

10th Annual Report 2008-09

Innovation · Courage · Trust

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



ADANI

Mundra Port and Special Economic Zone Limited

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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Chairman's Message



“
**We believe that
tough times
don't last for
long but tough
people do**
”

Dear Members,

I would like to take this opportunity to welcome you all once again. This is the second year of the company in its new status as a listed entity and the first year of full operations after it was listed during last financial year.

Your support and confidence in us is integral to our achieving the vision of your company being a “Maritime Masterpiece”.

The last year has been a year of enormous turbulences and upheavals in the world markets and economy, which has shaken even the best. However the strategy laid out by your company has helped it to not only take big strides forward but also set up the stage for the future to take care of any further such trends.

Ever since our inception we have steadily been expanding our capacity, capability and businesses and the past year has been no exception despite significant challenges in the market and economic conditions. Last year I had informed you about the infrastructure facilities, the material handling equipments and the new terminal being constructed.

Further to that it gives me pleasure to state that the mechanisation of fertiliser / FRM, steel and coal handling has been achieved. The online bagging of fertilisers, the Goliath crane handling of steel plates and pipes as well as fully mechanized coal handling system are all steps towards better efficiency making the port one of its kind in the private sector. Under overall port limit, in Mundra Port there are four

ports, North, South, East & West Port. The West Port for complete coal handling is on its way for completion as planned. The railway line has been extended nearer to the new coal terminal and thus the rail connectivity is complete at the port and entire SEZ area. The receipt and despatch yard has gone up from 5 to 10 lines.

The master plans for complete development of the unique and the only port to have a 40 km waterfront in India are being drawn and the business proposition for adding new capacities being studied. The environmental clearances for the first phase of full 40 km water front have been received. Plans are on for expansion of bunker terminal, edible oil terminal, warehouses, two berths for dry cargo & doubling the rail line between Adipur and Mundra which will enhance the carrying capacity and resultant increased business.

The Outside-in focus which I mentioned last year has enabled all the three business verticals to show significant developments. The port business has grown significantly. During the year the three notified areas have been combined into one multi product SEZ. Nine units have been given permission to set up their manufacturing and service facilities during the year in the SEZ. On the infrastructure development front, several entities have been approved as co-developers for setting up hotels, hospitals, schools and other infrastructure facilities. Moreover water treatment plants and water and power distribution network has been set up. The logistics business also has made its own special mark as a quality total logistics solution provider.

On the performance front, I am pleased to mention that the revenues have shown an increase of 38.73%, registering total revenue of over Rs. 1135 crores; the profit after tax has risen by 116% to Rs. 461.08 crores, EPS is at Rs. 11.51. Cargo volumes have improved across all business segments -cargo handled rose from 28.80 million tons in 2007-08 to 35.72 million tons in 2008-09 which shows a growth of 24.03% year on year

We have seen a meltdown all over the world not just of economies but also equally in corporate governance matters. However I believe that the high standards of corporate governance and transparency being practiced by us, adhering to the best industry practices sets us apart.

The management has a vision of Pan India presence in ports. We have been marching towards that goal with the port at Mundra already handling 36 million tons. Dahej port is on stream and should be operating middle of next year. Goa port development is next on the horizon. With this the west coast presence would be significant. On the east coast well there are strategic steps being taken to develop both green field projects as well as existing ports and the next year should be a significant year in that aspect.

We have also taken a host of quality, health safety and environment (QHSE) initiatives which are at the very core of the port business.

The Group is very conscious about its values. Our commitment to achieving goals as well as our value driven processes are our core strengths. The group always acts as a responsible corporate citizen. The Adani Foundation plays a pivotal role in bringing about sustainable development in and around its area of operations. The Group aims to enhance the quality of life of the surrounding communities. We have initiated the process for rural underground drainage system, free health check ups, initiatives to develop the girl child, better sanitation, ITI upgradation in Mundra.

The Group also endeavours to create Institutes of excellence in various fields of higher education and with that in mind has ventured

to establish a medical college at Bhuj as a Public Private Partnership Project. I am happy to inform you that we have obtained necessary government approvals and completed all required formalities for starting the medical college from August 2009 with total intake of 150 students in the 1st year MBBS for the academic year 2009-10. Adani Institute of Infrastructure Management (AIIM) will also commence this year.

The management is committed to high standards of operation and hence has further strengthened the management set up and has appointed a whole time director with vast experience to head the operations and strategise the future. The hunt for the right talent is ever on and I am proud to say that we have some of the best talent in the industry with people who are committed and dedicated to the task and goals on hand and would help in achieving the vision envisaged.

I would like to express my gratitude to this huge family of shareholders, bankers, and investors for their unstinted support which strengthens our commitment of creating a sustainable long term value to all stakeholders. I am also thankful to the state and central governments who have also laid out pro development plans.

Our key values – trust, courage and innovation are well entrenched in all that we do. We believe that tough times don't last for long but tough people do. It gives me great pleasure when I receive appreciation letters from our dear members and when they assure their continued support in all circumstances.

And I still say that this is just the beginning

Sincere Regards



Gautam S. Adani
Chairman

COMPANY INFORMATION

BOARD OF DIRECTORS

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

Mr. Rajesh S. Adani

Dr. Malay Mahadevia, *Whole Time Director*

Mr. Rajeeva Ranjan Sinha, *Whole Time Director*

Mr. Ameet H. Desai, *Executive Director*

Mr. K. N. Venkatasubramanian

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

Mr. S. Venkiteswaran

Mr. Arun Duggal

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

Mr. Atanu Chakraborty, IAS

COMPANY SECRETARY

Ms. Dipti Shah

AUDITORS

M/s. S. R. Batliboi & Associates

Chartered Accountants,

Mumbai.

BANKS AND FINANCIAL INSTITUTIONS

Allahabad Bank

Canara Bank

EXIM Bank

HDFC Bank

Corporation Bank

LIC of India

Oriental Bank of Commerce

Axis Bank Limited

State Bank of India

State Bank of Travancore

Syndicate Bank

State Bank of Hyderabad

ICICI Bank Limited

IDFC Limited

IFCI Limited

Uco Bank

Hypo und Vereins Bank AG

Jammu and Kashmir Bank

Yes Bank Limited

Deutsche Bank

Punjab National Bank

REGISTERED OFFICE

“Adani House”,

Nr. Mithakhali Six Roads,

Navrangpura,

Ahmedabad -380 009.

SITE

“Adani House”, Navinal Island,

Mundra - 370 421,

Kutch, Gujarat.

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited.

(Formerly, Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound,

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

Mumbai- 400 078.

Phone: 022-2594 6970/78

Fax: 022-25946969

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Tenth Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2009.

Financial Highlights:

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

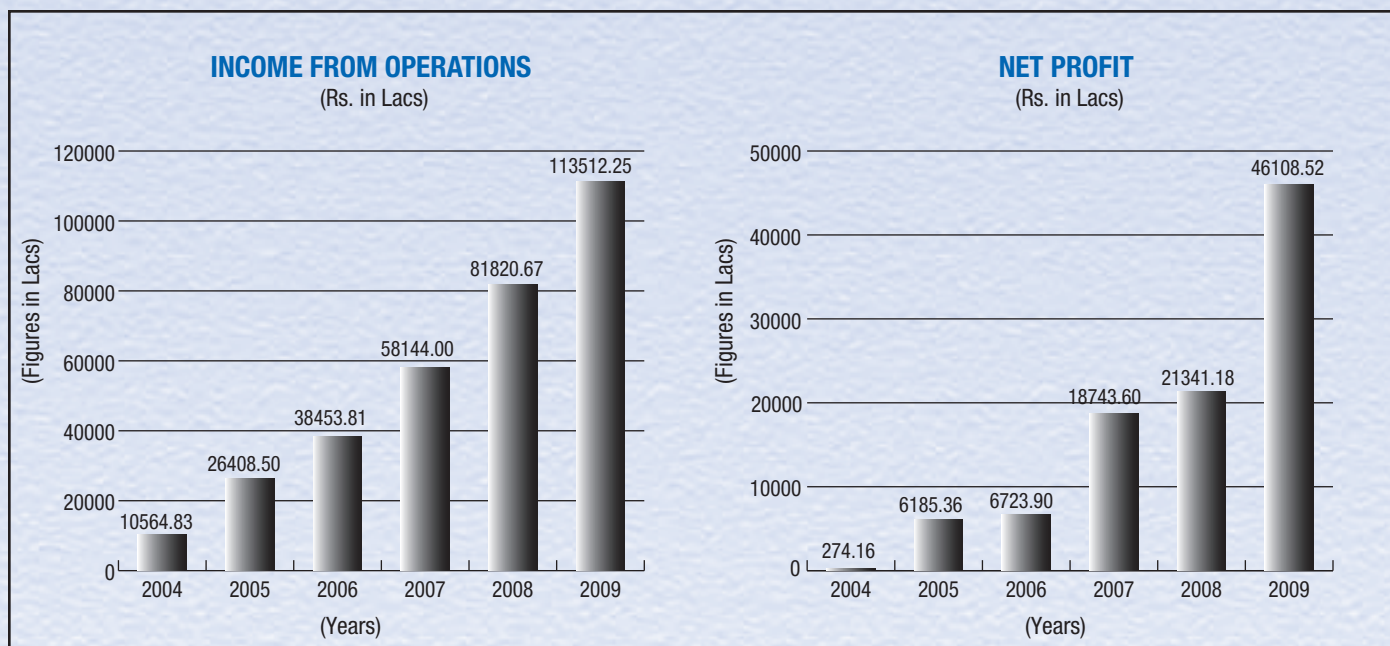
Particulars	(Rs. in Lacs)	
	For the year ended 31/03/2009	For the year ended 31/03/2008
Income from operations	1,13,512.25	81,820.67
Other Income	4,432.41	2,790.35
Total Income	1,17,944.66	84,611.02
Operating & Administrative Expenses	37,348.06	28,279.79
Operating Profit before Interest, Depreciation and Tax	80,596.60	56,331.23
Interest and Financial Charges	13,295.02	10,621.89
Depreciation / Amortization	13,723.50	10,063.84
Profit Before Tax and Prior Period Adjustment	53,578.08	35,645.50
Less: Prior Period Adjustments	(2,174.98)	(129.51)
Add: Extraordinary Items	-	1,166.13
Provision for tax (including deferred tax)	5,294.58	15,340.94
Profit after tax	46,108.52	21,341.18
Surplus brought forward from previous year	23,753.54	9,503.65
Balance available for appropriation	69,862.06	30,844.83
Appropriations :		
Interim Dividend on Equity Shares	8,015.69	-
Dividend on Preference Shares	0.03	0.03
Proposed Final Dividend on Equity Shares	4,006.79	6,010.18
Transfer to Capital Redemption Reserve	14.06	14.02
Transfer to General Reserve	4,610.85	1,067.06
Balance carried to Balance Sheet	53,214.64	23,753.54

Operational Highlights:

Your Company has scaled new heights during the financial year 2008-09 and has turned out with highly promising results in all segments despite the on going turbulence in the world economy.

The key aspects of your Company's performance during the financial year 2008-09 are as follows:

- There is significant growth in Cargo volumes. Cargo volume increased by 24.03% from 28.80 million tons in 2007-08 to 35.72 million tons in 2008-09.
- Total number of vessels handled at Mundra Port increased by 33.68% from 1624 vessels in 2007-08 to 2171 in 2008-09.
- Turnover increase by 38.73% from Rs. 81,820.67 Lacs in 2007-08 to Rs. 1,13,512.25 Lacs in 2008-09.
- Standalone Profit Before Tax increased by 40.13 % from Rs. 36,682.12 Lacs in 2007-08 to Rs. 51,403.10 Lacs in 2008-09.
- Standalone Profit After Tax increased by 116.05 % from Rs. 21,341.18 Lacs in 2007-08 to Rs. 46,108.52 Lacs in 2008-09.
- Earning Per Share (EPS) for the year increased by 102.28 % from Rs. 5.69 in 2007-08 to Rs. 11.51 in 2008-09.



The detailed Operational Performance of the Company has been comprehensively discussed in the Management Discussion and Analysis Report which forms part of Directors' Report.

Dividend:

During the year under review your Company had declared and paid Interim Dividend of Rs. 2 per share (20%) on 400,678,820 Equity shares of Rs. 10 each and 0.01% Dividend on 0.01% Non-cumulative Redeemable Preference shares of Rs. 10 each for the Financial Year 2008-09 in the month of February, 2009. The Board of Directors are pleased to recommend a Final Dividend of Re. 1 per share (10%) on 400,678,820 Equity shares of Rs. 10/- each for the Financial Year 2008-09. The total outgo on dividend would be Rs. 12,022.51 Lacs.

Utilization of Proceeds of IPO:

The statement of proposed utilization of the IPO proceeds & its actual utilization as on 31st March, 2009 is as follows:

(Rs. In Lacs)		
Objects of the Issue	Proposed utilization to be made out of the IPO proceeds	Actual Utilization as on 31st March, 2009
a) SEZ Project	50,000.00	19,128.47
b) Coal Terminal Project	45,000.00	31,770.08
c) Investment in Adani Petronet (Dahej) Port Pvt. Ltd.	20,946.00	4,147.00
d) Investment in Adani Logistics Ltd.	4,800.00	2,468.00
e) Investment in Inland Conware Pvt. Ltd.	10,878.00	4,508.00
f) General Corporate Purpose	40,476.00	32,319.18
g) Issue Expense	5,000.00	4,154.84
Sub-Total	1,77,100.00	98,495.57
h) Interim usage of funds	-	78,604.43
Total	1,77,100.00	1,77,100.00

Holding Company:

During the year under review, Adani Port Infrastructure Pvt. Ltd. has been merged with Adani Infrastructure Services Pvt. Ltd. (AISPL). Pursuant to merger the shareholding of AISPL in the Company had increased to 55.94%. Accordingly, by virtue of Section 4 of Companies Act, 1956; AISPL had become the Holding Company.

Consolidated Financial Statements:

Consolidated Financial Statements pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard is attached herewith.

Subsidiary Companies:

Your Company had 8 Subsidiaries at the beginning of the year which are as follows:

1. Mundra SEZ Textile and Apparel Park Pvt. Ltd.
2. MPSEZ Utilities Pvt. Ltd.
3. Karnavati Aviation Pvt. Ltd. (Formerly, Gujarat Adani Aviation Pvt. Ltd.)
4. Rajasthan SEZ Pvt. Ltd.
5. Adani Logistics Ltd.
6. Inland Conware Pvt. Ltd.
7. Inland Conware (Ludhiana) Pvt. Ltd.
8. Mundra Aviation Ltd.

During the year under review in order to consolidate logistics business under common roof the Subsidiary Companies; Adani Logistics Ltd. (ALL), Inland Conware (Ludhiana) Pvt. Ltd. (ICLPL) and Inland Conware Pvt. Ltd. (ICPL) has filed petition for Merger before the High Court of Gujarat. The merger between these three Companies has several benefits such as Common administrative control, Up-scaling of the Planning Activities, Synergies in Activities, Marketing / Operations, Taxation, Statutory and Accounting.

During the year under review, Mundra Aviation Ltd., a wholly owned subsidiary of company in Cayman Islands has been dissolved.

During the year under review Gujarat Adani Aviation Pvt. Ltd., a wholly owned subsidiary company carrying on Aviation business had changed its name to Karnavati Aviation Pvt. Ltd.

The Statement pursuant to Section 212(1)(e) of the Companies Act, 1956, containing details of subsidiaries of the Company, forms part of the Annual Report.

In terms of approval granted by the Central Government vide letter no. 47/344/2009-CL-III dated 13th May, 2009 under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit & Loss Account, report of the Board of Directors and report of the auditors of each of the Subsidiary Companies have not been attached to the accounts of the Company for the year ended 31st March, 2009. The annual accounts of the subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by the Member of the Company/its subsidiaries at the Registered Office of the Company on any working day during business hours.

Fixed Deposits:

During the year under review, your Company has not accepted any deposits from Public under Section 58A of Companies Act, 1956.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo:

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are appended herewith as Annexure-I and forms part of this Annual Report.

“Group” For Inter-Se Transfer of Shares:

As required under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting “Group” (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure II attached herewith and forms part of this Annual Report.

Quality, Health, Safety and Environment:

Quality, Health, Safety and Environment policies involve implementing benchmark standards such as ISO 9001-2007 & 14000-2008, identifying hazards in daily activities of the Company and mitigate their impact on personnel and environment. Your Company's management approach to Quality, Health, Safety and Environment involves proactive approach to create safe working environment, continuous safety education and training, periodic review of programs and evaluation of incidents. Your company has already received ISO 9001-2007 certification and is in the process of applying for ISO 14000-2008.