

# 9<sup>th</sup> Annual Report 2007-08

## Innovation · Courage · Trust

Three small words perhaps.  
But for us, our past, present and future.



ADANI

**Mundra Port and Special Economic Zone Limited**

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### *Forward Looking Statement*

This Annual Report contains forward-looking information to enable investors to comprehend company's prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify

such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.




















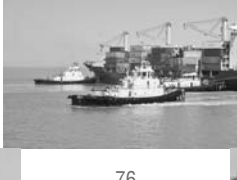



We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties, and even less than accurate assumptions. Should

known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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# The Company

## About the Company

Mundra Port and Special Economic Zone Limited (MPSEZL) is the developer and operator of the Mundra Port, one of the leading commercial private sector ports in India. The port is located in the Kutch District of Gujarat, on the northwest coast of India. The multi-product SEZ at Mundra and the surrounding areas is one of India's largest port-led SEZ.

Incorporated as Gujarat Adani Port Limited in 1998, MPSEZL is a part of the Adani Group, one of India's leading business houses. The Company accessed the capital markets in 2007-08 and is listed on the National Stock Exchange of India and the Bombay Stock Exchange.

## Performance

During 2007-08, MPSEZL recorded revenues of Rs. 8,461 million, a growth of 44.1% over the previous year. The Company's EBITDA stood at Rs. 5,620 million against Rs. 3,187 million recorded during the previous year, an increase of 76.3% over the previous year. Profits After Tax amounted to Rs. 2,134 million against Rs. 1,874 million during the same period. Market capitalization as on 31<sup>st</sup> March, 2008 stood at Rs. 231 billion.

## The SEZ

With effect from 12<sup>th</sup> April, 2006, we were approved as a developer of the multi product SEZ at Mundra and the surrounding areas. Leveraging the advantage of the port, the SEZ is being developed over an area exceeding 100 sq km as a privately operated multi product, large format, diversified SEZ approved by the Government of India.

## The Port

The port handles close to 30 million tonnes of cargo, ranging from bulk cargo, container cargo, automobiles and crude oil. It has 8 operational multi-purpose berths located in sufficiently deep water which are designed and equipped to handle dry bulk, break bulk and liquid cargo.

We have successfully commissioned a container terminal capable of handling one million Twenty-foot Equivalent Units (TEU) with state-of-the-art handling equipments and highly skilled and productive operating manpower. The container terminal has an excellent draft and is capable of accommodating capesize ships. The terminal is configured to handle automobile exports too.

Other port based services and infrastructure include storage facilities for bulk, dry and liquid cargo, single point mooring to handle crude oil and services for rail movement of cargo.

The port is connected by rail, road, air and pipeline to the transportation network of India. Our private operational aerodrome is suitable for landing private jets.

In 2006, the Lloyd's List awarded us the title of 'Best Port Authority' in the Middle East and Indian Subcontinent, for our leadership, quality of service and commitment to customers in the area of port operation.

Mundra Port and SEZ Limited has been selected as a member of the "C-40 World Ports" for its efforts towards improving the climate and for its actions leading to substantial reduction of CO<sub>2</sub> emission. As many as 244 participants from world's most important ports and port cities were invited to Rotterdam to attend C-40 World Ports Climate Conference, wherein MPSEZL was the lone participant from India. The conference noted MPSEZL's efforts on green zone development by planting mangroves in the desert zone.

# at a Glance

## Location

The port is located on the north west coast of the Gulf of Kutch, enroute major maritime trade routes, making it one of the country's most convenient gateways for cargo, bound westwards. Its proximity to the hinterland of northern India, gives it a strategic advantage to service the landlocked population of north and north-western India.

Besides the location advantage, it also enjoys a natural advantage of having one of the deepest water draft on the west coast of India.

## Values

### **Innovation, Courage and Trust**

**Innovation** - We will think laterally and never fight shy of embracing big ideas.

**Courage** - We will support our decisions and actions with conviction.

**Trust** - We will deliver on all our promises-our word is our bond.

## Vision

**To be a globally preferred business associate, an entrepreneurial organisation having responsible concern for employees, society, the ecology, and stakeholder value.**

- **Entrepreneurial** - We shall think innovatively in all aspects of our business, spanning the gamut of technological and commercial practices.
- **Preferred Business Associate** - We shall strive to generate optimum value for all our associates through constant innovation and adoption of universal best practices.
- **Responsible Concern** - We shall harmonise all our actions and reactions, with the global environment and actively work to reduce our environmental load.

## Mission

**To acquire, develop, assimilate and manage knowledge; to apply this across our businesses for the benefit of stakeholders; to do so profitably.**

- **Acquire, develop, assimilate and manage knowledge** - We shall actively seek to become experts in our chosen domains.
- **Apply knowledge across our businesses** - We shall apply our domain expertise across businesses, so as to deliver optimum value to our stakeholders.
- **Profitably** - We shall be guided by the "Profit Motive". Generating respectable, tangible as well as intangible profits will ensure allocation of resources for developing, assimilating and managing expertise.

## Chairman's Message



“

Our key values - trust, courage and innovation - guide us to think long-term and with an outside-in focus. We believe, India is poised for a great leap. And we have begun the process of creating the backbone now. Our objective is to place Indian port and SEZ infrastructure at par with global best to create value

”

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### Dear Shareowners,

Welcome to Mundra Port and Special Economic Zone Limited, a leader in the Indian port and SEZ infrastructure space which endeavors to create consistent, sustainable, long-term value for all its stakeholders - customers, employees, intermediaries, clearing houses, investors and the Government.

I would like to thank you all for your overwhelming response to our Initial Public Offer (IPO). Your Company's IPO was over subscribed by 116 times, a truly landmark event in the Company's history. This has further reinforced our commitment towards creating value.

Creating value has been the cornerstone of our thinking. And we have chosen the new age infrastructure opportunity of building ports and SEZ as our domain. But it is not just the creation of the Mundra port and the Mundra SEZ that will create value. We believe value is created by courage and innovation.

We always look at our business with an outside-in focus, starting with the customer first to co-create value. We believe trust, customer's faith in efficiency and quality of our services is an essential element for success of any business. This helps us evaluate all opportunities objectively.

It was this outside-in focus that helped us realize that port infrastructure, with related logistics backbone, is essential for the promotion of global trade. This realization, supported by Government of Gujarat's initiative to open port development to the private sector, led to setting up of the Mundra Port. As India leaps toward becoming the fourth largest economy in the world by 2025, global trade with India is set to flourish. And thinking ahead, leading this need, we set up one of India's largest private sector port. The present infrastructure comprises of eight multipurpose berths, four container berths and a single point mooring coupled with host of material handling equipments like cranes and conveyers. We are developing a state of art roll-on roll-off (RO-RO) terminal for handling automobile

exports and a dedicated terminal for handling over 30 million tonnes of coal for the mega power plants coming in vicinity of the port. These initiatives will lead Mundra port to the milestone of 100 million tonnes of cargo handling capacity.

Subsequently, the Government announced the Special Economic Zone policy, to create globally competitive hubs of economic activity in India. Early on we saw the necessity to converge needs of the industry and commerce to create all inclusive infrastructure facilities. We started work on the establishment of an SEZ at Mundra, which would benefit the industries that came up in the zone by enabling trade through the port. The SEZ at Mundra has been conceptualized as a Multi Product SEZ (i.e. SEZ for any industry / sector to spread over minimum area of 1000 hectares as per SEZ Act) which will house manufacturing units of different industrial sector and provide them the logistics infrastructure, a step in the direction of making India a globally competitive manufacturing hub.

Our outside - in focus led value addition has enabled us to have strategic presence in the entire multi model logistic value chain, thereby striving to provide end - to - end efficient logistics solutions to customers. This has led us to invest in the Container Train business and the setting up of an Inland Container Depot. Our seamless logistics solutions will lead to win-win for the customers as well as us.

The synergistic amalgamation of Port and SEZ, now known as Mundra Port and Special Economic Zone Limited, is being developed into a globally competitive socio-economic oasis at Mundra, with world-class facilities and social infrastructure to make it a preferred place to live and work.

Our key values - trust, courage and innovation - guide us to think long-term and with an outside-in focus. We believe, India is poised for a great leap. And we have begun the process of creating the backbone now. Our objective is to place Indian port and SEZ infrastructure at par with global best to create value. We believe that it is this holistic infrastructure that will attract more customers to our port and SEZ, thereby creating incremental revenues and profits, and in turn value. In 2007-08 we handled 45.5% more cargo than previous year at 28.79 mt, a validation of the growing acceptance of the benefits that we bring to the customers that use Mundra port.

Our values shape our corporate vision and drive us to our collective mission - to acquire, develop, assimilate and manage knowledge; to apply this vision across our businesses for the benefit of stakeholders; and to do this profitably. In 2007-08, our revenues increased by 44.1% to Rs. 846 crores, and the profit after tax is Rs. 213 crores, a growth of 13.9%. Having invested in the infrastructure, we are now focusing on increasing our customer base and in turn growing our bottom-line.

Our business is customer focused. The port has to deliver to customer expectations. And we are in the process of building a highly customer-centric, responsive business model. We would like to develop Mundra as a destination of choice to be preferred over other ports on the basis of quality of infrastructure and service. We will lead through technology and innovative practices, which others follow. We would adopt and assimilate best practices available in any port. And in turn create massive infrastructure to increase our throughput to service more customers and more needs of the same customer.

MPSEZL is a people's company. It's people who make the difference. To that end, we are committed to building quality talent - a dedicated, qualified and committed team to represent and stand for our objectives. We invest in extensive training, to keep our people abreast of what works best for our customers and for them.

We are just a decade old and represent the new face of India. Through our outside-in focus and strategic thinking we have created an asset, which we believe has the best-in-class infrastructure globally. Our encouraging client traction, growing every month further strengthens our commitment to creating sustainable long-term value and lead by thought.

And this is just the beginning.

Thank you for your support.

Sincerely,



Gautam S. Adani  
Chairman

# Technical/Industry Related Terms



- Berth

The space at a dockyard where any ship/vessel docks. A wharf (dockyard/jetty) may have two or three berths, depending on the length of incoming ships.

- Draft

The depth of a vessel in the sea measured from the level of the waterline to the lowest point of the hull of the vessel. (distance between the bottom of the ship and waterline.)

- Capesize Vessels

Capesize vessels are cargo ships that were originally too large to transit the Suez Canal. To travel between oceans, such vessels used to have to pass either the Cape of Good Hope or Cape Horn. Vessels this size can now transit the Suez Canal as long as they meet the draft restriction. (18.91m as of 2008)

- Panamax Vessels

Panamax vessels are cargo ships which have the maximum dimensions that will fit through the locks of the Panama Canal. This size is determined by the dimensions of the lock chambers, and the depth of the water in the canal. A Panamax cargo ship would typically have a displacement of around 65,000 tons.

- Roll-On Roll-Off (RO/RO)

A RO/RO ship or terminal is designed with ramps that can be lowered to the dock so cars, buses, trucks or other vehicles can drive into the belly of the ship, rather than be lifted aboard. Like a container ship, it has a quick turnaround time of about 12 hours.

- Single Point Mooring (SPM)

Deep sea floating structure for berthing very large crude carriers.

- TEU

Twenty-foot Equivalent Units, the usual length of a container box.



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Gautam S. Adani, *Chairman & Managing Director*

Mr. Rajesh S. Adani

Mr. Rajeeva Ranjan Sinha, *Whole Time Director*

Mr. Ameet H. Desai, *Executive Director*

Mr. K. N. Venkatasubramanian

Mr. S. Venkiteswaran

Mr. S. K. Tuteja, IAS (Retd.)

Mr. Arun Duggal

Mr. D. T. Joseph, IAS (Retd.)

Mr. H. K. Dash, IAS (Upto 28th May, 2008)

### COMPANY SECRETARY

Ms. Dipti Shah

### AUDITORS

M/s. S. R. Batliboi & Associates

Chartered Accountants,

Gurgaon

### BANKS AND FINANCIAL INSTITUTIONS

Allahabad Bank

Axis Bank Limited

Canara Bank

Corporation Bank

EXIM Bank

HDFC Bank

Hypo Und Vereins Bank AG

ICICI Bank Limited

IDFC Limited

IFCI Limited

Jammu & Kashmir Bank

LIC of India

Oriental Bank of Commerce

State Bank of Hyderabad

State Bank of India

State Bank of Saurashtra

State Bank of Travancore

Syndicate Bank

UCO Bank

Yes Bank Limited

### REGISTERED OFFICE

“Adani House”,

Mithakhali Six Roads,

Navrangpura,

Ahmedabad - 380 009.

### SITE

“Adani House”, Navinal Island

Mundra – 370 421

Gujarat

### REGISTRAR AND TRANSFER AGENT

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W),

Mumbai - 400 078.

Phone: 022-25960320

Fax: 022-25940329

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Ninth Annual Report and the Audited Accounts for the financial year ended 31st March, 2008.

### Initial Public Offer

During the financial year 2007-08, your Company entered the Capital Market with Initial Public Offer (IPO) through 100% Book Building process of 4,02,50,000 equity shares of Rs. 10/- each at a premium of Rs. 430/- per share. Your Company's shares were listed on the 'Bombay Stock Exchange Limited' (BSE) and 'National Stock Exchange of India Limited' (NSE) on 27th November, 2007. The issue was over subscribed by 116 times, creating a new record in the history of the Indian Capital Market.

Your Directors take this opportunity to thank all the investors for their overwhelming response to the IPO and the confidence reposed by them.

### Financial Highlights:

The bird eye view of the summarized financial highlights is depicted below:

Particulars	(Rs. in million)	
	For the year ended 31/03/2008	For the year ended 31/03/2007
Income from operations	8,182.07	5,814.40
Other Income	279.04	57.85
<b>Total Income</b>	<b>8,461.11</b>	<b>5,872.25</b>
Operating & Administrative Expenses	2,827.99	2,669.07
Operating Profit before Interest, Depreciation and Tax	5,633.12	3,203.18
Interest and Financial Charges	1,062.19	631.00
Depreciation/Amortization	1,006.38	806.99
Profit Before Tax and Prior Period Adjustment	3,564.55	1,765.19
Less: Prior Period Adjustments	(12.95)	(15.47)
Add: Extraordinary Items	116.61	-
Provision for tax (including deferred tax)	1,534.09	(124.64)
<b>Profit after tax</b>	<b>2,134.12</b>	<b>1,874.36</b>
Surplus brought forward from previous year	950.36	876.20
Pre-operative & Miscellaneous Expenditure (to the extent not written-off)	-	(36.09)
<b>Balance available for appropriation</b>	<b>3,084.48</b>	<b>2,714.47</b>
<b>Appropriations:</b>		
Transfer to Debenture Redemption Reserve	-	20.13
Transfer to Capital Redemption Reserve	1.40	1.41
Transfer to General Reserve	106.71	-
Transfer for issue of Bonus Shares	-	1,382.14
Dividend on Preference Shares	-*	-*
Dividend on Equity Shares	601.02	360.43
<b>Balance carried to Balance Sheet</b>	<b>2,375.35</b>	<b>950.36</b>

(\*Figures being nullified on conversion to Rs. in million, Amount Rs. 2,811)