ 11.33 Million) was purchased during prior years for handing it over to Government of Gujarat, pursuant to the order issued by Hon'ble Supreme Court . 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 ₹ 348.82 Million (2012: ₹ 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. Capital work in progress is net of grant received from government during the year aggregating ₹ 94.01 Million (2012 : ₹ Nil)

5. The Company in accordance with AS-10, Accounting for fixed assets, has disclosed assets retired from active use and held for sale under 'other current assets' at its realisable value of ₹ 3.3 Million against Gross Block of ₹ 55.71 Million and Accumulated Depreciation of ₹ 23.46 Million.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

(CURRENCY: INDIAN RUPEES IN MILLION)

11 FIXED ASSETS [1 JANUARY 2012 TO 31 DECEMBER 2012] (CONTINUED)

	Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION / IMPAIRMENT								N ET BLOCK
		As at 1 January 2012	Additions during the year	Deductions/ Adjustments during the year	As at 31 December 2012	As at 1 January 2012		Charge on account of		On Deductions /		As at 31 December 2012		As at 31 December 2012
						Depreciation	Impairment	Depreciation for the year	Impairment for the year	Adjustments (Depreciation) for the year	Adjustments (Impairment) for the year	Depreciation	Impairment	
11 A	**Tangible Fixed Assets**													
	Land and site development	307.73	15.82	-	**323.55**	-	52.77	-	-	-	-	**-**	**52.77**	**270.78**
	Buildings	3,756.25	80.49	-	**3,836.74**	404.85	537.77	59.15	-	-	-	**464.00**	**537.77**	**2,834.97**
	Plant, Machinery and Equipments	8,596.23	191.60	8.58	**8,779.25**	2,115.66	1,163.57	354.63	-	6.90	-	**2,463.39**	**1,163.57**	**5,152.29**
	Dredging	4,412.03	-	-	**4,412.03**	362.76	-	88.28	-	-	-	**451.04**	**-**	**3,960.99**
	Railway sidings	248.90	0.53	-	**249.43**	58.10	-	11.82	-	-	-	**69.92**	**-**	**179.51**
	Furniture, Fittings and Leasehold Improvements	47.63	1.74		**49.37**	31.92	-	2.70	-	-	-	**34.62**	**-**	**14.75**
	Motor Vehicles	20.04	-		**20.04**	7.76	-	1.78	-	-	-	**9.54**	**-**	**10.50**
	Sub Total - A	**17,388.81**	**290.18**	**8.58**	**17,670.41**	**2,981.05**	**1,754.11**	**518.36**	**-**	**6.90**	**-**	**3,492.51**	**1,754.11**	**12,423.79**
11 B	**Intangible Fixed Assets**													
	Computer Software	125.99	25.04	-	**151.03**	81.99	-	31.06	-	-	-	113.05	-	37.99
	Sub Total - B	**125.99**	**25.04**	**-**	**151.03**	**81.99**	**-**	**31.06**	**-**	**-**	**-**	**113.05**	**-**	**37.99**
	Grand Total (A + B)	**17,514.80**	**315.22**	**8.58**	**17,821.44**	**3,063.04**	**1,754.11**	**549.42**	**-**	**6.90**	**-**	**3,605.56**	**1,754.11**	**12,461.78**
	Tangible Capital work in progress - C	**90.47**	**1,767.45**	**290.16**	**1,567.76**									**1,567.76**
	Intangible Capital work in progress - D	**-**	**34.57**	**25.04**	**9.53**									**9.53**
	Grand Total (C+D)	**90.47**	**1,802.02**	**315.20**	**1,577.29**									**1,577.29**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
12	**NON CURRENT INVESTMENTS**		
	(Valued at cost unless stated otherwise)		
	Non trade investments: Unquoted		
	76,000,010 (December 2012 : 76,000,010) equity shares of ₹ 10 each of Pipavav Railway Corporation Limited, fully paid up. (refer note 30)	**830.00**	830.00
	Total	**830.00**	830.00
13	**DEFERRED TAX ASSETS, (NET)**		
	Deferred tax (liability) / asset		
	Tax effect of items constituting deferred tax assets		
	Unabsorbed depreciation carried forward	**3,485.03**	2,860.41
	Tax effect of items constituting deferred tax assets	**3,485.03**	2,860.41
	Tax effect of items constituting deferred tax liability		
	On difference between book depreciation and tax depreciation	**2,832.62**	2,660.29
	Impairment	**(418.08)**	(582.67)
	Tax effect of items constituting deferred tax liability	**2,414.54**	2,077.62
	Net deferred tax asset	**1,070.49**	782.79
	Net deferred tax (liability) / asset (restricted to *)	**-**	-

*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. The deferred tax assets of ₹ 1,070.49 (2012 : ₹ 782.79) are not recognized, as they are not considered to be virtually certain of realization.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
14	**LONG-TERM LOANS AND ADVANCES**		
	Secured and considered good		
	- Capital advances**	**5.66**	57.77
	Unsecured and considered good		
	- Capital advances	**-**	32.57
	- Security deposits	**25.03**	25.07
	- Prepaid expenses	**56.66**	64.81
	- Advance Tax***	**298.33**	251.02
	- MAT Credit Entitlement	**176.00**	-
	Other loans and advances, unsecured		
	- Considered doubtful	**11.78**	11.78
	- Less: Provision for doubtful loans and advances	**(11.78)**	(11.78)
	Total	**561.68**	431.24
	Current maturities of Long-term loans and advances *Amount disclosed under Short-term loans and advances (refer note 19)	***10.97**	*32.49

Note:

**Secured against bank guarantee

***Net of Provision for tax of ₹ 176 Million (2012: ₹ Nil)

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

		31 December 2013	31 December 2012
15	**OTHER NON-CURRENT ASSETS**		
	Unsecured, considered good		
	Bank deposits		
	- Maturity after 12 months from the reporting date (refer note (a) below)	**10.21**	15.79
	- Maturity of more than 3 months but less than 12 months) (refer note (a) below)	**-**	20.77
	- Less than 3 months maturity (refer note (a) below)	**-**	124.18
	Interest accrued but not due on fixed deposits	**0.77**	8.39
	Total	**10.98**	169.13

(a) Held as lien with bank against bank guarantees towards debt service reserve, issued to customs and other third parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

			31 December 2013	31 December 2012
16	**INVENTORIES**			
	(Valued at the lower of cost and net realisable value)			
	Stores and spares		**107.26**	104.57
	Fuel and lubricants		**12.72**	9.94
	Total		**119.98**	114.51
17	**TRADE RECEIVABLES**			
	Trade Receivables outstanding for a period exceeding six months from the date they were due for payment			
	Unsecured, Considered good		**21.15**	15.89
	Unsecured, Considered doubtful		**21.82**	22.11
	Less: Provision for doubtful receivables		**(21.82)**	(22.11)
		(A)	**21.15**	15.89
	Other Trade receivables			
	Unsecured Considered good		**322.48**	369.71
	Unsecured, Considered doubtful		**6.01**	4.68
	Less: Provision for doubtful receivables		**(6.01)**	(4.68)
		(B)	**322.48**	369.71
	Total (A + B)		**343.63**	385.60

Note:

Trade receivables (unsecured, considered good) include due from A.P. Moller - Maersk A/S of ₹ 193.76 Million (2012: ₹ 50.95 Million), Safmarine Container Lines N.V of ₹ Nil (2012: ₹ 24.92 Million) and APM Terminals India Private Limited - ERS of ₹ Nil (2012: 1.87 Million).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
18	**CASH AND BANK BALANCES**		
	Cash and cash equivalents		
	Cash on hand	**0.17**	0.15
	Cheques on hand	**-**	1.06
	Balances with banks		
	in current accounts	**110.61**	104.29
	in deposit accounts (with original maturity of 3 months or less)	**997.50**	405.20
	Other bank balances		
	Others (Bank deposit with maturity more than 3 months but less than 12 months)*	**914.79**	-
	Total	**2,023.07**	510.70

* Of the above bank deposits aggregating ₹ 54.79 Million is marked lien against bank guarantees towards debt service reserve, issued to customs and other third parties.

Details of bank balances/deposits

Particulars	**31 December 2013**	31 December 2012
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	**1,108.11**	509.49
Bank deposits with original maturity of 3 months or less included under 'Other non-current assets' (refer note 15)	**-**	124.18
Bank deposits due to mature more than 3 months but less than 12 months of the reporting date included under 'Other bank balances'	**914.79**	-
Bank deposits due to mature more than 3 months but less than 12 months of the reporting date included under 'Other non-current assets' (refer note 15)	**-**	20.77
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 15)	**10.21**	15.79
Total	**2,033.11**	670.23

		31 December 2013	31 December 2012
19	**SHORT-TERM LOANS AND ADVANCES**		
	Unsecured, considered good, unless otherwise stated		
	Current portion of long-term loans and advances		
	SFIS receivable	**10.97**	32.49
	Advance for supply of goods and services	**24.08**	45.08
	Trade deposit	**4.23**	4.23
	Recovery towards expenses incurred	**-**	4.32
	Loans and advances to employees	**4.01**	2.27
	Prepaid expenses	**31.94**	26.24
	CENVAT credit receivable	**19.16**	30.91
	Security deposit	**2.40**	5.48
	Total	**96.79**	151.02

Note:

Advance for supply of goods and services include ₹ Nil (2012: ₹ 0.54 Million) due from APM Terminals India Private Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
20	**OTHER CURRENT ASSETS**		
	(Unsecured, Considered good unless otherwise stated)		
	Interest accrued on fixed deposits	**25.08**	2.90
	Asset held for sale (at lower of cost and net realisable value - refer note 11)	**3.30**	-
	Other receivables	**12.63**	-
	Total	**41.01**	2.90
21	**REVENUE FROM OPERATIONS**		
	Income from port services	**4,736.50**	3,715.40
	Other operating revenue	**442.85**	444.93
	Total	**5,179.35**	4,160.33
22	**OTHER INCOME**		
	Interest income		
	- banks	**97.94**	77.74
	- others	**0.80**	0.03
	Exchange gain [net of exchange loss of ₹ 11.31 Million (2012 : ₹ 6.36 Million)]	**16.44**	7.40
	Sundry balance written back [net of sundry balances written off of ₹ 7.70 Million (2012 : ₹ 0.23 Million)]	**3.41**	58.33
	Dividend income	**38.00**	-
	Miscellaneous income [net of lease rental expenses of ₹ 0.67 Million (2012 : ₹ 0.67 Million)]	**11.02**	10.97
	Total	**167.61**	154.47
23	**OPERATING EXPENSES**		
	Equipment hire charges	**398.24**	428.63
	Handling expenses	**706.11**	578.04
	Waterfront royalty	**109.73**	89.46
	Business support service charges	**42.78**	26.45
	Other direct costs	**63.45**	58.12
	Total	**1,320.31**	1,180.68
24	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	**382.32**	319.38
	Contribution to provident fund and other funds	**14.48**	13.88
	Provision of gratuity	**3.36**	8.59
	Provision for compensated absences	**1.41**	4.62
	Staff welfare expenses	**18.97**	14.30
	Total	**420.54**	360.77

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

		31 December 2013	31 December 2012
25	**FINANCE COSTS**		
	Interest expense on:		
	- term loans	**351.56**	592.11
	- others	**18.08**	80.96
	Financial charges	**4.61**	11.08
	Total	**374.25**	684.15
26	**OTHER EXPENSES**		
	Power and fuel	**266.64**	205.49
	Rent	**18.22**	14.36
	Repairs		
	- Building	**33.64**	48.73
	- Machinery and equipment	**168.53**	172.23
	- Others	**69.24**	60.23
	Insurance	**38.79**	36.45
	Rates and taxes	**3.41**	7.64
	Travelling expenses	**72.56**	65.79
	Legal and professional fees	**57.73**	61.64
	Payment to auditors (refer note 38)	**6.20**	6.84
	Advertisement and sales promotion	**10.65**	7.04
	Communication expenses	**8.95**	8.42
	Printing and stationery	**3.74**	4.14
	Loss on sale of fixed assets [net of gain on sale of fixed assets of ₹ 0.81 Million (2012 : ₹ Nil Million)]	**1.72**	1.37
	Bad debts written off	**20.31**	1.07
	Provisions for current assets [net of provision reversal of ₹ 45.34 Million (2012 : ₹ 53.50 Million)]	**26.20**	12.72
	Provision for claims	**0.54**	-
	Freight and forwarding	**6.15**	9.94
	Water charges	**11.64**	12.27
	Corporate social responsibility	**2.72**	9.13
	Contract labour expenses	**22.00**	36.25
	Miscellaneous expenses	**20.64**	18.43
	Total	**870.22**	800.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

27. EXCEPTIONAL ITEMS

During the current year, the Company has re-assessed the technical feasibility and future usability of its fixed assets. Based on this physical assessment and considering the current business performance and the financial projections for the foreseeable future, the Company has, reversed a net impairment provision amounting to ₹ 524 Million (net of additional impairment provision of ₹ 108 Million). Further, in accordance with Accounting Standard-28 on Impairment of Assets, in order to bring the carrying value of the assets to its current realisable value that would have been determined had no impairment been recognized in the prior accounting years, the Company has created a depreciation charge amounting to ₹ 232 Million, resulting into a net gain of ₹ 292 Million. Further on basis of future usability, the Company has written off /scrapped assets during the year amounting to ₹ 128 Million. Consequently, the net impact of impairment reversal, depreciation charge on impairment reversal and assets written off/ scrapped amounting to ₹ 164 Million has been disclosed as an exceptional item. Further, the provision for impairment carried forward aggregates ₹ 1,230 Million.

28. QUALIFIED INSTITUTIONAL PLACEMENT (QIP)

On July 11, 2012, the Company has concluded a funds raising exercise of ₹ 3,500 Million, through a Qualified Institutional Placement (QIP) and a preferential issue to its Promoter. Consequently, the Company has issued and allotted:

i. 34,128,668 Equity shares of ₹ 10 each at a premium of ₹ 48.45 aggregating to ₹ 1,994.82 Million to Qualified Institutional Buyers; and

ii. 25,751,571 Equity shares of ₹ 10 each at a premium of ₹ 48.45 aggregating to ₹ 1,505.17 Million to Promoter.

The promoter's shareholding in the Company is maintained at 43.01% post the QIP and the preferential allotment.

Debt Prepayment

The Company has raised ₹ 3,500 Million through Qualified Institutional Placement (QIP) and Preferential Issue, the entire amount has been used to pre-pay the loan outstanding of Punjab National Bank, IDBI Bank and Export-Import Bank of India.

29. 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 2013. Management believes that the Company's international transactions with related parties post 31 March 2013 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

30. INVESTMENT IN PIPAVAV RAILWAY CORPORATION LIMITED (PRCL)

The Company has an investment of ₹ 830 Million (2012: ₹ 830 Million) in PRCL as at 31 December 2013. As per latest available audited financial statements of PRCL for the year ended 31 March 2013 the book value of our investment is ₹ 802.63 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. Further, during the year PRCL has declared an interim dividend @ ₹ 0.50 per share with respect to the performance pertaining to the financial year 2013-14.

31. 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. The Company has already met the commitment for the year 2013-14 and there is no shortfall to be paid to PRCL.

The total claim till date is ₹ 699.33 Million (2012: ₹ 699.33 Million) which the Company has disputed. The liability, if any, is accordingly not currently determinable.

32. 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 ₹ 182.13 Million (2012: ₹ 563.16 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 ₹ 41.29 Million (2012: ₹ 2,680.81 Million) by 2017 and ₹ 498.11 Million (2012: ₹ 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.

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	**2013**	**2012**
Payable within one year	**-**	0.88
Payable between one and five years	**-**	-
Total	**-**	0.88
Operating lease rentals debited to Statement of Profit and Loss	**10.91**	8.89

The Company 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. The Concession Agreement requires the Company to pay GMB a lease rental annually ₹ 7.06 Million (2012: ₹ 6.14 Million) with an escalation in every three years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

Others

The Company has given a total area of 1,111,813 Square Mtr. (2012: 743,875 Square Mtr.) of land on lease to various customers. The lease is upto 2028 which is the end of the concession period.

During the year 2005 and prior to AP Moller Maersk group acquiring the complete shareholding held by the original promoters, SKIL group, the Company had provided commitment of ₹ 350 Million (2012: ₹ 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 is in the process of seeking discharge from this commitment. IL&FS (lead manager in the consortium) would be releasing the Company of its commitment once it receives a “No Dues certificate” from the Government of Gujarat.

33. PROVISIONS AND CONTINGENT LIABILITIES

Claims against Company not acknowledged as debt aggregates to ₹ 1,750.91 Million (2012: ₹ 1,748.99 Million). Provisions made in respect of the same aggregates to ₹ 355.21 Million (2012: ₹ 364.91 Million).

Other contingent liabilities in respect of taxation matters not acknowledged as debt aggregates to ₹ 52.07 Million (2012: ₹ 47.27 Million). Provisions made in respect of the same aggregates to ₹ 21.80 Million (2012: ₹ 13 Million).

Movement in Provisions

	2013	**2012**
At the commencement of the year	**377.91**	433.62
Provision made during the year	**8.80**	5.00
Provision reversed during the year	**(9.70)**	(60.71)
At the end of the year	**377.01**	377.91

34. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD – 15 (REVISED) EMPLOYEE BENEFITS

a. The Company recognised ₹ 14.48 Million (2012: ₹ 13.88 Million) for provident fund contribution in the Statement of Profit and Loss.

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 absences debited to Statement of Profit and Loss during the year amounts to ₹ 1.41 Million (2012: ₹ 4.62 Million) and is included in Note 24 – ‘Employee benefits expense’. Accumulated non-current provision for leave encashment aggregates ₹ 10.29 Million (2012 : ₹ 10.59 Million) and current provision aggregates ₹ 1.20 Million (2012 : ₹ 1.10 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 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

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

Defined Benefit Plan - Gratuity

	2013	**2012**
Defined benefit obligation, beginning of the year	**26.27**	18.04
Current Service cost	**5.13**	4.03
Interest cost	**2.17**	1.58
Actuarial (gain) / loss	**(3.28)**	3.89
Benefit paid	**(1.10)**	(1.27)
Liability Transferred In	**-**	-
Defined benefit obligation, end of the year	**29.19**	26.27

ii) Change in fair value of plan assets:

	2013	**2012**
Fair value of plan asset, beginning of the year	**15.41**	12.89
Expected return on plan assets	**1.33**	1.11
Employer's contribution	**4.58**	2.88
Benefit paid	**(1.10)**	(1.27)
Actuarial (loss)	**(0.67)**	(0.20)
Transfer from other company	**-**	-
Fair value of plan assets at the end of the year	**19.55**	15.41

iii) Net gratuity cost

	2013	**2012**
Service cost	**5.13**	4.03
Interest on Defined benefit obligation	**2.17**	1.58
Expected return on plan assets	**(1.33)**	(1.11)
Net actuarial (gain) / loss recognised during in the year	**(2.61)**	4.09
Net gratuity cost	**3.36**	8.59

iv) Actual return on Plan Assets

	2013	**2012**
Expected return on plan assets	**1.33**	1.11
Actuarial (loss) / gain on plan assets	**(0.67)**	(0.20)
Actual return on plan assets	**0.66**	0.91

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

v) Balance sheet reconciliation

	2013	2012
Net liability, beginning of the year	**10.88**	5.15
Gratuity cost as above	**3.36**	8.59
Employer's contribution	**(4.58)**	(2.86)
Amount recognised in balance sheet	**9.66**	10.88
– Current	**-**	1.47
– Non- Current	**9.66**	9.41

vi) Experience Adjustment

	2013	2012	2011	2010	2009
Experience Adjustment on Liability	**(0.43)**	3.38	(2.57)	(0.65)	(1.44)
Experience Adjustment on Asset	**(0.67)**	(0.02)	(0.88)	0.51	0.48

vii) Category of Assets

	2013	2012
Insurer Managed Funds (100%)	**19.55**	15.41

viii) Assumptions used in accounting for the gratuity plan

	2013	2012
Discounting rate	**9.50%**	8.25%
Salary escalation rate	**8.00%**	8.00%
Expected rate of return on plan assets	**8.80%**	8.60%
Attrition rate	**4.00%**	4.00%
Mortality	**LIC (2006-08) 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.

The contribution expected to be made by the Company during the financial year 2014 will be ₹ 5.13 Million. (2013 : ₹ 4.87 Million)

35. EARNINGS PER SHARE

		2013	2012
Profit for the year before exceptional and extraordinary items	**(A)**	**1,753.83**	739.61
Profit for the year after exceptional and extraordinary items	**(B)**	**1,917.65**	739.61
Calculation of weighted average number of shares			
Number of equity shares at the beginning of the year		**483,439,910**	423,559,671
Add : Equity shares issued on 10 July 2012			34,128,668
Add : Equity shares issued on 11 July 2012			25,751,571
Number of equity shares at the end of the year		**483,439,910**	483,439,910
Weighted average number of equity shares outstanding during the year	**(C)**	**483,439,910**	452,120,573
Basic and diluted earnings per share before exceptional and extraordinary items (₹)	**(A/C)**	**3.63**	1.64
Basic and diluted earnings per share after exceptional and extraordinary items (₹)	**(B/C)**	**3.97**	1.64

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

36. (A) LIST OF RELATED PARTIES AND THEIR RELATIONSHIP

Relation	Party
A. Party with substantial interest and its associates	(i) APM Terminals Mauritius Limited (ii) APM Terminals B.V. (iii) APM Terminals Management B.V. (iv) AP Moller - Maersk A/S (v) Damco Denmark A/S (vi) APM Terminals India Private Limited (vii) Safmarine Container Lines N.V. (viii) APM Terminals India Private Limited - ERS (ix) APM Terminals Management (Singapore) Pte Ltd
B. Key management personnel	Mr. Prakash Tulsiani - Managing director
C. Associate	Pipavav Railway Corporation Limited

36. (B) RELATED PARTY TRANSACTIONS

Transactions during the year	APM Terminals Management B.V.	AP Moller - Maersk A/S	Safmarine Container Lines N.V.	APM Terminals India Private Limited - ERS	APM Terminals India Private Limited	Damco Denmark A/S	Pipavav Railway Corporation Limited	Others	Total
Professional services rendered / (received)	**-**	**(10.62)**	**-**	**-**	**(5.56)**	**-**	**-**	**-**	**(16.18)**
	-	*-*	*-*	*-*	*(5.98)*	*-*	*-*	*-*	*(5.98)*
Capital expenditure	**(6.63)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6.63)**
	(16.65)	*-*	*-*	*-*	*-*	*-*	*-*	*(1.07)*	*(17.72)*
Income from port services	**-**	**898.57**	**-**	**-**	**-**	**-**	**-**	**4.47**	**903.04**
	-	*(801.81)*	*(108.14)*	*-*	*-*	*-*	*-*	*(4.50)*	*(914.45)*
Dividend Income	**-**	**-**	**-**	**-**	**-**	**-**	**38.00**	**-**	**38.00**
	-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Expenses incurred on their behalf - reimbursed	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Expenses incurred on our behalf	**(41.38)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.36)**	**43.74**
	(23.12)	*(12.15)*	*-*	*-*	*-*	*-*	*-*	*-*	(35.27)
Training expenses	**(3.05)**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.58)**	**(3.63)**
	(1.27)	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*(1.27)*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

36. (B) RELATED PARTY TRANSACTIONS *(CONTINUED)*

Transactions during the year	APM Terminals Management B.V.	AP Moller - Maersk A/S	Safmarine Container Lines N.V.	APM Terminals India Private Limited - ERS	APM Terminals India Private Limited	Damco Denmark A/S	Pipavav Railway Corporation Limited	Others	Total
Traffic guarantee / Manpower cost	**-**	**-**	**-**	**-**	**-**	**-**	**1.51**	**-**	**(1.51)**
	-	-	-	-	-	-	*(1.50)*		*(1.50)*
Business Support Service Charges	**(36.57)**	-	-	-	-	-	-	-	**(36.57)**
	-	-	-	-	-	-	-	-	-
Closing balances									
Receivable	**-**	**184.79**	**-**	**-**	**-**	**-**	**-**	**0.67**	**185.46**
	-	*(50.95)*	*(24.92)*	-	-	-	-	*(1.87)*	*(77.74)*
Payable	**(2.20)**	**-**	**-**	**-**	**(0.40)**	**-**	**-**	**-**	**(2.60)**
	-	-	-	-	-	-	-	-	-
Investments	**-**	**-**	**-**	**-**	**-**	**-**	**830.00**	-	**830.00**
	-	-	-	-	-	-	*(830.00)*		*(830.00)*

Managerial remuneration paid to Mr.Prakash Tulsiani ₹ 46.27 Million (2012: ₹ 37.84 Million)

Amount in italics represents amount as at 31 December 2012

The amount in excess of 10% of the total related party transactions is disclosed separately.

37. 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.

38. PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX):

	2013	2012
As auditor		
- Statutory audit	**1.57**	1.40
- Tax audit	**0.79**	0.75
- Limited review of quarterly results	**1.09**	1.20
In other capacity		
- Taxation matter*	**1.23**	0.98
- Other matter*	**0.05**	-
- Other services**	**1.32**	2.29
Reimbursement of expenses	**0.15**	0.22
Total	**6.20**	6.84

* These fees are paid to an affiliate member firm of the statutory auditors

**In the previous year, ₹ 1 Million pertains to issue of shares which is adjusted against securities premium account *(refer note 4)*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

39. OTHER NOTES

a) CIF value of imports

	2013	**2012**
Capital goods	**25.90**	395.73
Spares	**21.30**	59.54

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

	2013		2012	
	%	**₹ in Million**	%	₹ in Million
Spares consumed of which		**83.74**		41.76
Imported	**27%**	**22.55**	36%	15.16
Indigenous	**73%**	**61.19**	64%	26.60

c) Expenditure in foreign currency (on accrual basis)

	2013	2012
Borrowing Cost*	**253.73**	-
Consultancy fees*	**64.18**	47.05
Legal fees*	**5.26**	-
Travelling	**2.11**	1.27
Sitting fees	**0.06**	0.18
Others*	**63.62**	91.81
	388.96	140.31

*Borrowing Cost of ₹ 253.73 Million, Consultancy of ₹ 6.87 Million, Legal fees of ₹ 5.26 Million and Other expenses of ₹ 7.30 Million have been capitalised or are under Capital work in progress.

d) Earnings in foreign exchange (on accrual basis)

	2013	2012
Deemed foreign currency receipts	**3,630.67**	2,564.13

e) Foreign currency exposure not covered by Forward Contracts as at 31 December 2013:

Details	**USD Exposure**		**EURO Exposure**		**SGD Exposure**	
	₹	**USD**	₹	**Euro**	₹	**SGD**
Receivables	**196.47**	**3.11**	**1.70**	**0.02**	**-**	**-**
	(84.64)	*(1.56)*	-	-	-	-
Payables	**2.75**	**0.04**	**0.48**	**0.01**	**0.95**	**0.02**
	(0.37)	-	-	-	-	-

Amounts in Italics represent amounts as at 31 December 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

(CURRENCY : INDIAN RUPEES IN MILLION)

f) Dues to Micro and Small suppliers

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:

	2013	2012
Principal amount due to any supplier as at the year end	**1.58**	-
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	**10.67**	13.78
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	**0.27**	0.33
The amount of interest accrued and remaining unpaid at the end of each accounting year	**-**	0.33
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) Prior year figures aggregating ₹ 32.49 Million have been reclassified from "Trade receivables" to "Short term loans and advances" to conform to the current year's presentation.

h) Information with regard to other matters specified in revised schedule VI of the act, is either Nil or not applicable to the company for the year.

As per our report of even date attached

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

N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
18 February 2014

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited

Prakash Tulsiani
Managing Director

Pravin Laheri, IAS (Retd)
Director

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
18 February 2014

Notes

APM TERMINALS Lifting Global Trade.

GUJARAT PIPAVAV PORT LTD.

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

FORM OF PROXY

Twenty Second Annual General Meeting, Tuesday, 6th May, 2014

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 Twenty Second Annual General Meeting of the Company to be held on Tuesday, 6th May, 2014 and at any adjourment thereof.

Signed this .... day of 2014

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

ATTENDENCE SLIP

Twenty Second Annual General Meeting, Tuesday, 6th May, 2014

Registered Folio No. ____________________

I hereby record my presence at the Twenty Second Annual General Meeting of the Company held at Pipavav Port, At Post Uchhaiya, via Rajula, Dist. Amreli, Gujarat at 2.00 P.M. on Tuesday, 6th May, 2014.

(To be filled in block letters)

Folio No

No. of Shares

Full Name of the Shareholder ____

Full Name of the Proxy ____

Signature ____


MEDICAL CENTRE

Lifting Global Trade SM

APM TERMINALS

APM Terminals Pipavav
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