

*The journey of discovery consists not in seeing new lands but in seeing with new eyes.*



**11<sup>th</sup> Annual Report**



**2009-2010 (Abridged)**



**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.

## 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. K. N. Venkatasubramanian  
Mr. S. K. Tuteja, IAS (Retd.)  
Mr. S. Venkiteswaran  
Mr. Arun Duggal  
Mr. D. T. Joseph, IAS (Retd.)  
Mr. Pankaj Kumar, IAS

### COMPANY SECRETARY

Ms. Dipti Shah

### AUDITORS

M/s. S. R. Batliboi & Associates  
Chartered Accountants,  
Ahmedabad.

### BANKS AND FINANCIAL INSTITUTIONS

Allahabad Bank	ICICI Bank Ltd.
Axis Bank Ltd.	IFCI Ltd.
Bank of India	ING Vysya Bank Ltd.
Canara Bank	Jammu and Kashmir Bank
Corporation Bank	Kotak Mahindra Bank Ltd.
DZ Bank	Punjab National Bank
EXIM Bank	State Bank of India
HDFC Bank	Uco Bank
Hypo Und Vereins Bank AG	Yes Bank Ltd.

### 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- 2594 6969

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## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Eleventh Annual Report together with Audited Statement of Accounts for the financial year ended March 31, 2010.

### Financial Highlights:

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

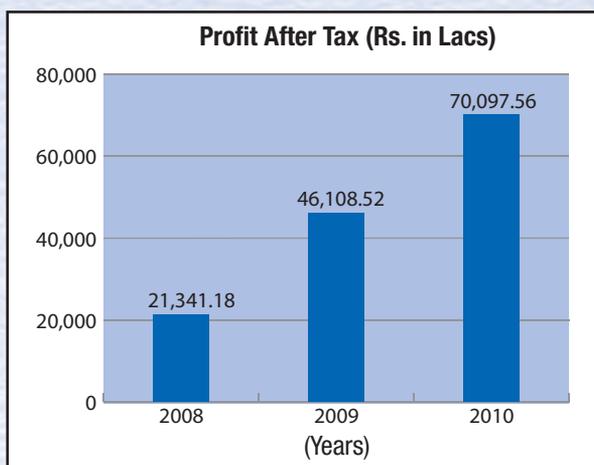
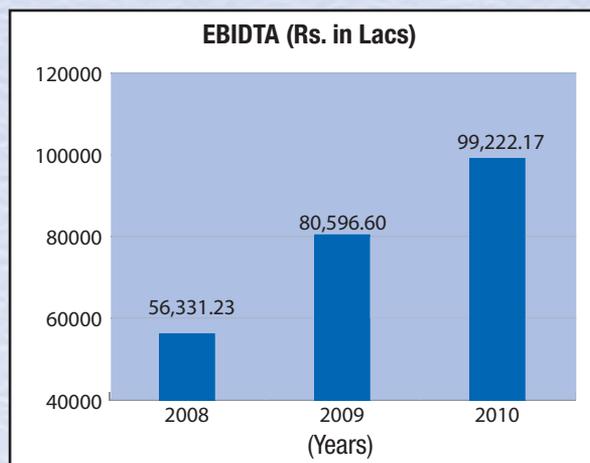
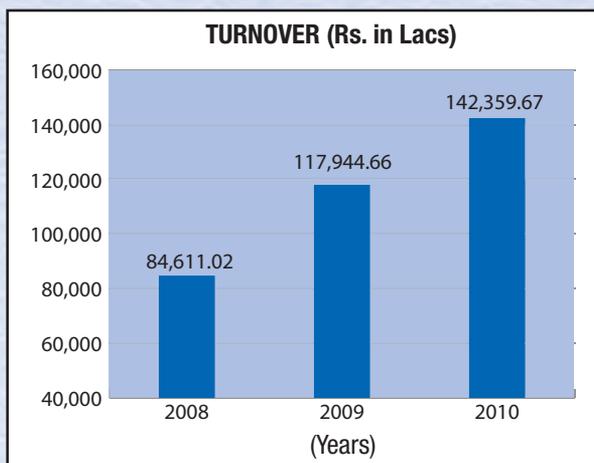
Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2010	For the year ended March 31, 2009
Income from operations	1,39,251.70	1,13,512.25
Other Income	3,107.97	4,432.41
<b>Total Income</b>	<b>1,42,359.67</b>	1,17,944.66
Operating & Administrative Expenses	43,137.50	37,348.06
Operating Profit before Interest, Depreciation and Tax	99,222.17	80,596.60
Interest and Financial Charges	4,147.02	13,295.02
Depreciation / Amortization	16,814.10	13,723.50
Profit Before Tax and Prior Period Adjustment	78,261.05	53,578.08
Less: Prior Period Adjustments	(2,215.66)	(2,174.98)
Provision for tax ( including deferred tax )	5,947.83	5,294.58
<b>Profit after tax</b>	<b>70,097.56</b>	46,108.52
Surplus brought forward from previous year	53,214.64	23,753.54
<b>Balance available for appropriation</b>	<b>1,23,312.20</b>	69,862.06
<b>Appropriations:</b>		
Interim Dividend on Equity Shares	10,018.68	8,015.69
Proposed Final Dividend on Preference Shares	0.03	0.03
Proposed Final Dividend on Equity Shares	6,010.18	4,006.79
Transfer to Capital Redemption Reserve	14.06	14.06
Transfer to General Reserve	7,009.76	4,610.85
Transfer to Debenture Redemption Reserve	10,844.38	-
<b>Balance carried to Balance Sheet</b>	<b>89,415.11</b>	53,214.64

### Operations Review:

The year under review was fraught with global uncertainties. However, due to strong foundation, your Company had registered healthy growth.

The key aspects of your Company's performance during the financial year 2009-10 are as follows:

- Cargo volume increased by 12.79% from 35.72 million tones in 2008-09 to 40.29 million tones in 2009-10.
- Turnover increased by 20.70% from Rs. 1,17,944.66 Lacs in 2008-09 to Rs. 1,42,359.67 Lacs in 2009-10.
- Profit after Tax increased by 52.03% from Rs. 46,108.52 Lacs in 2008-09 to Rs. 70,097.56 Lacs in 2009-10.
- Earning Per Share (EPS) for the year increased by 51.95% from Rs. 11.51 in 2008-09 to Rs. 17.49 in 2009-10.



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:**

In view of continuing consistent good and profitable performance, your Company declared and paid Interim Dividend of Rs. 2.50 per share (25%) during the year under review. The Board of Directors are pleased to recommend a Final Dividend of Rs. 1.50 per share (15%) making aggregate dividend of Rs. 4.00 per share (40%) on 40,06,78,820 Equity shares of Rs. 10.00 each and Dividend on 0.01% Non Cumulative Redeemable Preference Shares of Rs. 10.00 each for the Financial Year 2009–10. The total outgo on account of dividend would be Rs.16,028.89 Lacs.

#### **Resources and Liquidity:**

In its efforts towards continuous cost reduction and financial re-engineering, during the year under review, your Company has issued Secured Redeemable Non-Convertible Debentures (NCDs) of face value of Rs.10,00,000/- each at par on private placement basis aggregating to Rs.1,100 crores and Commercial Papers aggregating to Rs. 750 Crores. This will result into savings in interest cost thereby lowering financial expenses.

The Company's NCDs are listed on the Wholesale Debt Market Segment of Bombay Stock Exchange (BSE).

#### **Credit Rating:**

Your Company's financial discipline and fiscal prudence is reflected in the strong credit rating by leading rating agencies. The NCDs aggregating to Rs. 250 crores have been rated AA(SO) by CARE Ratings and NCDs aggregating to Rs. 850 crores have been rated LAA by ICRA Ltd. The Commercial Papers have been rated A1+ by ICRA Ltd.

## Utilization of Proceeds of IPO:

The IPO proceeds of Rs. 177,100 Lacs has been reallocated based on the requirement of the project expenditure under execution and the management estimates in our current business plan. The same has been fully utilized as on March 31, 2010. Consent of the shareholders is being sought at forthcoming Annual General Meeting ratifying the variation/reallocation in utilization of issue proceeds.

## Subsidiaries:

Your Company, as on March 31, 2010 had nine subsidiaries as follows :

- 1) Adani Petronet (Dahej) Port Pvt. Ltd.
- 2) Adani Logistics Ltd.
- 3) Mundra SEZ Textile and Apparel Park Pvt. Ltd.
- 4) Karnavati Aviation Pvt. Ltd.
- 5) MPSEZ Utilities Pvt. Ltd.
- 6) Rajasthan SEZ Pvt. Ltd.
- 7) Adani Murmugao Port Terminal Pvt. Ltd.
- 8) Mundra International Airport Pvt. Ltd.
- 9) Adani Hazira Port Pvt. Ltd.

In order to create more business opportunities and to make strategic investment, your Company has incorporated following wholly owned subsidiary companies as follows:

- (i) Adani Murmugao Port Terminal Pvt. Ltd.: To undertake the activities pertaining to development, operation and maintenance of a coal terminal at Port of Mormugao, Goa.
- (ii) Adani Hazira Port Pvt. Ltd.: To develop and operate the Non-LNG port facilities including container, dry and liquid cargo at Hazira Port.
- (iii) Mundra International Airport Pvt. Ltd.: To undertake the activities pertaining to development, operation and maintenance of Airport at Mundra in the state of Gujarat.

During the year under review, Adani Petronet (Dahej) Port Pvt. Ltd. a joint venture of your Company and Petronet LNG Ltd. (PLL) for development of solid cargo port project at Dahej, Gujarat has become a subsidiary Company.

Adani Logistics Ltd. and Inland Conware (Ludhiana) Pvt. Ltd. has been merged with Inland Conware Pvt. Ltd. and further Inland Conware Pvt. Ltd. has been renamed as Adani Logistics Ltd. vide High Court Order dated April 28, 2009.

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 the approval granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India vide its letter No. 47/193/2010-CL-III dated April 8, 2010, the Company has been exempted from complying with the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956.

However, as directed by the Ministry of the Corporate Affairs, some key information has been disclosed in a brief abstract forming part of this annual report. Accordingly, the annual report of the Company contains the consolidated audited financial statements prepared pursuant to clause 41 of the listing agreement as prescribed by SEBI and prepared in accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India (ICAI).

Further, the Company hereby undertakes that annual accounts of the Subsidiary Companies and related detailed information will be made available to the Holding Company and Subsidiary Companies investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investors during working hours at the Company's registered office and that of the respective subsidiary companies concerned.

## Fixed Deposits:

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

### **“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 I attached herewith and forms part of this Annual Report.

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

The particulars, as prescribed under clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure to the Directors’ Report forming part of the complete version of Annual Report. Pursuant to the exemption under Section 219 (1) (b) (iv) of the Companies Act, 1956, the said annexure has not been enclosed with the Directors’ Report forming part of the Abridged version of the Annual Report 2009-10.

Details of Foreign Exchange Earnings and Outgo are set out in Note 22 of Schedule -23 of Notes to Accounts.

### **Quality, Health, Safety and Environment:**

At Mundra Port And Special Economic Zone Limited, Quality, Health, Safety and Environmental (QHSE) responsibilities are integral.

MPSEZL has adopted International Standards, ISO 9001:2008 for Quality Management System, ISO 14001:2004 for Environment Management System and OHSAS 18001:2007 for Occupational Health and Safety Management System.

MPSEZL has developed, implemented and is maintaining an Integrated Management System for complying with the requirements of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

Your Company has received Integrated Management System certification for “Providing Port Facilities for Handling Bulk, Liquid and Containerized Cargo, Single Point Mooring, Storage and Transportation of Cargo by Road, Rail and Pipeline”.

The certification will go a long way and will make Mundra Port a world class port offering high quality services to customers as well as to establish the port as a great place to work in safe, secure and healthy environment.

### **Corporate Governance and Management Discussion and Analysis Report:**

Your Company has been proactive in following the principles and practices of good Corporate Governance as an important step towards building investor confidence, improve investor’s protection and maximize long-term shareholder value. A separate report on Corporate Governance compliance and a Management Discussion and Analysis Report as stipulated by the Clause 49 of the Listing Agreement forms part of the Annual Report along with the required Certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement.

In compliance with Corporate Governance requirements as per Clause 49 of the Listing Agreement, your Company has formulated and implemented a Code of Conduct for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

### **Directors:**

During the year under review, Gujarat Maritime Board (GMB) had withdrawn nomination of Mr. Atanu Chakraborty, IAS and appointed Mr. Pankaj Kumar, IAS, Vice Chairman and CEO, GMB as an Additional Director on the Board of the Company. Pursuant to Section 260 of the Companies Act, 1956; he holds office upto the date of ensuing Annual General Meeting and being eligible offer himself for appointment. Mr. Ameet H. Desai has resigned as a Director during the year under review.

Board welcomes incoming directors and places on record the deep appreciation for valuable services and guidance provided by outgoing directors during the tenure of their directorship.

As per Section 256 of the Companies Act, 1956 and Article 152 of the Articles of Association of the Company, Mr. Rajeeva Ranjan Sinha, Mr. D. T. Joseph and Mr. K. N. Venkatasubramanian are liable to retire by rotation and being eligible offer themselves for re-appointment. Board recommends reappointment of the directors of the company.

### **Directors Responsibility Statement:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors’ Responsibility Statement, the Directors confirm:

- The applicable accounting standards have been followed and that no material departures have been made from the same.
- Reasonable and Prudent Accounting Policies have been adopted in Preparation of the Financial Statements. The Accounting Policies have been consistently applied.



- Proper and sufficient care has been taken for the 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.
- The annual accounts have been prepared on a going concern basis.

#### **Insurance:**

The Company continues to carry adequate insurance for all assets against foreseeable perils.

#### **Particulars of Employees:**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees forms part of this report as Annexure. However, as permitted by Section 219 (1)(b) (iv) of the Companies Act, 1956 this Annual Report is being sent to all shareholders excluding aforesaid information. Any member interested in obtaining such particulars may write to Company Secretary at the Registered Office of the Company.

#### **Auditors:**

Your Company's Auditors M/s. S. R. Batliboi & Associates, Chartered Accountants, Ahmedabad, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a written certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 224(1B) of the Companies Act, 1956.

#### **Auditors' Report:**

Notes to the accounts, as referred in the Auditors Report, are self-explanatory and practice consistently followed and therefore do not call for any further comments and explanations.

#### **Information Technology: an enabler for Growth**

Innovation has been the driver for IT automation at Mundra Port. With deployment of the best in class applications and systems, the IT initiatives have consistently been used to streamline enterprise business processes, improve operating efficiencies and reduce costs.

Mundra Port aims at seamless integration of its business operations and an IT platform to provide real time information and help in improving decision making process and in turn leads to efficient port operation.

IT Application systems at Mundra Port consist of:

- Enterprise Resource Planning (ERP – SAP)
- Integrated Port Management System (IPMS)
- NAVIS for Container Terminal
- Automobile Terminal Operating System (KARTOS)

#### **Awards and Accreditations:**

During the year under review, your Company had won “Annual Indian Maritime Gateway Awards 2009” for private port of the year 2009.

#### **Acknowledgment:**

The Board of Directors takes this opportunity to thank the Government of India, Government of Gujarat, Gujarat Maritime Board, Financial Institutions and Banks for their continuous support and assistance. The Board also recognizes the contribution of the esteemed customers, suppliers, business associates and shareholders in the growth of the Company. The Board particularly expresses its sincere thanks to the employees for the dedicated and tireless efforts put by the employees of the Company at all levels.

**For and on behalf of the Board of Directors**

**Place: Ahmedabad**  
**Date: May 17, 2010**

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

## Annexure - I to the Directors' Report

The following is the list of Persons Constitution "Group" (within the meaning as defined in the Monopolistic and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("the Said Regulations") as provided in Clause 3(1)(e) of the Said Regulations:

1	Accurate Finstock Pvt. Ltd.	43	Adani Welspun Exploration Ltd.
2	Adani Agri Fresh Ltd.	44	Adani Wilmar Ltd.
3	Adani Agri Logistics Ltd.	45	Advance Exports
4	Adani Agro Pvt. Ltd.	46	Advance Tradex Pvt. Ltd.
5	Adani Cements Ltd.	47	Asset Trade & Investment Pvt. Ltd.
6	Adani Commodities {formerly Adani Investment}	48	B2B India Pvt. Ltd.
7	Adani Developers Pvt. Ltd.	49	Baramati Power Pvt Ltd.
8	Adani Energy Ltd.	50	Bhavik B. Shah
9	Adani Enterprises Ltd.	51	Chemoil Adani PTE Ltd.
10	Adani Estates Pvt. Ltd.	52	Chemoil Adani Pvt. Ltd.
11	Adani Exports	53	Columbia Chrome (India) Pvt Ltd.
12	Adani Gas Ltd.	54	Concord Trade & Investment Pvt. Ltd.
13	Adani Global FZE	55	Crown (International)
14	Adani Global Ltd.	56	Ezy Global
15	Adani Global Pte. Ltd.	57	Gautam S. Adani
16	Adani Habitats Pvt. Ltd.	58	Gautam S. Adani Family Trust
17	Adani Hazira Port Pvt. Ltd.	59	Gautambhai S. Adani HUF
18	Adani Infra (India) Ltd.	60	Gujarat Adani Infrastructure Pvt. Ltd.
19	Adani Infrastructure Developers Pvt. Ltd.	61	I Call India Pvt. Ltd.
20	Adani Infrastructure Services Pvt. Ltd.	62	I Gate India Pvt. Ltd.
21	Adani Land Developers Pvt. Ltd.	63	Jeet G. Adani
22	Adani Landscapes Pvt. Ltd.	64	Karan G. Adani
23	Adani Logistics Ltd.	65	Karnavati Aviation Pvt. Ltd.
24	Adani Mining Pvt. Ltd.	66	Kunal D. Shah
25	Adani Mundra SEZ Infrastructure Pvt. Ltd.	67	Kutchh Power Generation Ltd.
26	Adani Murmugao Port Terminal Pvt. Ltd.	68	M to M Traders Pvt. Ltd.
27	Adani Pench Power Ltd.	69	Mahaguj Power Ltd.
28	Adani Petronet (Dahej) Port Pvt. Ltd.	70	Maharashtra Eastern Grid Power Transmission Company Ltd.
29	Adani Power (Overseas) Ltd., Dubai	71	Mahasukh S. Adani
30	Adani Power Dahej Ltd.	72	Mahasukh S. Adani Family Trust
31	Adani Power Ltd.	73	Mahasukh S. Adani HUF
32	Adani Power Maharashtra Ltd.	74	Mansi K. Shah
33	Adani Power Pte. Ltd., Singapore	75	Miraj Impex Pvt. Ltd.
34	Adani Power Rajasthan Ltd	76	MPSEZ Utilities Pvt. Ltd.
35	Adani Properties Pvt. Ltd.	77	Mundra International Airport Pvt. Ltd.
36	Adani Retail Pvt. Ltd.	78	Mundra Power SEZ Ltd.
37	Adani Shipping PTE Ltd.	79	Mundra SEZ Textile and Apparel Park Pvt. Ltd.
38	Adani Shipyards Pvt. Ltd.	80	Namrata P. Adani
39	Adani Textile Industries	81	Netvantage International Pvt. Ltd.
40	Adani Trade and Investments Ltd.	82	Param P. Adani
41	Adani Tradelinks Pvt. Ltd.	83	Parsa Kente Collieries Ltd.
42	Adani Virginia Inc.	84	Pranav V. Adani

85	Pride Trade and Investment Pvt. Ltd.	106	Shantigram Utility Services Pvt. Ltd.
86	Priti G. Adani	107	Shantikrupa Estates Pvt. Ltd.
87	Priti R. Shah	108	Shantikrupa Services Pvt. Ltd.
88	PT Adani Global	109	Sharmishta Sanghavi
89	PT Aneka Sumber Bumi, Indonesia	110	Shilin R. Adani
90	PT Kapuas Coal Mining	111	Surekha B. Shah
91	Pushpa V. Adani	112	Suvarna M. Adani
92	Radiant Trade and Investment Pvt. Ltd.	113	Swayam Realtors and Traders Ltd.
93	Rahi R. Adani	114	Trident Trade and Investment Pvt. Ltd.
94	Rahi Shipping Pte. Ltd.	115	Vanshi R. Adani
95	Rajasthan SEZ Pvt. Ltd.	116	Vanshi Shipping Pte. Ltd.
96	Rajesh S. Adani	117	Vasant S. Adani
97	Rajesh S. Adani Family Trust	118	Vasant S. Adani Family Trust
98	Rajeshbhai S. Adani HUF	119	Vasantbhai S. Adani HUF
99	Rakesh R. Shah	120	Ventura Power Investment Pvt. Ltd.
100	Ranjan V. Adani	121	Ventura Trade and Investment Pvt. Ltd.
101	Riddhi V. Adani	122	Vinod N. Sanghavi
102	S. B. Adani Family Trust	123	Vinod S. Adani
103	Sagar R. Adani	124	Vinod S. Adani Family Trust
104	Shantaben Adani	125	Vinodbhai S. Adani HUF
105	Shantigram Estate Management Pvt. Ltd.		

## Management Discussion and Analysis

The discussion hereunder covers the financial results and other group developments of the Mundra Port And Special Economic Zone Ltd. (MPSEZL) for the financial year 2009-10 and its outlook for the future. This outlook is based on assessment of the current business environment and Government policies. The change in future economic and other developments are likely to cause variation in this outlook.

### World Economy:

The world economic situation has been improving since mid of 2009. International trade and global production have also been recovering, with the economic stimuli injected worldwide since late 2008 have played a major role in this recovery.

Yet, the recovery is uneven and conditions for sustained growth remain weak. Credit conditions are still tight in major developed economies. The rebound in domestic demand remains tentative at best in many economies and is far from self-sustaining.

In the outlook, global economic recovery is expected to remain sluggish. Developing countries, especially those in Asia, are expected to show the strongest recovery in 2010. Some Governments plan of withdrawing the stimulus packages could impact the economic recovery.

Output growth in most developing countries and economies in transition remains strongly dependent upon movements in international trade, commodity prices and capital flows. Conditions in this regard have improved as part of the global recovery, but a further rebound will be strongly dependent upon the strength of the recovery in the developed countries. In the outlook, conditions for international trade and finance will remain challenging.

### International trade:

The financial crisis has significantly affected world trade. This was mainly triggered by reduction in world import demand in the developed countries and more restricted access to trade financing. Asian economies experienced the sharpest decline.

Trade flows have recovered since the second quarter of 2009 largely driven by the turn of global inventory cycle. As per United Nations forecast a mild growth of 5 per cent is forecasted for the world trade in 2010.

### Indian Economy:

The World Bank report states that Indian economy is expected to grow at 7.5% in 2010-11, led by strong domestics demand, particularly investments. The growth is mainly due to the policy initiatives (like fiscal stimulus) taken by the Indian Government. India's growth prospects will remain strong, even as world economy recovers slowly. The FDI flows to India are expected to increase in 2010, as overall investment to developing countries recovers this year and as the country continues to improve its FDI policies by simplifying investment procedures and relaxing investment limits in some sectors.

### Industry Structure:

#### Ports:

#### Indian Scenario:

India's 95% external trade by volume and 70% by value moves by sea. Cargo handling volume in 12 major ports in India was at 561 million tonnes, while non-major ports contributed another 280 million tonnes (based on provisional data) during 2009-10, aggregating to 841 million tonnes simplifying a growth of 13.5 % from last year.

With a market share of zero - few years back, the non-major ports have garnered about 35% of India's port traffic as per FY10 traffic, indicating a growing importance of non-major ports.

Non major ports controlled by the Gujarat Maritime Board posted 34.60% growth in 2009-10. They handled 206 million tonnes cargo as compared to 153 million tonnes in 2008-09. Mundra port, the largest private sector non-major port, with a cargo of around 40 million tonnes in FY10 is among the top 8 ports in the country.

As per Government estimates, India needs to double port capacity to 1,500 million tonnes by 2011-12 and would require investments worth Rs 550 billion in that period indicating significant growth potential for the sector.

### Special Economic Zone:

The Special Economic Zone Policy framed in April, 2000 with an objective to increase the exports, attract FDI and accelerate the economic growth of the country, has started showing results wherein the total exports from the SEZs in the year 2009-10 exceeded Rs.2,20,700 crores.

Multi-product SEZ at Mundra is the largest notified SEZ in the country. Mundra SEZ has almost doubled its exports from the previous year contributing to the economic growth of the country. Your company's SEZ with its multi-modal connectivities including road, rail, sea port and airport is expected to attract more and more investments in the coming years.



## Performance at glance:

Your Company achieved superior productivity across all segments.

### Highlights of Overall Performance:

- Total number of vessels handled at Mundra Port : 2339 (2171 vessels in 08-09 i.e a growth of 8% year on year).
- Cargo volumes have improved across all segments (cargo handled in 08-09 was 35.72 million tones and 09-10 was 40.29 million tones which shows a growth of 12.79% year on year).

### Railway:

- Coal rake movement between Adani Power Ltd. – Mundra started on May 16, 2009.
- Total number of rakes handled in 2009-10 is 4933.
- Highest rakes handled in single Month: 481 Rakes in the month of January, 2010.
- Commissioning of line no.7 in Cargo Complex for loading of coal and Vasai Tirth crossing station.
- Works on the anvil :-
  - Addition of 4 more Railway Lines/Rakes in R&D Yard with RRI to cater to the future growth of traffic.
  - Development of railway infrastructure at West Port for silo loading of coal.

### Dry Cargo:

- 14.65 million ton of dry cargo handled during 2009-10.
- Heaviest package (Boiler) of 801.670 MT exported of M/s Thermax in January, 2010.

### Marine:

- Port has acquired the 1st in the new fleet of 70 tones bollard pull tugs to cater to the UPPX container vessels. 5 more tugs of 70 tones bollard pull are on order.
- Installation and Commissioning of RORO Pontoon for dedicated car carrier (turnaround time of car carrier is reduced).
- Commissioning of 20" Marine RADAR of Kelvin Hughes.
- We have reduced tidal delays (Pre berthing / Un-berthing Delays) on berths.
- Port has acquired one diving support vessel cum 52 ton astern bollard pull ton with 20 ton capacity a-frame for & 10 ton capacity deck crane.

### Adani Mundra Container Terminal (AMCT):

- Container throughput was 295,575 TEUs registering a growth of 207% over the previous financial year.
- A total of 384 vessels were handled at AMCT which is 126% higher than that of the previous financial year.
- 6 more new services were gained in this year significant amongst those are of MSCs, Wan Hai Lines +K Line, Evergreen, Trans Asia Line, Jindal Vector.
- IMS certification, compliance to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards was received.

### Adani Automobile terminal:

- Total 1,25,157 cars exported in the financial year 2009-10.
- In house Automobile Terminal Operating System (TOS) has been developed and implemented successfully.
- Dedicated Floating Pontoon became operational in the month of June, 2009.
- Automated washing facility is installed in February, 2010.
- Achieved highest productivity of 254 cars per hr.

### Liquid:

- Highest single month volume handled 2.26 Lacs Metric Tones of Liquid Cargo (import/export/bunker) in September, 2009.
- Highest single month vessel & cargo movement 76 nos of vessels & 7.32 Lacs Metric Tones cargo in July, 2009 including Import, Export, Bunker & HPCL.

### CSR related initiatives:

- Rain water conservation efforts upped, constructed Seven Check-dams in Mundra Taluka and agreement signed for Twelve additional check-dams.
- Attended more than 50000 patients through mobile dispensaries services in more than 30 villages of Mundra Taluka.
- Helping Villagers to construct Individual Toilets and preparing villages for “Nirmal Gram” Puraskar. AF assisted for 1440 Individual Toilet construction in various 12 villages for 2009 -10.
- Supporting Traditional Artisans for preserving Traditional Art through “Concept Design competition for Corporate Gifts”.
- Prioritize Rural Youth for Skill Development and Employment.

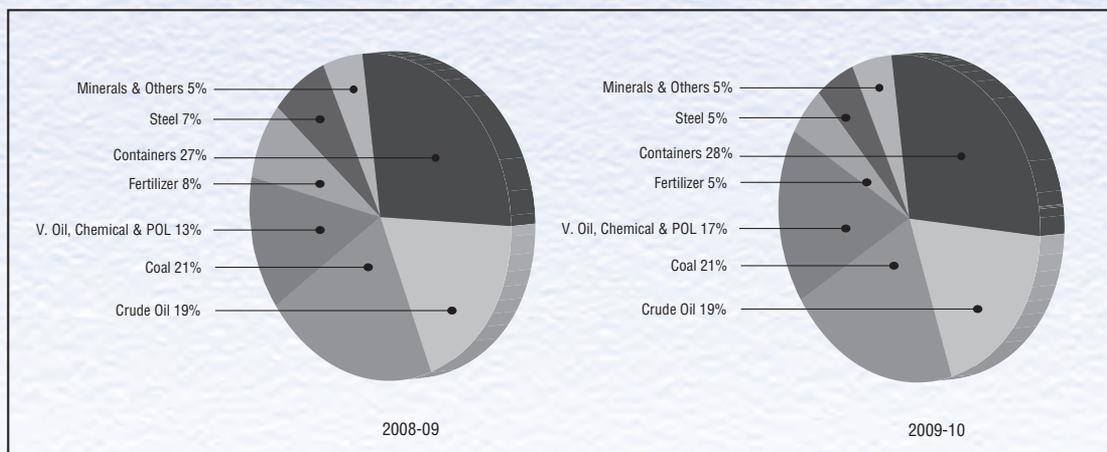
### Business/Operation Results:

#### Port Related:

Mundra Port has shown impressive growth in all segments during the year under review. Mundra Port has handled 2339 vessels in financial year 2009-10 as against 2171 vessels handled during the previous financial year. The port witnessed an increase of 12.79% in Cargo handling during the year against the 6% growth registered by the 12 major ports of the country. Mundra Port handled 40.29 million tones of Cargo which is 7.18% of a total of 561 million tones of Cargo handled by the Major Ports and much higher than the Cargo handled by Ports such as Mangalore, Ennore, Tuticorin, Cochin, Kolkata and Haldia.

About 4,900 railway rake movements were undertaken in 2009-10 for evacuation of cargo to and from the port. We have started train operation from Northern India to Mundra and we also own six Container rakes.

The comparative analysis of the cargo mix with respect to cargo handled by the port is depicted as follows:



### Special Economic Zone:

Your Company's SEZ, being India's largest port based SEZ, positioned on the West coast of India is ideally situated for exports to African, Middle East and Western countries besides being conveniently located to service the huge hinterland of northern India.

Government of India (GoI) had issued notification in respect of your Company's SEZ on June 23, 2006. Subsequently, based on availability of additional contiguous land, GoI had issued further notifications for additional area from time to time. Further, consequent to the approval of the clubbing of the three SEZs in Mundra as one Multi-product SEZ, the GoI vide notification dated May 27, 2009 in the Gazette of India has notified combined land area of 6472.87 hectares as SEZ.

During the year, your Company has focused on development of robust infrastructure for supporting the industrial development within the Special Economic Zone (SEZ). As part of the development, 8 Km. of Pragpar-Mundra road is developed in partnership with Government of



Gujarat to enhance external connectivity with NH8A. Construction of Road Over Bridge within the Zone is nearing completion which once completed will enable seamless connectivity to the Port and SEZ development. About 40 Km. of arterial road network has been completed for SEZ users. Execution of utility infrastructures like common effluent treatment plant (CETP), water desalination plant and power distribution network including 220/66/11 KV substations are the key components of development for the year.

The Co-developers of the SEZ have provided various social infrastructure facilities such as Housing, Hospital and School in the SEZ. Gol has also issued notification dated March 3, 2010 whereby the Developers of the SEZ will be deemed to be licensees for distribution of electricity. Accordingly, MPSEZ Utilities Pvt. Ltd. (MUPL), a 100% subsidiary of your Company and approved Co-developer, has initiated steps for distribution of electricity in the SEZ.

The Development Commissioner's office is functional within the SEZ and the SEZ units are obtaining required approvals within the Zone itself. Despite the effect of general slowdown for new investments globally, during the year six new Units have obtained Letter of Approvals for setting up of their manufacturing and service facilities in the Zone. These units are expected to bring in investment to the tune of Rs.2431 Crores, taking total investment by SEZ units at Mundra to Rs.21426 Crores. Some of the approved Units have already started export activities in the Zone. Total exports from the Zone for the year under reference were to the extent of about Rs.1,284 Crores.

### **Port Related Developments:**

**West Port Development:** Mega Thermal Power Plants Tata Power and Adani Power are being constructed in Mundra Region due to the related facilities available. The plants require very high volumes of imported coal, up to 40 Million Tones Per Annum (MTPA). In addition other dry volumes such as Iron ore, etc. are also to be imported for the industries planned in the vicinity of Power Plants. In order to import these requirements, the proposed Coal Terminal comprising of 3 deep water offshore berths with elaborate stockyard and comprehensive mechanization is under development. The state of the art facility will be able to turn around a Cape Size Bulk Carrier (200,000 tones of cargo) in 60 hours, thus benefiting the trade.

**Additional berths:** 7 additional berths are under construction and a large number of other berths and facilities are under planning. With an annualized cargo growth of 40% (CAGR) Mundra Port is continuously striving to increase its capacity by improving productivity and efficiency through the introduction of new facilities, mechanization and other cargo handling techniques.

**Fertilizer cargo complex:** Fertilizer handling has been a labour oriented activity at the port. In the peak season, the number of labourers entering the port crosses over 6,000 and the average productivity achieved is around 8 rakes per day. The fertilizer cargo complex is being designed as an online loading system and capable of handling 10 rakes per day with labour force of 1,000.

### **Other Group Development:**

To commence operations at solid cargo port project at Dahej, being developed under a joint venture with Petronet LNG Limited ("PLL"). Dahej is strategically located along the Vadodara-Mumbai corridor, which generally services cargo centers in south Gujarat, upper Maharashtra and parts of central India.

MPSEZL is in the process of setting up coal cargo terminals at Mormugao Port, Goa which will enable it to capture a larger market hinterland, extending further into Central India and some portion of Southern India. This terminal was awarded to MPSEZL after competitive bidding. The thirty year concession agreement has already been signed.

MPSEZL is developing a non-LNG port facilities at Hazira under the sub-concession route. LOI for the same has been granted by Hazira Port and key approvals of GMB have been obtained. Dredging work has already commenced. Hazira Port will be developed to handle container, dry and liquid bulk cargo.

### **Competition:**

Competition within the port industry is primarily driven by the characteristics and location of the ports, such as the ability to berth large vessels, proximity and connectivity to inland cargo centres. Other key competitive factors include, among others, the number of berths, the size and quantity of port facilities and equipment, and the efficiency of cargo handling and transportation. We compete primarily against Non-Major Ports and Major Ports located on the northwest coastline of India, such as Pipavav Port, Kandla Port, Mumbai Port, JNPT and GMB-managed ports.

We compete against these entities through our integrated port infrastructure facilities, domain expertise in the port services industry, established customer relationships, available land resources and ability to facilitate port-based development, consistent high-quality service and our ability to flexibly meet our customers' requirements including flexibility in tariffs.

### **Risks and concerns:**

There are certain factors which may cause our actual results to differ materially from our expectations. Some of the factors are regulatory and policy changes pertaining to our business, various economic parameters including inflation & interest rate, development in political scenario and its impact in economy, trade and policy initiatives, acts of hostility, violence or war etc.

MPSEZL has a formal system which periodically identifies risk areas, evaluates their consequences initiates risk mitigation strategies and implements corrective actions where required. Audit Committee periodically reviews the report on risk management and recommends the corrective steps for implementation.

#### **Management control, Internal control and Internal audit systems and their adequacy:**

Internal audit program is designed based on Port/SEZ operation and nature of business activities taking into consideration the major risk factors related to business and port operation, after being duly approved by the Audit Committee and the Statutory Auditors. For smooth execution of audit program it is segregated quarter wise.

The Internal Audit function consisting of professionally qualified accountants, engineers and SAP experienced executives, also reviews the quality of planning and execution of all ongoing projects involving significant expenditure to ensure that project management controls are adequate to yield "value for money".

Some significant features of the internal control systems are:

- Corporate policies on accounting and major processes;
- Well-defined process for formulating and reviewing annual and long term business plans;
- Preparation and monitoring of annual budgets for all operating and service functions;
- Customers Relations Management connecting with its valued customers spread at different locations for seamless information exchange;
- Monthly Business Review Meeting of Head of Department/Head of Section and Management to review operations and plans in keys business areas;
- Monthly meeting of the management committee(Business Review Meeting) at apex level to review operations and plans in key business areas;
- A well established multidisciplinary Internal Audit team, which reviews and reports to management and the Audit Committee about the compliance with internal controls and efficiency and effectiveness of operations and the key process risks;
- Audit Committee of the Board of Directors, comprising independent directors, which is functional and regularly reviews the audit plans, significant audit findings, adequacy of internal control, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices, if any.

#### **Corporate Social Responsibility:**

Corporate Social Responsibility has been at the heart of any Business/ Industrial Development by Adani Group of Companies. Adani Foundation was established with a vision to "accomplish passionate commitment to the social obligations towards communities, fostering sustainable and integrated development, thus improving quality of life". The foundation works in the core sectors of Education, Community Health, Sustainable Livelihood Development and Rural Infrastructure Development. Adani Foundation has been in the forefront of education sector since its inception. Adani Vidya Mandir, a school set up and managed by Adani Foundation is a novel experiment in Corporate Social Responsibility.

Similarly Foundation aims to enhance the quality of life of the surrounding Communities by reaching out to more than 17,000 young minds through various programmes to improve the Quality of Education, Girl Child Education, Promoting Child's Rights and Gender Equality, empowering Village Education Committee through innovative use of local Education Volunteers. Further, the Foundation covered 30 villages in and around the Mundra region, rendering free treatment to more than 5,200 patients per month.

Other Rural Infrastructure Projects include Village Approach Roads, Bus Stop Shelters, Garden Developments and Pond Deepening. Availing basic amenities to Fishermen Communities such as approach road, toilets, solar lights, extension of support school and landing shed at Vasahat has been very gratifying experience.

#### **Human Resource Development:**

MPSEZL relies on skills and dedication of its employees in delivering best in class port services to its customers. Human Capital enables MPSEZL to continually improve its performance through innovation, focused approach to cost rationalization and taking initiatives to keep it a front runner amongst other ports.

In view of the increased economic momentum in the country, your organization has made appropriate compensation revision to make it competitive to retain our talent pool. MPSEZL is increasing its investment on learning and development over the years to develop organizational competencies needed for competitive advantage and to provide the talent needed for its ambitious expansion plans. Management intends to increase the investments in learning and development further in coming years. MPSEZL has imparted 2.7 mandays of training per employee during 2009-10 which includes both technical and soft skills training. These programmes are identified based on competency gaps, annual performance reviews and strategic goals.

As a part of talent management, your management has identified high potential employees and taken them through Assessment Development Center to assess their competency levels. In next step, Individual Development Plans are being developed for taking them to higher leadership positions through focused developmental activities. In addition, your organization has launched many employee reward and recognition initiatives during the year to enhance employee motivation and retention.

MPSEZL has taken following initiatives to improve quality of life at Mundra in 2009-10.

- Constructed Samudra township to provide quality housing to employees needed to meet our growth needs;
- Encouraged Sterling hospital to setup 110 bed hospital which started functioning during the year.

MPSEZL enjoys excellent employee relations which have been built over the years by taking various initiatives to enhance the employee morale.

#### **Standalone Financial Performance with respect to operational performance:**

Your Company has recorded total income to the tune of Rs. 1,42,359.67 Lacs during the year 2009-10 compared to Rs. 1,17,944.66 Lacs in the corresponding previous financial year with an increase of 20.70%.

Net Block of the Company as on March 31, 2010 is Rs. 4,20,993.40 Lacs as compared with Rs. 3,25,142.11 Lacs as on March 31, 2009 an increase of 29.48% in comparison to the corresponding period in the previous year.

During the year, your Company generated Earnings before Interest, Depreciation, Tax and Appropriation (EBIDTA) of Rs. 99,222.17 Lacs as compared to Rs. 80,596.60 Lacs in the previous year, showing growth of 23.11%.

Net profit margin was higher by 52.03%.

Earning per share increased by 51.95% on an annualized basis to Rs. 17.49 on face value of Rs.10/- each.

#### **Consolidated Financial Performance of the Company:**

Your Company has recorded total income to the tune of Rs. 1,52,758.94 Lacs during the year 2009-10 compared to Rs. 1,23,952.43 Lacs in the corresponding previous financial year with an increase of 23.24%.

During the year, your Company generated Earnings before Interest, Depreciation, Tax and Appropriation (EBIDTA) of Rs. 99,833.26 Lacs compared to Rs. 80,025.18 Lacs in the previous year an annualized growth of 24.75%.

Net profit of Rs. 67,357.45 Lacs also grew by 55.73% on a yearly basis.

Earnings per share increased by 55.79% on an annualized basis to Rs. 16.81 on face value of Rs. 10/- each.

#### **Cautionary Statement:**

Statements made in the report describing the Company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

## Corporate Governance Report

### 1. Company's Philosophy on code of governance

Corporate Governance refers to the blend of law, regulations and voluntary practices. It is the application of best management practices, compliance of law and adherence to ethical standards to achieve the organization goal of enhancing stakeholder value. The cardinal principles such as independence, accountability, responsibility, transparency, trusteeship & disclosures serve as the means of implementing the philosophy of Corporate Governance. Your Company continuously strives for excellence by adopting best governance and disclosure practices are committed to good corporate governance. The Compliance Report is prepared and given below in conformity with the mandatory requirements of the Listing Agreement with the Stock Exchanges for the year ended March 31, 2010.

### 2. Board of Directors

#### a) Composition of the Board:

The Composition of the Board of Directors with reference to the number of Executive and Non-Executive Directors meets the requirement of Code of Corporate Governance. The Board is headed by the Executive Chairman.

#### b) Details of Memberships of the Directors in other Boards and in Board Committees as on March 31, 2010 are as under:

Name of Director	Category of Directorship	Directorship in other Companies	Details of Committee	
			Chairman	Member
Mr. Gautam S. Adani (Chairman & Managing Director)	Promoter & Executive Director	5	1	-
Mr. Rajesh S. Adani	Promoter & Non-Independent Director	11	2	2
Mr. Rajeeva Ranjan Sinha	Executive Director	6	-	-
Dr. Malay Mahadevia	Executive Director	7	-	-
Mr. K. N. Venkatasubramanian	Independent & Non Executive Director	5	-	1
Mr. S. Venkiteswaran	Independent & Non Executive Director	5	-	6
Mr. S. K. Tuteja	Independent & Non Executive Director	14	5	3
Mr. Arun Duggal	Independent & Non Executive Director	10	1	3
Mr. D. T. Joseph	Independent & Non Executive Director	7	1	2
Mr. Pankaj Kumar, IAS*	GMB Nominee	8	-	-

\* Appointed as Additional Director w.e.f. January 28, 2010

Other directorship does not include alternate directorship, directorship of Private Limited companies, companies under section 25 of the Companies Act, 1956 and of companies incorporated outside India. Chairmanship/Membership of Board Committees includes membership of Audit and Shareholders/Investors Grievance Committees in other public limited companies.

#### c) Board Procedure:

Board met five times during the year under review on May 20, 2009, July 30, 2009, October 30, 2009, December 1, 2009 and January 28, 2010. The time gap between any two meetings did not exceed four months.

The information as required under Annexure IA to Clause 49 of the Listing Agreement is made available to the Board. The agenda and the papers for consideration at the Board Meeting are circulated to the Directors in advance. Adequate information is circulated as part of the Board papers and is also made available at the Board Meeting to enable the Board to take decisions. As required under clause 49 of listing agreement, the Board periodically review compliances of various laws applicable to be Company.

The attendance of each Director at the Board Meetings and last Annual General Meeting held during the year under review are as under:

Name of Director	Meetings		Attendance at last AGM held on August 31, 2009
	Held	Attended	
Mr. Gautam S. Adani	5	5	Yes
Mr. Rajesh S. Adani	5	4	Yes
Dr. Malay Mahadevia	5	4	Yes
Mr. Rajeeva Ranjan Sinha	5	4	Yes
Mr. Ameet H. Desai*	5	2	No
Mr. K. N. Venkatasubramanian	5	5	Yes
Mr. S. Venkiteswaran	5	1	No
Mr. S. K. Tuteja, IAS (Retd.)	5	4	No
Mr. Arun Duggal	5	3	No
Mr. D. T. Joseph, IAS (Retd.)	5	4	Yes
Mr. Atanu Chakraborty, IAS**	5	1	No
Mr. Pankaj Kumar, IAS***	5	1	No

\* Resigned as a Director w.e.f October 31, 2009.

\*\* Resigned as a Director w.e.f November 20, 2009.

\*\*\*Appointed as Additional Director w.e.f January 28, 2010.

#### d) Code of Conduct:

Company's Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The Code is available on the website of the Company [www.portofmundra.com](http://www.portofmundra.com). All Board Members and Senior Management personnel have affirmed compliance of the Code of Conduct. A declaration signed by the CEO to this effect is attached at the end of this report.

#### e) Disclosures regarding appointment/re-appointment of Directors:

Mr. Rajeeva Ranjan Sinha, Mr. D. T. Joseph and Mr. K. N. Venkatasubramanian are Directors retiring at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. Ameet H. Desai has resigned as a Director w.e.f October 31, 2009 and Mr. Atanu Chakraborty, IAS Vice Chairman and CEO, GMB has resigned as a Director w.e.f November 20, 2009.

Mr. Pankaj Kumar, IAS has been appointed as an Additional Director w.e.f January 28, 2010 as per the provisions of Concession Agreement. He will retire pursuant to the provisions of Section 260 of the Companies Act, 1956 at the ensuing Annual General Meeting.

The Board has recommended the appointment of Mr. Pankaj Kumar, IAS and re-appointment of the retiring Directors. The Directors being appointed/re-appointed are not related to each other.

The brief resume and other information required to be disclosed under this section is provided in the Notice of the Annual General Meeting.

### 3. Committees of the Board

#### A) Audit Committee:

##### a) Constitution & Composition of Audit Committee:

The Audit Committee of the Company constituted on September 22, 2001 and was re-constituted on January 30, 2007 and July 30, 2009 in line with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange read with Section 292A of the Companies Act, 1956.

The composition of the Audit Committee and details of meetings attended by the members of the Audit Committee are given below:

Name	Category	No. of Meetings during the year	
		Held	Attended
Mr. K. N. Venkatasubramanian, Chairman	Non-Executive & Independent Director	4	4
Mr. S. Venkiteswaran	Non-Executive & Independent Director	4	1
Mr. S. K. Tuteja	Non-Executive & Independent Director	4	3
Mr. Rajesh S. Adani	Non-Executive & Non-Independent Director	4	3
Mr. D. T. Joseph*	Non-Executive & Independent Director	4	3

\*Inducted as member of Audit Committee w.e.f July 30, 2009.

During the year under review Audit Committee meeting was held four times on May 19, 2009, July 30, 2009, October 30, 2009 and January 28, 2010.

The Chief Financial Officer, Financial Controller, representatives of Statutory Auditors and Internal Audit Department are invited to the meetings of the Audit Committee.

Ms. Dipti Shah, Company Secretary and Compliance officer acts as Secretary of the Committee.

The Chairman of the Committee was present at the Annual General Meeting held on August 31, 2009.

The Committee discharges such duties and functions generally indicated in Clause 49 of the Listing Agreement with the Stock Exchanges and such other functions as may be specifically delegated to the Committee by the Board from time to time.

**b) Broad Terms of reference:**

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending the appointment and re-appointment of the statutory auditor and the fixation of their remuneration.
3. Reviewing and discussing with the management, the annual financial statements before submission to the Board with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
4. Reviewing the Quarterly and Half yearly financial results and the Annual financial statements before they are submitted to Board.
5. Reviewing and discussing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
6. Reviewing and discussing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Reviewing, if necessary, the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
10. Reviewing the Management Discussion and Analysis of financial condition and results of operations.
11. Reviewing and discussing the Statement of significant related party transactions submitted by management.
12. Reviewing and discussing the Management letters/letters of internal control weaknesses issued by the statutory auditors.
13. Reviewing the Internal audit reports relating to internal control weaknesses.
14. Reviewing and discussing the appointment, removal and terms of remuneration of the Chief Internal Auditor.

## B) Remuneration Committee:

### a) Constitution & Composition of Remuneration Committee:

The Remuneration Committee of the Company was constituted on September 3, 2005 and was re-constituted on May 27, 2008 and July 30, 2009.

The composition of the Remuneration Committee and details of Meetings attended by the Directors are given below:

Name	Category	No. of Meetings during the year	
		Held	Attended
Mr. K. N Venkatasubramanian, Chairman	Non-Executive & Independent Director	3	3
Mr. S. Venkiteswaran	Non-Executive & Independent Director	3	1
Mr. S. K. Tuteja	Non-Executive & Independent Director	3	2
Mr. Rajesh S. Adani	Non-Executive & Non-Independent Director	3	3
Mr. D. T. Joseph*	Non-Executive & Independent Director	3	2

\*Inducted as member of Remuneration Committee w.e.f July 30, 2009.

During the year under review Remuneration Committee meeting was held on May 20, 2009, July 30, 2009 and September 19, 2009.

### b) Brief Terms of reference:

The Remuneration Committee is responsible for determining and reviewing all matters in respect of managerial remuneration.

### c) Remuneration Policy:

#### i. Remuneration to Non-Executive Directors

Pursuant to the provisions of Section 198, 309 and all other applicable provisions of the Companies Act, 1956; Company can pay commission to Directors other than Managing Director and the Whole Time Director within the permissible limit of 1% of the net profits. Accordingly, the Non-Executive and Independent Directors of the Company are paid/payable Commission of Rupees Three Lacs per Quarter for a period of five years commencing from April 1, 2007, vide approval of the members at the Extra Ordinary General Meeting held on January 30, 2007. In addition to Commission, Non-Executive Directors are paid Rupees Ten thousand as sitting fees for attending each meeting of the Board and Committee.

#### ii. Remuneration to Executive Directors

The Board in consultation with the Remuneration Committee decides the Remuneration Structure for Executive Directors. On the recommendations of the Remuneration Committee the Remuneration paid/payable is approved by the Board of Directors and by the members in the General Meeting in terms of provisions applicable from time to time.

### d) Details of Remuneration:

#### i) Non-Executive Directors:

The details of sitting fees and commission paid to Non-Executive Directors during the financial year 2009-2010 is as under:

Name	Commission	(Rs. in lacs)
		Sitting Fees
Mr. Rajesh S. Adani	-	2.50
Mr. Arun Duggal	12.00	0.30
Mr. S. K. Tuteja	12.00	1.20
Mr. S. Venkiteswaran	12.00	0.40
Mr. K. N. Venkatasubramanian	12.00	1.70
Mr. D. T. Joseph	12.00	1.20
Mr. Atanu Chakraborty, IAS	-	0.10
Mr. Pankaj Kumar, IAS	-	0.10

There were no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Company.

**ii) Executive Directors:**

Details of remuneration paid to Chairman & Managing Director, Whole Time Directors and Executive Director during the financial year 2009-2010 is as under:

(Rs. in Lacs)

Name	Salary	Perquisites, allowances & other benefits	Commission	Total
Mr. Gautam S. Adani	120.00	-	50.00	170.00
Mr. Rajeeva Ranjan Sinha	58.00	89.00	-	147.00
Dr. Malay Mahadevia	55.57	83.36	-	138.93
Mr. Ameet H. Desai*	41.53	344.78	-	386.31

\* Resigned as a Director w.e.f October 31, 2009. Perquisites, Allowances & other benefits includes performance incentive of Rs. 300 Lacs.

**iii) Details of shares of the Company held by Directors as on March 31, 2010 are as under:**

Name	No. of shares held
Mr. Rajeeva Ranjan Sinha	865
Dr. Malay Mahadevia	2,89,553
Mr. S. Venkiteswaran	9,500
Mr. K. N. Venkatasubramanian	5,700
Mr. S. K. Tuteja	2,000

The Company does not have any Employees' Stock Option Scheme and there is no separate provision for payment of Severance Fees.

**C) Shareholders/Investors Grievance Committee:**

**a) Constitution & Composition of Shareholders/Investors Grievance Committee:**

The Shareholders/Investors Grievance Committee of Directors was constituted on January 30, 2007 and was reconstituted on July 30, 2009.

The composition of the Shareholders/Investors Grievance Committee and details of Meetings attended by the Directors are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. K. N. Venkatasubramanian, Chairman	Non-Executive & Independent Director	4	4
Mr. S. K. Tuteja	Non-Executive & Independent Director	4	3
Mr. Rajesh S. Adani	Non-Executive & Non-Independent Director	4	3
Mr. D. T. Joseph*	Non-Executive & Independent Director	4	3

\* Inducted as member of Shareholders/ Investors Grievance Committee w.e.f July 30, 2009.

Ms. Dipti Shah, Company Secretary and Compliance officer acts as Secretary of the Committee.

During the year under review Shareholders/Investors Grievance Committee meeting was held four times on May 19, 2009, July 30, 2009, October 30, 2009 and January 28, 2010.

**b) Brief terms of reference:**

To look into redressal of shareholders and investors complaints like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend, revalidation of dividend warrant or refund order etc.

**c) Details of complaints received and redressed during the year:**

Opening Balance	During the year		Pending Complaints
	Received	Resolved	
13	229	238	4

#### D) Transfer Committee:

##### a) Constitution & Composition of Transfer Committee:

The Transfer Committee of the Company was constituted on September 25, 2000 and was re-constituted on January 30, 2007 and January 28, 2010.

The composition of the Transfer Committee and details of Meetings attended by the Directors are given below:

Name	Category	No. of Meetings	
		Held	Attended
Mr. Rajesh S. Adani, Chairman	Non-Executive & Non-Independent Director	3	3
Mr. K. N. Venkatasubramanian	Non-Executive & Independent Director	3	1
Dr. Malay Mahadevia*	Whole Time Director	3	-
Mr. Ameet H. Desai**	Executive Director	3	3

\* Inducted as member of Transfer Committee w.e.f January 28, 2010.

\*\* Resigned as a Director w.e.f October 31, 2009

During the year under review Transfer Committee meeting was held Three times on April 10, 2009, May 19, 2009 and October 10, 2009.

##### b) Brief terms of reference:

- To approve and register transfer and/or transmission of Equity and Preference shares and Debentures.
- To subdivide, consolidate and issue Equity and Preference share certificates and/or Debenture certificate on behalf of the Company.
- To affix or authorise fixation of common seal of the Company on the Equity and Preference share certificates and Debenture Certificate of the Company.
- To issue Duplicate Equity and Preference Share Certificates and Debenture Certificate.
- To apply for dematerialization of the Equity and Preference Shares and Debentures.
- To do all such acts, deeds or things as may be necessary or incidental to the exercise of above powers.

#### 4. Subsidiary Companies:

None of the subsidiaries of the Company come under the purview of the Material Non-Listed Subsidiary as per criteria given in clause 49 of Listing Agreement. The Audit Committee of the Company reviewed the Financial Statements and Investments made by unlisted subsidiary Companies and the minutes of the unlisted Subsidiary Companies are placed at the Board Meetings of the Company.

#### 5. General Body Meetings:

##### a) The last three Annual General Meetings were held as under:

Financial Year	Date	Location of Meeting	Time	No. of special Resolutions passed
2006-2007	July 30, 2007	Board Room, Adani House, Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009	3.00 p. m.	–
2007-2008	September 26, 2008	Bhaikaka Bhavan, Law Garden, Ahmedabad – 380 006	9.00 a.m.	1
2008-2009	August 31, 2009	Bhaikaka Bhavan, Law Garden, Ahmedabad – 380 006	11:00 a.m.	1

##### b) Whether special resolutions were put through postal ballot last year, details of voting pattern:

No

##### c) Whether any resolutions are proposed to be conducted through postal ballot:

No Special Resolution requiring a Postal Ballot is being proposed at the ensuing Annual General Meeting of the Company.

##### d) Procedure for postal ballot:

Prescribed procedure for postal Ballot as per the provisions contained in this behalf in the Companies Act, 1956 and the rules made thereunder namely Companies (Passing of resolution by Postal Ballot) Rules, 2001 shall be complied with whenever necessary.

#### 6. Disclosures:

- There were no materially significant related party transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. The details of Related Party Transactions are disclosed in financial section of this Annual Report.

- b) In the preparation of the financial statements, the Company has followed the Accounting Policies and Practices as prescribed in the Accounting Standards.
- c) The implementation of the risk assessment and minimization procedure containing the project/potential risk areas, its intensity, its effects, causes and measures taken by the Company are reviewed by the committee periodically.
- d) The details of utilization of the proceeds of Initial Public Offer (IPO) are disclosed to the Audit Committee and the Board.
- e) Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report.
- f) There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority.
- g) The Chief Executive Officer and the Chief Financial Officer have furnished a Certificate to the Board for the year ended on March 31, 2010 in compliance with Clause 49 of Listing Agreement.
- h) A qualified Practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial audit report confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- i) The designated Senior Management Personnel of the company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

## 7. Means of Communication:

The quarterly, half-yearly and annual results are published in widely circulating national and local dailies such as 'The Business Standard' in English and 'Jan-Satta' in Gujarati. These results are not sent individually to the shareholders but are put on the website of the Company.

The Company's Financial results, Press release, official news and Investors presentations are displayed on the Company's web site [www.portofmundra.com](http://www.portofmundra.com)

Pursuant to the listing of the Company's shares, your management team has maintained consistent communication with investors at various forums organized by investment bankers and by organizing investor visit to the port and SEZ site.

## 8. General Shareholders Information:

### a) Date, time and venue of the 11th Annual General Meeting:

Saturday, the August 21, 2010 at 9.30 a.m. at J. B. Auditorium Hall, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015.

### b) Financial Year:

Financial year is 1st April to 31st March and financial results will be declared as per the following schedule.

Particulars	:	Tentative Schedule
Quarterly Results		
Quarter ending on June 30, 2010	:	on or before August 14, 2010
Quarter ending on September 30, 2010	:	on or before November 14, 2010
Quarter ending on December 31, 2010	:	on or before February 14, 2011
Annual Result of 2010-11	:	on or before May 30, 2011

### c) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, August 11, 2010 to Saturday, August 21, 2010 (both days inclusive) for the purpose of 11th Annual General Meeting.

### d) Dividend payment date:

The final dividend, if declared, shall be paid on or after August 25, 2010.

### e) Unclaimed Shares Lying in the Escrow Account:

The Company entered the Capital Market with Initial Public Offer through 100% Book Building process for 4,02,50,000 equity shares of Rs. 10/- each at a premium of Rs. 430/- per share. In light of SEBI's notification No. SEBI/CFD/DIL/LA/2009/24/04 on April 24, 2009, the Company has opened separate demat account in the name of "Mundra Port And Special Economic Zone Limited – IPO Escrow Account" in order to credit the unclaimed shares which could not be allotted to the rightful shareholder due to insufficient/incorrect information or any other reason. The voting rights in respect of the said shares will be frozen till the time rightful owner claims such shares.

Details of shares in Mundra Port And Special Economic Zone Limited – IPO Escrow Account are as under:

Sr. No.	Particulars	No. of shareholders	No. of shares
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the time of opening of IPO Escrow Account	447	6705
(ii)	Number of shareholders who approached issuer for transfer of shares from suspense account during the year	43	645
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year	43	645
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	404	6060

**f) Listing on Stock Exchanges:**

The Company's shares are listed on the following Stock Exchanges:

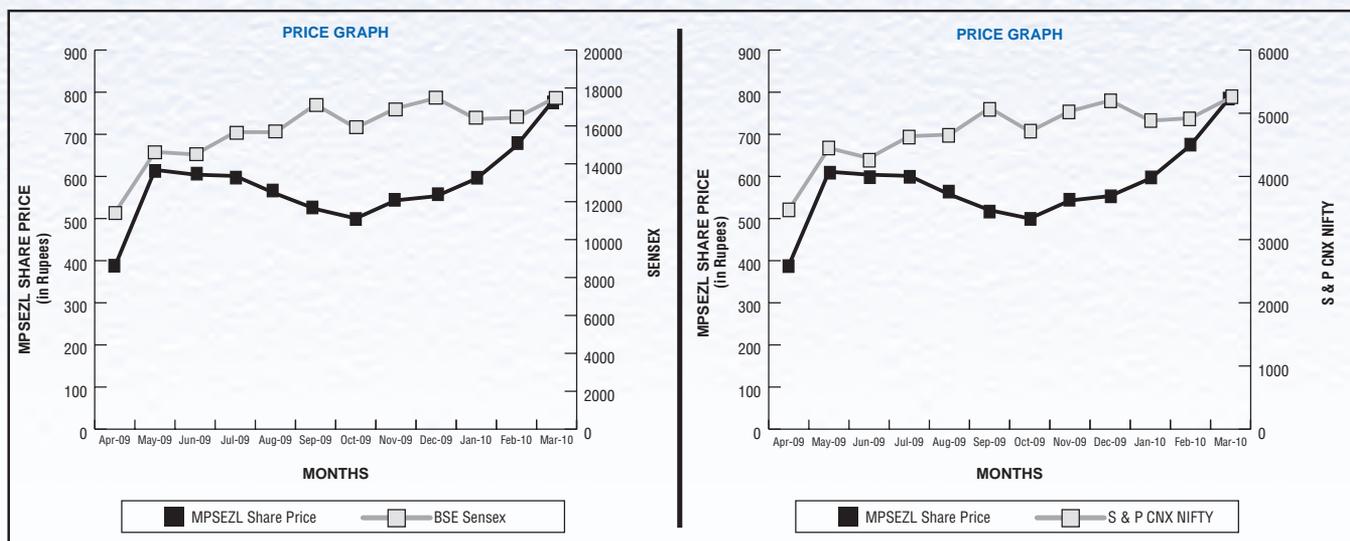
Name of Stock Exchange	Address	Code
Bombay Stock Exchange Limited	Floor 25, P. J Towers, Dalal Street, Mumbai -400 001	532921
National Stock Exchange of India Limited	Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	MUNDRAPORT

Annual Listing Fees for the year 2010-11 have been paid by the Company to BSE and NSE.

**g) Market Price Data:**

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	419.90	324.00	419.70	323.30
May, 2009	649.95	394.00	649.00	362.25
June, 2009	704.90	577.25	705.00	570.55
July, 2009	619.85	490.50	620.00	491.05
August, 2009	623.50	522.10	624.00	522.00
September, 2009	572.90	520.20	573.90	516.25
October, 2009	563.00	468.00	564.00	467.15
November, 2009	560.50	468.10	569.70	474.00
December, 2009	584.00	532.50	584.80	537.00
January, 2010	662.75	481.30	662.75	525.00
February, 2010	695.90	590.25	696.75	590.10
March, 2010	799.40	663.65	799.80	663.50

**h) Performance of the share price of the Company in comparison to BSE Sensex and S&P CNX Nifty:**



**i) Registrar & Transfer Agents:**

Name & Address : Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai - 400 078  
Tel. : 91 22 2594 6970/78  
Fax. : 91 22 2594 6969  
E-mail : rnt.helpdesk@linkintime.co.in  
Contact Person : Mr. Mahesh Masurkar/ Mr. Dhanaji Jondhale  
Website : www.linkintime.co.in

**j) Share Transfer Procedure:**

All the transfers are processed by the Registrar and Share Transfer Agents and are approved by the Transfer Committee.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialization of the shares of the Company and for conducting secretarial audit on a quarterly basis for reconciliation of the share capital of the Company.

**k) Shareholding as on March 31, 2010:**

**(a) Distribution of Shareholding as on March 31, 2010:**

No. of shares	No. of shares	% to Shares	Total no. of accounts	% to total accounts
1-500	94,02,979	2.35	4,05,969	99.42
501-1000	8,85,636	0.22	1,159	0.28
1001-2000	7,49,084	0.19	517	0.13
2001-3000	4,07,310	0.10	161	0.04
3001-4000	2,77,289	0.07	77	0.02
4001-5000	3,11,479	0.07	67	0.02
5001-10000	9,94,578	0.25	135	0.03
10001 & above	38,76,50,465	96.75	264	0.06
<b>Total</b>	<b>40,06,78,820</b>	<b>100.00</b>	<b>4,08,349</b>	<b>100.00</b>

**(b) Shareholding Pattern as on March 31, 2010:**

Category	No. of shares held		Total No. of Shares	% of Holding
	Physical	Electronic		
Promoter Holding	-	32,12,21,738	32,12,21,738	80.17
Mutual Funds/UTI	-	40,98,575	40,98,575	1.02
Banks / FI/ Central Govt. / State Govt. & Insurance Companies	-	50,39,315	50,39,315	1.26
Foreign Institutional Investors	-	3,67,39,799	3,67,39,799	9.17
Trusts	-	1,855	1,855	0.00
NRI/ Foreign Nationals	-	7,20,261	7,20,261	0.18
Foreign Companies	-	1,15,03,563	1,15,03,563	2.87
Other Corporate Bodies	-	28,64,609	28,64,609	0.71
Clearing Member	-	5,58,056	5,58,056	0.14
Directors/Relatives of Director	-	3,09,678	3,09,678	0.08
Indian Public	3,82,831	1,72,38,540	1,76,21,371	4.40
<b>Total</b>	<b>3,82,831</b>	<b>40,02,95,989</b>	<b>40,06,78,820</b>	<b>100.00</b>

**l) Dematerialization of Shares and Liquidity:**

The Company's shares are compulsorily traded in dematerialized form. Equity shares of the Company representing 99.90% of the Company's share capital are dematerialized as on March 31, 2010.

The Company's shares are regularly traded on the 'Bombay Stock Exchange Limited' and 'National Stock Exchange of India Limited'.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE742F01034.

**m) Listing of Debt Securities:**

The Secured Redeemable Non-Convertible Debentures issued on private placement basis by the Company are listed on the Wholesale Debt Market (WDM) of Bombay Stock Exchange Limited. (BSE)

**n) Debenture Trustees (for privately placed debentures)**

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
17, R. Kamani Marg,  
Ballard Estate,  
Mumbai – 400 001.

**o) Outstanding GDRs/ADRs/Warrants or any convertible instrument, conversion and likely impact on equity: Nil**

**p) Site location:**

"Adani House", Navinal Island,  
Mundra - 370 421,  
Kutch, Gujarat.

**q) Address for Correspondence:**

- i) Ms. Dipti Shah,  
Company Secretary & Compliance Officer  
"Adani House",  
Nr. Mithakhali Six Roads,  
Navrangpura,  
Ahmedabad -380 009  
Tel.: 91 79 2656 5555  
Fax: 91 79 2656 5500  
E-mail: dshah@adanigroup.com, kpbhagia@adanigroup.com
- ii) For transfer/dematerialization of shares, change of address of members and other queries.  
Mr. Mahesh Masurkar/ Mr. Dhanaji Jondhale  
Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai – 400078.  
Tel. : 91 22 2594 6970/78  
Fax. : 91 22 2594 6969  
E-mail : rnt.helpdesk@linkintime.co.in

**r) Non-mandatory Requirements:**

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

**1. Chairman's Office:**

Your Company has an Executive Chairman and hence, the need for implementing this non-mandatory requirement does not arise.

**2. Remuneration Committee:**

Your Company has a Remuneration Committee to recommend appointment/re-appointment and to recommend/review remuneration of the Executive Director/Managing Director/ Whole Time Directors.

**3. Shareholders Right:**

The quarterly/ half quarterly results of your Company after being subjected to a Limited Review by the Statutory Auditors are published in newspapers and posted on Company's website [www.portofmundra.com](http://www.portofmundra.com). The same are also available at the sites of the stock exchanges where the shares of the Company are listed i.e. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

**4. Postal Ballot:**

The provisions relating to Postal Ballot will be complied with in respect of matters as and when applicable.

**5. Audit Qualifications:**

There are no qualifications in the Auditor's Report on the financial statements to the shareholders of the Company.

**6. Training of Board Members:**

There is not formal policy at present for training of the Board members of the Company as the members of the Board are eminent and experienced professional persons.

**7. Whistle Blower Policy:**

Over the past few years, the Company has instilled transparency and follows an open work culture.

As the spirit and purpose of the Whistle Blower Policy are met and respected, the Company is in the process of formulating and deploying of such policy.

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## Declaration

I, Gautam S. Adani, Chairman and Managing Director of Mundra Port And Special Economic Zone Limited hereby declare that as of March 31, 2010, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel laid down by the Company.

**For Mundra Port And Special Economic Zone Limited**

**Place: Ahmedabad**

**Date: April 28, 2010**

**Gautam S. Adani**

*Chairman & Managing Director*

## Certificate on Corporate Governance

To,  
The Members of  
Mundra Port And Special Economic Zone Limited

We have examined the compliance of Corporate Governance by Mundra Port And Special Economic Zone Limited (“the Company”) for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementations thereof adopted by the Company for ensuig the compliance of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of 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.

**Place: Ahmedabad**  
**Date: May 17, 2010**

**CS Ashwin Shah**  
*Company Secretary*  
C. P. No. 1640

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## Certificate of Chief Executive Officer and Chief Financial Officer

We have reviewed the financial statements and the cash flow statements for the year ended March 31, 2010 and that 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.
3. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2010 which are fraudulent, illegal or violative of the Company’s Code of Conduct.
4. We accept responsibility for establishing and maintaining internal control system and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control system, if any, of which we are aware and the steps we have taken or propose to taken to rectify these deficiencies.
5. We further certify that we have indicated to the auditors and the Audit Committee:
  - a) There have been no significant changes in internal control system during the year;
  - b) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company’s internal control system.

**Place: Ahmedabad**  
**Date: May 17, 2010**

**Gautam S. Adani**  
*Chief Executive Officer*

**B. Ravi**  
*Chief Financial Officer*

## Auditors' Report on Abridged Financial Statements

To  
The Members of  
Mundra Port and Special Economic Zone Limited,

We have examined the attached abridged balance sheet of Mundra Port and Special Economic Zone Limited ('the Company') as at March 31, 2010 and the abridged profit and loss account and cash flow statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "abridged financial statements"). These abridged financial statements have been prepared by the company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the accounts of the company for the year ended March 31, 2010 prepared in accordance with Schedule VI to the Companies Act, 1956 and covered by our report of even date to the members of the company which is attached hereto.

**For S.R. BATLIBOI & ASSOCIATES**  
**Firm Registration No : 101049W**  
*Chartered Accountants*

**Place : Ahmedabad**  
**Date : May 17, 2010**

**per Arpit K. Patel**  
*Partner*  
**Membership No. 34032**

## Auditor's Report

To  
The Members of  
Mundra Port And Special Economic Zone Limited:

1. We have audited the attached Balance Sheet of Mundra Port And Special Economic Zone Limited ('the Company') as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note No. 9 in Schedule 23 to the financial statements in respect of eligibility for income tax holiday as per provisions of Section 80-IAB of the Income Tax Act, 1961.
5. Further to our comments in the Annexure referred to above, we report that:
  - i. 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;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of the written representations received from the directors as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 March 31, 2010;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S.R. BATLIBOI & ASSOCIATES**  
Firm registration number: 101049W  
*Chartered Accountants*

**per Arpit K. Patel**  
*Partner*  
Membership No.: 34032

**Place: Ahmedabad**  
**Date: May 17, 2010**

## Annexure referred to in paragraph [3] of our report of even date

Re: Mundra Port And Special Economic Zone Limited ('the Company')

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
  - (c) There was no substantial disposal of fixed assets during the year.
- (ii)
  - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
  - (b) The procedures of physical verification of inventory followed by the 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 and no material discrepancies were noticed on physical verification.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) The Company has granted unsecured loans to two subsidiary companies during the year, one of which is a wholly owned subsidiary. In respect of the said loans, the maximum amount involved during the year was Rs. 15,136.50 lacs and the year end balance of loans granted to such parties was Rs. 14,986.50 lacs.
  - (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans, including interest free loan given to wholly owned subsidiary, are not prima facie prejudicial to the interest of the Company.
  - (c) The loans granted are repayable on demand and there is no repayment schedule. The interest wherever applicable is payable on demand.
  - (d) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest, there are no overdue amounts.
  - (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (iv) Part of the Company's purchases of fixed assets and sale of services are stated to be of unique and specialized nature, and hence, in such cases, the comparison of prices with the market rates or with purchases from/sales to other parties cannot be made. Read with the above, 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 the nature of its business, for the purchase of inventory and fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. The Company does not sell any goods due to the nature of its business.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) As the Company does not manufacture any products, the provisions of clause (viii) of the Companies (Auditor's Report) Order, 2003 (as amended) regarding maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 are not applicable.
- (ix)
  - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.  
Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (c) According to the records of the Company, there are no dues outstanding for income-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, except as follows:

Name of the statute	Nature of dues	Amount (Rs. lacs)	Period in which the amount relates	Forum where dispute is pending
Customs Act, 1962	Show cause notice from the Custom Authorities for recovery of custom duty in relation to import of Crude Petroleum Oil	26.60	November, 2004	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
Customs Act, 1962	Show cause notice from the Custom Authorities for recovery of custom duty in relation to import of Acrylonitrile	14.20	July 3, 2003	Assistant Commissioner of Customs, Mundra
Customs Act, 1962	Show cause notice from the Custom Authorities for recovery of custom duty, fine and penalty on the import of a tug and bunkers	207.15	March, 2005	Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad
Customs Act, 1962	Order from Deputy Commissioner of Customs, Mundra directing to pay differential duty and penalty for short delivery of imported goods of various customers	2.62	March, 2007	Commissioner of Customs (Appeals), Ahmedabad
Customs Act, 1962	Order from Deputy Commissioner of Customs directing to pay differential duty and penalty for short delivery of imported goods of various customers	7.59	February, 2007	Commissioner of Customs (Appeal), Ahmedabad
Customs Act, 1962	Demand Notice from Deputy Commissioner of Customs directing to pay education cess against import of Steel Sole Plates	4.62	2005-06	Deputy Commissioner of Customs, Mundra
Customs Act, 1962	Demand Notice from Deputy Commissioner of Customs directing to pay duty by holding that Company wrongly availed duty benefit under DFCEC Scheme on import of equipment	25.03	August, 2007	Deputy Commissioner of Customs, Mundra
Customs Act, 1962	Demand Notice from Assistant Commissioner of Customs directing to pay duty by holding that Company wrongly availed duty benefit on import of equipment components	1.28	January, 2008	Assistant Commissioner of Customs, Mumbai
Finance Act, 1994	Show Cause Notice from Commissioner of Customs and Central Excise disallowing and recovering duty, interest and penalty holding that Company wrongly availed Service Tax Credit/Cenvat Credit and Education Cess on steel and cement etc. (Net of deposit Rs. 250 lacs)	871.57	2005-06	High Court of Gujarat
Finance Act, 1994	Show Cause Notice from Commissioner of Customs and Central Excise disallowing and recovering duty, interest and penalty holding that Company wrongly availed Service Tax Credit/Cenvat Credit and Education Cess on steel and cement etc.	4,608.83	April, 2006 to March, 2009	Commissioner of Customs and Central Excise, Rajkot
Customs Act, 1962	Demand Notice from Commissioner of Customs for recovery of penalty in connection with import of aircraft, owned by Karnavati Aviation Private Limited, Subsidiary of the Company.	200.00	June, 2008	Commissioner of Customs, Ahmedabad

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantees for credit facilities taken by the body corporates from banks and financial institutions, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 11,000 debentures of Rs. 10,00,000 each. The Company has created security or charge in respect of debentures issued.
- (xx) The Company has not raised any money by public issues during the year. The management has disclosed the end use of monies during the year, out of public issue raised in the earlier year (Refer Note No. 23 in Schedule 23) and the same has been verified by us.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, which have been relied upon by us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. BATLIBOI & ASSOCIATES**  
**Firm Registration No.: 101049W**  
*Chartered Accountants*

**per Arpit K. Patel**  
*Partner*

**Membership No.: 34032**

**Place: Ahmedabad**  
**Date: May 17, 2010**

## Abridged Balance Sheet as at March 31, 2010

(Statement containing salient features of Balance Sheet as per section 219(1)(b)(iv) of the Companies Act, 1956)

	As at March 31, 2010 Rs. in Lacs	As at March 31, 2009 Rs. in Lacs
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Capital		
Equity Share	40,067.88	40,067.88
Preference Share	281.10	281.10
	<b>40,348.98</b>	<b>40,348.98</b>
<b>Reserves and Surplus</b>		
Capital Reserves	8,433.16	7,027.64
Securities Premium Account	186,215.42	187,378.15
Debenture Redemption Reserve	10,844.38	113.84
Revenue Reserve	13,567.44	6,443.84
Surplus in Profit and Loss Account	89,415.11	53,214.64
	<b>308,475.51</b>	<b>254,178.11</b>
<b>Loan funds</b>		
Debentures (Non-Convertible)	106,270.81	455.00
Secured Loans (other than debentures)	156,964.16	228,042.58
Unsecured Loans	52,482.70	2,802.25
	<b>315,717.67</b>	<b>231,299.83</b>
<b>Amount Received/Receivable under Long Term Lease/ Infrastructure Usage Agreements</b>	<b>62,251.34</b>	<b>65,184.65</b>
<b>Deferred Tax Liabilities</b>	<b>28,120.68</b>	<b>22,969.96</b>
	<b>754,914.18</b>	<b>613,981.53</b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Net Block (Original Cost less Depreciation)	420,993.40	325,142.11
Capital Work- in- Progress including Capital Advances	139,460.82	123,255.26
	<b>560,454.22</b>	<b>448,397.37</b>
<b>Investments</b>		
Investment in Subsidiary Companies-Unquoted	50,910.11	20,162.38
Others-Unquoted	21,193.36	21,358.15
	<b>72,103.47</b>	<b>41,520.53</b>
<b>Current Assets, Loans and Advances</b>		
Inventories	3,139.03	2,648.97
Sundry Debtors	15,799.03	21,164.32
Cash and Bank Balances	85,868.11	113,071.19
Other Current Assets	6,218.11	5,223.25
Loans and Advances		
- To Subsidiary Companies	17,986.50	925.67
- To Others	42,349.61	16,511.25
	<b>171,360.39</b>	<b>159,544.65</b>
<b>Less: Current liabilities and provisions</b>		
Liabilities	41,636.20	30,792.54
Provisions	7,367.70	4,688.48
	<b>49,003.90</b>	<b>35,481.02</b>
<b>Net Current Assets</b>	<b>122,356.49</b>	<b>124,063.63</b>
<b>Miscellaneous Expenditure to the extent not written off or adjusted</b>	<b>-</b>	<b>-</b>
	<b>754,914.18</b>	<b>613,981.53</b>

**Refer Notes forming part of the Abridged Accounts**

Compiled from the Audited Accounts of the Company referred to in our Report dated May 17, 2010.

**As per our report of even date**

**For and on behalf of the Board of Directors**

**For S. R. BATLIBOI & ASSOCIATES**

**Firm Registration No. : 101049W**

*Chartered Accountants*

**Gautam S. Adani**

*Chairman and Managing Director*

**Rajesh S. Adani**

*Director*

**per Arpit K. Patel**

*Partner*

**Membership No. 34032**

**Dr. Malay R. Mahadevia**

*Wholtime Director*

**Dipti Shah**

*Company Secretary*

**B. Ravi**

*Chief Financial Officer*

**Place: Ahmedabad**

**Date: May 17, 2010**

**Place: Ahmedabad**

**Date: May 17, 2010**

## Abridged Profit and Loss Account for the year ended March 31, 2010

(Statement containing salient features of Profit and Loss Account as per section 219(1)(b)(iv) of the Companies Act, 1956)

	For the year ended March 31, 2010 Rs. in Lacs	For the year ended March 31, 2009 Rs. in Lacs
<b>INCOME</b>		
<b>Operating &amp; Other Income</b>		
Income from Operation	139,251.70	113,512.25
Dividend	133.91	177.48
Profit on Sale of Fixed Assets	413.11	1,507.69
Profit on Sale of Investments	1,348.23	2,439.06
Other Income	1,212.72	308.18
	<b>142,359.67</b>	<b>117,944.66</b>
<b>EXPENDITURE</b>		
Operating Expenses	28,714.10	26,141.37
Personnel Expenses	4,565.71	2,657.59
Managerial Remuneration	842.23	1,337.94
Administrative and Other Expenses	5,323.38	5,404.70
Charity & Donations	3,648.46	1,767.04
Auditor's Remuneration	43.62	39.42
Interest Expense, Foreign Exchange / Derivative Losses and Finance Charges	18,220.44	23,423.14
Less : Interest Income and Foreign exchange / Derivative Gain	14,073.42	10,128.12
	<b>4,147.02</b>	13,295.02
Depreciation/Amortisation	16,814.10	13,723.50
	<b>64,098.62</b>	<b>64,366.58</b>
<b>Profit Before Tax and Prior Period Items</b>	<b>78,261.05</b>	53,578.08
Prior Period Items	(2,215.66)	(2,174.98)
<b>Profit Before Tax</b>	<b>76,045.39</b>	51,403.10
Provision for Current Tax	797.10	1,380.67
Provision for Deferred Tax Charge	5,150.73	5,228.37
Provision for Fringe Benefit Tax	-	143.00
Write Back of Excess Provision for Income Tax related to earlier year	-	(1,457.46)
<b>Profit After Tax</b>	<b>70,097.56</b>	46,108.52
Balance from Previous Year brought forward	53,214.64	23,753.54
<b>Profit available for Appropriations</b>	<b>123,312.20</b>	69,862.06
<b>Appropriations :</b>		
Interim Dividend on Equity Shares	10,018.68	8,015.69
Dividend on Preference Shares	0.03	0.03
Proposed Final Dividend on Equity Shares	6,010.18	4,006.79
Transfer to Capital Redemption Reserve	14.06	14.06
Transfer to General Reserve	7,009.76	4,610.85
Transfer to Debenture Redemption Reserve	10,844.38	-
Balance in Profit & Loss Account carried forward to Balance Sheet	89,415.11	53,214.64
	<b>123,312.20</b>	<b>69,862.06</b>
Basic and Diluted Earnings per Share (in Rs.)	17.49	11.51
Nominal Value of Share Rs.10 (Previous Year Rs.10)		
<b>Refer Notes forming part of the Abridged Accounts</b>		

Compiled from the Audited Accounts of the Company referred to in our Report dated May 17, 2010.

**As per our report of even date**

**For and on behalf of the Board of Directors**

**For S. R. BATLIBOI & ASSOCIATES**

**Firm Registration No. : 101049W**

*Chartered Accountants*

**Gautam S. Adani**

*Chairman and Managing Director*

**Rajesh S. Adani**

*Director*

**per Arpit K. Patel**

*Partner*

**Membership No. 34032**

**Dr. Malay R. Mahadevia**

*Wholtime Director*

**Dipti Shah**

*Company Secretary*

**B. Ravi**

*Chief Financial Officer*

**Place: Ahmedabad**

**Date: May 17, 2010**

**Place: Ahmedabad**

**Date: May 17, 2010**

## Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010 Rs. in Lacs	For the year ended March 31, 2009 Rs. in Lacs
<b>A. Cash Flow from Operating Activities</b>		
Net profit before taxation, and extraordinary items	76,045.39	51,403.10
Adjustments for :		
Depreciation	16,814.10	13,723.50
Sundry Balances written off (Net)	127.89	39.84
Provision written back	(416.42)	(0.98)
Amortisation of Amounts Received under Long Term Infrastructure Usage Agreements	(2,933.31)	(2,924.82)
Interest Expense	17,433.61	19,806.49
Unrealised Foreign Exchange (Gain) / Loss	(231.05)	230.26
Unrealised derivative (Gain) / Loss	(2,798.00)	2,798.00
Interest Income	(10,798.78)	(10,128.12)
Profit on sale of Current Investments	(1,348.23)	(2,439.06)
Dividend Income from long term and current investments	(133.91)	(177.48)
Profit on sale of Fixed Assets	(413.11)	(1,507.69)
<b>Operating Profit before Working Capital Changes</b>	<b>91,348.18</b>	<b>70,823.04</b>
Adjustments for :		
Decrease in Debtors	5,386.86	8,469.37
(Increase) in Inventories	(490.06)	(802.22)
(Increase) in Other Current Assets	(1,561.36)	(464.55)
(Increase) in Loans and Advances	(3,069.21)	(1,316.99)
Increase in Current Liabilities and Provisions	12,327.36	1,751.11
<b>Cash Generated from Operations</b>	<b>103,941.77</b>	<b>78,459.76</b>
Direct Taxes paid (Net)	(437.75)	(2,261.55)
<b>Net Cash from Operating Activities</b>	<b>103,504.02</b>	<b>76,198.21</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(142,586.58)	(125,686.76)
Purchase of Investments / Share application money paid	(50,530.54)	(100,330.77)
Share application money received back	-	1,250.00
Inter-corporate deposit/ loans given	(91,286.50)	(34,365.67)
Inter-corporate deposit/ loans received back	43,725.67	34,804.42
Proceeds from / (Deposits in) Fixed Deposits with a maturity period of more than 90 days (net)	21,458.37	(6,355.67)
Sale of Investments	28,539.44	165,937.42
Sale of Fixed Assets	2,404.72	2,560.70
Dividend Income	133.91	177.48
Interest Received	11,365.28	9,883.37
<b>Net Cash used in Investing Activities</b>	<b>(176,776.23)</b>	<b>(52,125.48)</b>

		For the year ended March 31, 2010 Rs. in Lacs	For the year ended March 31, 2009 Rs. in Lacs
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Receipt of Long Term Borrowings (including Debentures)	182,477.09	46,109.09
	Repayment of Long Term Borrowings (including Debentures)	(172,888.16)	(17,781.94)
	Increase in Short Term Borrowings (net)	87,500.00	-
	Inter-corporate deposit received	-	2,500.00
	Inter-corporate deposit refund	-	(2,500.00)
	Interest & Finance Charges Paid	(15,532.50)	(19,680.76)
	Payment of Dividend	(14,037.90)	(14,066.35)
	<b>Net Cash Flow from Financing Activities</b>	<b>67,518.53</b>	<b>(5,419.96)</b>
<b>D.</b>	<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(5,753.68)</b>	18,652.77
<b>E.</b>	<b>Cash and Cash Equivalents at start of the period</b>	<b>26,123.99</b>	7,471.22
<b>F.</b>	<b>Cash and Cash Equivalents at close of the period</b>	<b>20,370.31</b>	26,123.99
	Components of Cash & Cash Equivalents		
	Cash and Cheques on Hand	4.05	6.85
	Balances with Scheduled Banks		
	- On Current Accounts	13,166.26	15,967.14
	- On Fixed Deposit Accounts	7,200.00	10,150.00
	<b>Cash and Cash Equivalents at close of the period</b>	<b>20,370.31</b>	26,123.99
	<b>Add:</b>		
	Fixed Deposits pledged (restricted Cash)	31,839.49	11,243.55
	Fixed Deposits with original maturity of more than 90 days	33,588.34	75,642.65
	Share Application Refund Account	16.96	20.39
	Unclaimed dividend	53.01	40.61
	<b>Cash and Bank balance at the end of the year</b>	<b>85,868.11</b>	113,071.19

**Notes:**

1. The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statements notified by Company Accounting Standard Rules, 2006.
2. Figures in brackets represents Cash Outflow.
3. Previous year's figures have been regrouped where necessary to confirm to this year's classification.

**As per our report of even date**

**For S. R. BATLIBOI & ASSOCIATES**

**Firm Registration No. : 101049W**

*Chartered Accountants*

**per Arpit K. Patel**

*Partner*

**Membership No. 34032**

**Place: Ahmedabad**

**Date: May 17, 2010**

**For and on behalf of the Board of Directors**

**Gautam S. Adani**

*Chairman and Managing Director*

**Dr. Malay R. Mahadevia**

*Wholetime Director*

**Place: Ahmedabad**

**Date: May 17, 2010**

**Rajesh S. Adani**

*Director*

**Dipti Shah**

*Company Secretary*

**B. Ravi**

*Chief Financial Officer*

**1. (Note No. 2 of Schedule 23)****Statement of Significant Accounting Policies****a) Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Fixed Assets**

- i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- ii) In respect of accounting periods commencing on after December 7, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.
- iii) Insurance spares / stand by equipments are capitalized as part of mother assets.

**d) Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity (net of income, if any) is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the Profit & Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure as a result of capital expansion. The same is treated as pre-operative expenditure pending allocation to fixed assets in progress and is shown under "Capital Work-in-Progress". The same is transferred to fixed assets on progressive basis and is capitalized along with fixed assets on commencement of commercial activities.

**e) Depreciation**

- i) Depreciation on Fixed Assets, except for those stated in para (ii) to (vi) below, is provided on straight line method (SLM) at the rates prescribed under Schedule XIV of the Companies Act, 1956, or the rates determined on the basis of useful life of the respective assets, whichever is higher.
- ii) Cost of Leasehold Land Development, Marine Structures and Dredged Channels is amortized over the period of the Concession Agreement of 30 years effective from February 17, 2001 with Gujarat Maritime Board or their useful life, whichever is lower.
- iii) Depreciation on Mobile phones, included under Office Equipment, Furniture and Fixtures, is provided at the rate of 100% in the month of purchase.
- iv) Depreciation on Dredging Pipes, included under Plant and Machinery, is provided on the basis of their useful life which is estimated at 18 months.
- v) Depreciation on individual assets costing up to Rs. 5,000.00 is provided at the rate of 100% in the month of purchase.
- vi) Insurance spares/standby equipments are depreciated prospectively over the remaining useful lives of the respective mother assets.

**f) Intangibles**

Intangible assets are amortized on straight line basis over their estimated useful lives as follows:

<b>Intangible Assets</b>	<b>Estimated Useful Life (Years)</b>
Goodwill arising on the amalgamation of Adani Port Limited	Over the balance period of Concession Agreement computed from the Appointed Date of the Scheme of Amalgamation i.e. 28 years.
Softwares	3 years

**g) Impairment**

- i) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**h) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**i) Leases**

*Where the Company is the lessee*

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

*Where the Company is the lessor*

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

**j) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

**k) Inventories**

Stores and Spares: Valued at lower of cost and net realizable value. Cost is determined on a moving weighted average basis. Cost of stores and spares lying in bonded warehouse includes custom duty accounted for on accrual basis.

Net Realizable Value is the estimated current procurement price in the ordinary course of the business.

**l) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**i) Port Operation Services**

Revenue from port operation services including rail infrastructure is recognized on proportionate completion method basis based on service rendered.

**ii) Income from Long Term Leases/Infrastructure Usage Agreements**

As a part of its business activity, the Company also leases/sub-leases land on long term basis to its customers. In some cases, the upfront premium received/receivable on such sub-leases is refundable proportionately on cancellation of such sub-leases before maturity, while in other cases, it is non-refundable. In cases where such upfront premium is non-refundable, the Company

recognizes the entire premium as income in the year in which the sub-lease agreement/memorandum of understanding takes effect while in cases where such upfront is proportionately refundable, such premium is recognized as income pro-rata over the period of sub-lease agreement. Land sub-lease rent receivable under the above agreements is accounted for as income in accordance with the terms of such agreements. Income under Long Term Infrastructure Usage Agreements is recognized in accordance with the terms of such agreements.

**iii) Contract Revenue**

Revenues from construction contracts are recognized on a percentage completion method, in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Contract revenue earned in excess of billing has been reflected under “Other Current Assets” and billing in excess of contract revenue has been reflected under “Current Liabilities” in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen.

**iv) Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**v) Dividends**

Revenue is recognised when the shareholders’ right to receive payment is established by the balance sheet date.

**m) Foreign Currency Translation**

**i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**iii) Exchange Differences**

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a “Foreign Currency Monetary Item Translation Difference Account” in the enterprise’s financial statements and amortized over the balance period of such long term asset/liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**iv) Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**v) Derivative transactions**

The Company enters into various foreign currency option contracts and options to hedge its risks with respect to foreign currency fluctuations. These foreign exchange forward contracts and options are not used for trading or speculation purpose. At every period end, all outstanding derivative contracts are fair valued on a marked-to-market basis and any loss on valuation is recognized in the profit and loss account. Any gain on marked-to-market valuation of respective contracts is only recognized to the extent of the loss on foreign currency re-instatement of the underlying transaction, keeping in view the principle of prudence as enunciated in AS 1, ‘Disclosure of Accounting Policies’. Any subsequent change in fair values, occurring after balance sheet date, is accounted for in subsequent period.

## **n) Employee Benefits**

### **i) Provident fund and superannuation fund**

Retirement benefits in the form of Provident Fund and Superannuation Fund Schemes are defined contribution schemes and the contributions are charged to the Profit and Loss Account in the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

### **ii) Gratuity**

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Company has taken an insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and amount paid/payable in respect of the present value of liability for past services is charged to the Profit & Loss account every year. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with LIC is provided for as liability in the books.

### **iii) Leave Benefits**

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per projected unit credit method.

### **iv) Actuarial Gains/Losses**

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

## **o) Income Taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. The Company is eligible and claims tax deductions available under Section 80IAB of the Income Tax Act, 1961, in respect of income attributable to Special Economic Zone activities (including notified port area).

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. In view of Company availing tax deduction under Section 80IAB of the Income Tax Act, 1961, deferred tax has been recognized in respect of timing difference, which originates during the tax holiday period but reverse after the tax holiday period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forward unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

MAT credit is recognised, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

## **p) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting Preference Dividends) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**q) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. These are reviewed at each Balance Sheet date and adjusted to reflect the current best management estimates. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**r) Segment Reporting Policies**

The Company's operating businesses are organised and managed separately according to the nature of services provided, with each representing a strategic business unit that offers different services and serves different category of customers. The analysis of geographical segments is based on the geographical location of the customers.

**s) Cash and Cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank, cash in hand and short-term investments with an original maturity of ninety days or less.

**t) Miscellaneous Expenditure**

Miscellaneous Expenditure represents the expenses incurred on Initial Public Offer and the same are adjusted against Securities Premium Account as permitted under Section 78 of the Companies Act, 1956.

**2. (Note No. 3 of Schedule 23)**

**Segment Information**

The Company is primarily engaged in the business of developing, operating and maintaining the Mundra Port and port based related infrastructure facilities including Multi product Special Economic Zone. The entire business has been considered as a single segment in terms of Accounting Standard-17 on Segment Reporting issued by the Institute of Chartered Accountants of India. There being no business outside India, the entire business has been considered as single geographic segment.

**3. (Note No. 4 of Schedule 23)**

**Related Party Disclosures**

The Management has identified the following Companies and individuals as related parties of the Company for the year ended March 31, 2010 for the purposes of reporting as per AS 18 – Related Party Transactions:

List of related parties (As certified by the management)

**List of related parties of Mundra Port And Special Economic Zone Limited as on March 31, 2010**

Holding Company	Adani Infrastructure Services Private Limited
Subsidiary Companies	Mundra SEZ Textile and Apparel Park Private Limited MPSEZ Utilities Private Limited Rajasthan SEZ Private Limited Adani Logistics Limited [upto June 8, 2009] Adani Logistics Limited [Formerly Inland Conware Private Limited] Karnavati Aviation Private Limited [Formerly Gujarat Adani Aviation Private Limited] Adani Murmugao Port Terminal Private Limited [w.e.f. August 7, 2009]* Mundra International Airport Private Limited [w.e.f. August 7, 2009]* Adani Hazira Port Private Limited [w.e.f. December 7, 2009]* Adani Petronet (Dahej) Port Private Limited [w.e.f. January 4, 2010]
Step down Subsidiary	Inland Conware (Ludhiana) Private Limited [upto June 8, 2009]

Fellow Subsidiary	Baramati Power Private Limited [upto December 29, 2009] Shankheshwar Buildwell Private Limited [upto December 14, 2009] Adani Tradelinks Private Limited [w.e.f March 3, 2010]
Associates and Joint Ventures	Adani Petronet (Dahej) Port Private Ltd. [upto January 3, 2010]
Key Management Personnel	Mr. Gautam S. Adani, Chairman and Managing Director Mr. Rajeeva Ranjan Sinha, Whole time Director Dr. Malay R. Mahadevia, Whole time Director [w.e.f May 20, 2009] Mr. Ameet H. Desai, Executive Director [upto October 31, 2009]
Relative of Key Management Personnel	Mr. Rajesh S. Adani, Director
Entities over which Key Management Personnel, Directors and their relatives are able to exercise significant influence	Adani Enterprises Limited Adani Power Limited Adani Gas Limited [w.e.f. January 8, 2010] Adani Welspun Exploration Limited Adani Wilmar Limited Adani Agro Private Limited Adani Properties Private Limited Adani Shipyard Private Limited [upto March 31, 2010] Dholera Infrastructure Private Limited [w.e.f March 31, 2010] Shantikrupa Estates Private Limited Adani Energy Limited [upto January 6, 2010] Adani Foundation Adani Tradelinks [upto March 2, 2010] Dholera Port and Special Economic Zone Limited [w.e.f March 31, 2010] Adani Education and Research Foundation Gujarat Adani Institute of Medical Science

\* These entities have been incorporated/formed during the year.

Aggregate of transactions for the year ended with these parties have been given below.

**Notes:**

1. The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions were entered into by the Company with the related parties during the existence of the related party relationship.
2. No amount has been provided as doubtful debts or advances/written off or written back in the period in respect of debts due from/ to above related parties.
3. Pass through charges relating to railway freight and other charges payable to third parties have not been considered for the purpose of related party disclosure.

## Detail of Related Party Transactions for the year ended March 31, 2010

Particulars	Holding	Subsidiary											Joint Venture	Fellow Subsidiary	KMP					
		Adani Infra. Services Pvt. Ltd.	Mundra SEZ Textile & Apparel Park Private Limited	Mundra Aviation Ltd.	Adani Logistics Ltd.	Adani Mormugao Port Terminal Pvt. Ltd.	Mundra International Airport Pvt. Ltd.	Adani Hazira Port Pvt. Ltd.	MPSEZ Utilities Pvt. Ltd.	Rajasthan SEZ Pvt. Ltd.	Karnavati Aviation Private Limited	Adani Petronet (Dahej) Port Pvt. Ltd. from 04.01.2010			Adani Petronet (Dahej) Port Pvt. Ltd. (upto 03.01.2010)	Adani Tradelink Pvt. Ltd.	Gautam S. Adani	Ameet H. Desai	Malay Mahadevia	
<b>Rendering of Services</b>																				
FY 2009-10	-	2.36	-	459.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	211.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lease &amp; Infrastructure Usage Charges/Upfront Premium</b>																				
FY 2009-10	-	58.88	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	225.81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Purchase Goods, Service &amp; Facilities</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	689.31	-	-	9.17	-	-	-	-	-	-	-
FY 2008-09	-	-	156.78	-	-	-	-	-	-	200.94	-	-	10.86	-	-	-	-	-	-	-
<b>Purchase/(Sale) of Assets / Shares (Including Advance)</b>																				
FY 2009-10	0.49	5.05	-	-	-	-	-	-	-	-	38.40	(6.94)	-	-	-	-	-	-	-	-
FY 2008-09	-	(0.63)	-	-	-	-	-	-	-	-	-	79.84	-	-	-	-	-	-	-	-
<b>Sale of Material</b>																				
FY 2009-10	-	14.90	-	-	-	-	-	-	-	-	10.10	11.34	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investment Written-Off</b>																				
FY 2009-10	-	-	0.41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Equity / Pref. Share Money Invested (Including Application Money)</b>																				
FY 2009-10	-	-	-	11,370.00	119.48	50.00	50.00	-	-	-	6,422.30	5,336.00	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	3,276.00	-	-	-	-	-	-	-	2,042.00	-	-	-	-	-	-	-	-
<b>Equity Share Application Money Refund</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	750.00	-	-	-	-	-	-	-	500.00	-	-	-	-	-	-	-	-
<b>Interest Income / (Expense)</b>																				
FY 2009-10	-	6.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Loan Given</b>																				
FY 2009-10	-	150.00	-	16,361.50	-	-	-	81.36	-	2,600.00	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	350.00	-	-	-	-	-	-	-	3,065.00	-	-	-	-	-	-	-	-	-	-
<b>Loan Received Back</b>																				
FY 2009-10	-	150.00	-	1,375.00	-	-	-	81.36	-	533.00	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	350.00	1,360.58	-	-	-	-	-	-	2,132.00	-	-	-	-	-	-	-	-	-	-
<b>Expenses Reimbursement (Net)</b>																				
FY 2009-10	-	1.54	-	0.72	1.34	1.34	0.26	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	1.27	-	4.75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Remuneration</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120.00	386.31	138.93	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120.00	135.00	-	-	-	-
<b>Commission to Directors</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.00	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*962.94	-	-	-	-	-
<b>Sitting Fees</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Donation</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Inter Corporate Deposit Received</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	2,500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Inter Corporate Deposit Refund</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	2,500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance as on March 31, 2010 [Dr/(Cr)]</b>																				
<b>Deposit Received</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Advances from Customers</b>																				
FY 2009-10	-	-	-	1.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Creditors / Other Liabilities</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	137.82	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	7.33	-	-	-	-	-	-	-	-	-	-
<b>Debtors</b>																				
FY 2009-10	-	0.90	-	253.97	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	238.65	-	76.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Loan &amp; Advances (Including Capital Advances)</b>																				
FY 2009-10	-	-	-	14,986.50	-	-	-	-	-	3,000.00	5.99	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	4.75	-	-	-	-	-	933.00	-	-	-	-	-	-	-	-	-	-
<b>Share Application Money Outstanding</b>																				
FY 2009-10	-	-	-	-	114.48	-	-	-	-	-	1,600.02	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	2,668.00	-	-	-	-	-	-	-	5,908.95	-	-	-	-	-	-	-	-
<b>Deposit Given</b>																				
FY 2009-10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Corporate Guarantees</b>																				
FY 2009-10	-	-	-	3,000.00	1,260.00	-	-	-	-	20,568.32	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	6,200.00	-	-	-	-	-	-	-	-	-	-

Note : \* Out of this an amount of Rs. 912.94 lacs has been reversed during the year 2009-10, being the amount waived by the Chairman and Managing Director.

Rajeeva R. Sinha	Relative of KMP Rajesh S. Adani	Entities over which Key Management Personnel and their relatives are able to exercise significant influence																Total		
		Adani Power Ltd.	Adani Energy Ltd.	Adani Gas Ltd.	Adani Enterprises Ltd.	Adani Foundation	Adani Wilmar Ltd.	Adani Agro Pvt. Ltd.	Adani Properties Pvt. Ltd.	Shanti Krupa Estate Pvt. Ltd.	Adani Welspun Exploration Ltd.	Adani Shipyards Pvt. Ltd.	Vyom Tradlinks Pvt. Ltd.	Adani Mundra SEZ Infrastructure Pvt. Ltd.	Dholera Port And Special Economic Zone Ltd.	Adani Education & Research Foundation	Gujarat Adani Institute of Medical Science		Dholera Infrastructure Pvt. Ltd.	
-	-	6,357.73	-	-	16,734.03	2.17	2,370.56	-	-	-	-	-	-	-	-	-	-	-	-	25,926.65
-	-	936.35	-	-	13,908.24	-	1,898.74	-	-	-	-	-	1,962.32	-	-	-	-	-	-	18,916.69
-	-	1,007.57	-	-	-	-	21.30	-	-	-	-	-	-	-	-	-	-	-	-	1,087.75
-	-	29.39	-	-	-	-	20.41	-	-	-	-	-	-	3,288.44	-	-	-	-	-	3,564.05
-	-	-	0.18	0.01	546.57	0.21	11.17	-	4.94	-	-	-	-	-	-	-	-	-	-	1,261.56
-	-	-	0.30	-	3,379.65	-	-	-	5.22	(3.02)	-	-	-	-	-	-	-	-	-	3,750.74
-	-	14.35	-	-	-	-	-	-	28.44	-	-	-	-	-	-	-	-	-	-	79.80
-	-	-	-	-	35.56	-	-	-	274.25	-	-	5.94	-	4,511.68	-	-	-	-	-	4,906.63
-	-	34.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71.05
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.41
-	-	-	-	-	-	-	-	-	-	-	-	13.00	-	-	-	-	-	-	0.50	23,361.28
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,318.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110.00	-	-	-	-	110.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,250.00
-	-	-	-	-	-	-	-	-	-	72.97	-	-	-	-	-	-	-	-	-	79.07
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	876.41	20,069.27
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,415.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,139.36
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,842.58
-	-	52.18	-	-	0.56	(1.88)	9.83	5.00	-	-	0.02	-	-	-	-	-	-	-	-	70.90
-	-	29.78	-	-	185.41	5.05	64.34	0.05	(0.00)	-	22.54	-	-	2.91	-	-	-	-	-	316.11
147.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	792.24
120.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	375.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	962.94
-	2.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.50
-	2.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.50
-	-	-	-	-	-	693.00	-	-	-	-	-	-	-	-	-	2,500.00	-	-	-	3,193.00
-	-	-	-	-	-	1,270.00	-	-	-	-	-	-	-	-	-	-	-	-	-	1,270.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	100.00	-	50.00	-	-	-	-	-	-	-	-	-	-	-	-	150.00
-	-	-	-	-	100.00	-	50.00	-	-	-	-	-	-	-	-	-	-	-	-	150.00
-	-	218.10	-	-	2,798.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,017.90
-	-	221.35	-	-	-	-	13.48	-	-	-	-	-	-	-	-	-	-	-	-	234.83
-	-	-	-	0.01	86.63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	224.46
-	-	-	-	-	1,063.96	-	-	-	-	37.26	-	-	-	47.15	-	-	-	-	-	1,155.71
-	-	4,382.21	-	-	624.49	0.33	55.06	-	-	-	-	-	-	-	-	-	-	-	-	5,316.96
-	-	7,337.19	-	-	2,686.91	-	142.02	-	-	-	-	-	560.36	-	-	-	-	-	-	11,041.20
-	-	27.14	-	-	-	-	-	-	-	0.67	-	-	-	-	-	-	-	-	876.41	18,896.71
-	-	23.55	-	-	1.63	5.30	25.87	-	-	520.40	23.17	-	-	7,070.32	-	-	-	-	-	8,607.99
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.50	1,715.00
-	-	-	-	-	-	-	-	-	-	-	-	13.00	-	-	-	-	-	-	-	8,589.95
-	-	-	-	-	-	-	-	-	100.00	-	-	-	-	-	-	-	-	-	-	100.00
-	-	-	-	-	-	-	-	-	100.00	-	-	-	-	-	-	-	-	-	-	100.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500.00	-	-	26,328.32
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,200.00

#### 4. (Note No. 5 of Schedule 23)

The Company takes various types of derivative instruments to hedge its future loans & interest liabilities. The category-wise outstanding position of derivative instruments is as under:

Nature	Particulars of Derivatives		Purpose
	As at March 31, 2010	As at March 31, 2009	
Currency Swap	<b>Rs.10,938.00 lacs</b>	Rs.10,938.00 lacs	Hedging of loan and interest liability
Principal Only Swap	<b>Rs.17,284.45 lacs</b>	Rs. 6,453.15 lacs	Hedging of loan

The details of foreign currency exposures those are not hedged by a derivative instrument or otherwise are as under:

Nature	As at March 31, 2010		As at March 31, 2009	
	Amount (Rs. in lacs)	Foreign Currency (in lacs)	Amount (Rs. in lacs)	Foreign Currency (in lacs)
Foreign Currency Loan	<b>26,951.81</b>	<b>USD 597.07</b>	36,156.66	USD 709.65
	<b>11,183.51</b>	<b>EURO 184.67</b>	-	-
	<b>5,309.02</b>	<b>JPY 10,960.00</b>	-	-
Acceptance	<b>6,062.98</b>	<b>USD 134.32</b>	-	-
Buyer's Credit	<b>60,070.82</b>	<b>USD 1,330.77</b>	28,168.78	USD 552.87
	<b>15,729.58</b>	<b>EURO 259.74</b>	13,100.48	EURO 194.14
	<b>219.42</b>	<b>GBP 3.23</b>	-	-
Creditors	<b>1,642.03</b>	<b>USD 36.38</b>	1,515.94	USD 29.75
	<b>3.34</b>	<b>GBP 0.05</b>	11.73	GBP 0.16
	<b>1785.70</b>	<b>EURO 29.49</b>	4.33	EURO 0.06
	<b>311.77</b>	<b>SGD 9.72</b>	11.59	SGD 0.34
Supplier's Credit	<b>2,482.70</b>	<b>USD 55.00</b>	2,802.25	USD 55.00

Closing rates as at March 31, 2010:

INR / USD = Rs. 45.14

INR / EURO = Rs. 60.56

INR / GBP = Rs. 68.03

INR/ SGD = Rs. 32.08

INR/JPY = Rs. 0.48

#### 5. (Note No. 7 of Schedule 23)

Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended March 31, 2010. This information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

(Rs. in lacs)

S. No	Particulars	Year ended March 31, 2010	Year ended March 31, 2009
1.	Principal amount and interest due thereon remaining unpaid to any supplier		
	Principal	<b>4.00</b>	19.81
	Interest	<b>Nil</b>	Nil
2.	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	<b>Nil</b>	Nil
3.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	<b>Nil</b>	Nil

(Rs. in lacs)

S. No	Particulars	Year ended March 31, 2010	Year ended March 31, 2009
4.	The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
5.	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 enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	Nil	Nil
	<b>Total</b>	<b>4.00</b>	<b>19.81</b>

**6. (Note No. 9 of Schedule 23)**

The Government of India (GOI) has, vide its letter dated April 12, 2006, granted approval to the Company's proposal for development, operation and maintenance of a Multi-product Special Economic Zone (SEZ) at Mundra, Gujarat. Subsequently through a Notification dated June 23, 2006, the Ministry of Commerce & Industry (Department of Commerce) has included Mundra Port and Port Limits in notified Special Economic Zone.

The Company is of the view, supported by an external opinion, that it may avail benefit u/s 80IAB of the Income Tax Act, 1961 on the entire income of the Company including the Special Economic Zone Operations. Accordingly, the Company has decided to avail benefits u/s 80IAB of the Income Tax Act, 1961 from accounting year 2007-08, and tax provision are made in accordance, therewith.

**7. (Note No. 11 of Schedule 23)**

Details of employee benefits

- The company has recognised, in the profit and loss account for the current year, an amount of Rs.223.96 lacs (Previous Year Rs.200.02 lacs) as expenses under the following defined contribution plan.

(Rs. in lacs)

Benefit Contribution to	2009-10	2008-09
Provident Fund	196.26	172.77
Superannuation Fund	27.70	27.25
<b>Total</b>	<b>223.96</b>	<b>200.02</b>

- The Company has a defined gratuity plan. Every employee gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Company of India (LIC) in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

**Profit and Loss Account****a) Net Employee benefit expense (recognised in Employee Cost)**

(Rs. in lacs)

Particulars	Gratuity (Funded) March 31, 2010	Gratuity (Funded) March 31, 2009
1. Current Service cost	77.77	54.03
2. Interest Cost on benefit obligation	15.13	11.52
3. Expected return on plan assets	(18.98)	(18.99)
4. Actuarial loss / (gain)	70.79	(2.93)
5. Net benefit expense	144.71	43.63

**Note:** Actual return on plan assets Rs. 22.57 lacs (Previous Year Rs.15.86 lacs)

## Balance Sheet

### b) Details of Provision for gratuity

(Rs. in lacs)

Particulars	Gratuity (Funded) March 31, 2010	Gratuity (Funded) March 31, 2009
1. Present value of defined benefit obligation	318.60	195.22
2. Fair value of plan assets	244.52	244.87
3. Surplus/(deficit) of funds	(74.08)	49.65
4. Net asset/ (liability)	(74.08)	49.65

### c) Changes in Present Value of the defined benefit obligation are as follows:

(Rs. in lacs)

Particulars	Gratuity (Funded) March 31, 2010	Gratuity (Funded) March 31, 2009
1. Defined benefit obligation at the beginning of the Period	195.22	144.08
2. Current Service cost	77.77	54.03
3. Interest Cost	15.13	11.52
4. Actuarial (gain) / loss on obligations	74.38	(6.06)
5. Benefits paid	(43.90)	(8.35)
6. Defined benefit obligation at the end of the period	318.60	195.22

### d) Changes in Fair Value of Plan Assets are as follows:

(Rs. in lacs)

Particulars	Gratuity (Funded) March 31, 2010	Gratuity (Funded) March 31, 2009
Opening fair value of plan assets	244.87	168.40
Expected return	18.98	18.99
Contributions by employer	20.98	68.96
Benefits Paid	(43.90)	(8.35)
Actuarial gains / (losses)	3.59	(3.13)
Closing fair value of plan assets	244.52	244.87

#### Note:

- The present value of the plan assets represents the balance available with the LIC as at the end of the period. The total value of Plan Assets amounting to Rs.317.55 lacs (Previous year Rs.244.87 lacs) is as certified by the LIC.
- The total value of plan assets includes Rs.73.03 lacs contributed towards gratuity for 2010-11 (Previous year Rs. 78.84 lacs).

### e) The principle assumptions used in determining Gratuity obligations are as follows:

Particulars	Gratuity (Funded) March 31, 2010	Gratuity (Funded) March 31, 2009
Discount rate	8.25%	7.75%
Expected rate of return on plan assets	8.25%	7.75%
Rate of Escalation in Salary (per annum)	8.50%	8.00%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal rate	1% at each age + service related	Age Related

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

**f) Amounts for the current and previous four periods are as follows:**

(Rs. in lacs)

<b>Gratuity</b>	<b>Mar'10</b>	<b>Mar'09</b>	<b>Mar'08</b>	<b>Mar'07</b>	<b>Mar'06</b>
Defined benefit obligation	<b>(318.60)</b>	(195.22)	(144.08)	(83.20)	(51.10)
Plan Assets	<b>244.52</b>	244.87	168.40	78.30	55.20
Surplus / (deficit)	<b>(74.08)</b>	49.65	24.32	(4.90)	4.10
Experience loss (gain) on plan liabilities	<b>95.28</b>	(6.06)	97.16	22.20	0.90
Experience loss (gain) on plan assets	<b>(3.59)</b>	3.13	4.57	(1.50)	(0.90)

**8. (Note No. 12 of Schedule 23)**

**Income from Operations includes:**

- Land Lease Income, Upfront Premium, Long-term Infrastructure Usage Income and Income incidental thereto of Rs. 11,415.17 lacs (Previous Year Rs. 10,370.46 lacs).
- Construction contract revenue income of Rs. 10,941.82 lacs (Previous Year Rs. 3,696.42 lacs)

**9. Operating Expenses includes Handling and Storage Expenses of Rs.10,026.17 lacs (Previous Year Rs.12,040.96 lacs).**

**10. Key Ratios:**

Ratio	<b>2009-10</b>	2008-09
Income from Operations / Total Assets	<b>0.19</b>	0.19
Profit before Interest, Depreciation & Tax/ Capital Employed	<b>14.60%</b>	14.91%
Return on Net Worth	<b>20.10%</b>	15.66%
Profit after Tax / Total Income	<b>49.24%</b>	39.09%

**11. Earnings per share**

	<b>Unit</b>	<b>2009-10</b>	2008-09
Weighted number of Equity Shares considered for Calculating Basic and Diluted EPS	No. in Lacs	<b>4,006.79</b>	4,006.79
Net profit after tax	Rs. in Lacs	<b>70,097.56</b>	46,108.52
Less: Dividend on Non-Cumulative Preference Shares	Rs. in Lacs	<b>0.03</b>	0.03
Net Profit for calculation of Basic and Diluted EPS	Rs. in Lacs	<b>70,097.53</b>	46,108.49
Basic and Diluted Earnings per Share	In Rupees	<b>17.49</b>	11.51

**12. (Note No. 16 of Schedule 23)**

**Capital Commitments**

(Rs. in lacs)

<b>Particulars</b>	<b>As at March 31, 2010</b>	As at March 31, 2009
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for	<b>71,994.82</b>	72,095.26

### 13. (Note No. 17 of Schedule 23)

#### Disclosure pursuant of Accounting Standard (AS) – 7 (revised) – Construction Contracts

a) (Rs. in lacs)

Particulars	March 31, 2010	March 31, 2009
Contract revenue recognized during the year	10,941.82	3,696.42
Aggregate amount of contract costs incurred during the year	3,391.78	2,330.11
Customer advances outstanding for contracts in progress	391.01	525.38
Retention money due from customers for contracts in progress.	124.84	-
Amount due from customers	3,913.75	1,281.06
Amount due to customers	319.57	-

b) Contract revenue accrued in excess of billing amounting Rs. 4,080.24 lacs (Previous year – Rs. 65.22 lacs) has been reflected under the head “Other Current Assets”.

### 14. (Note No. 18 of Schedule 23)

#### Contingent Liabilities

(Rs. in lacs)

Particulars	March 31, 2010	March 31, 2009
Corporate Guarantees given to banks and financial institutions against credit facilities availed by subsidiaries and an associate entity - Amount outstanding there against Rs. 22,157.75 lacs (Previous Year Rs. 6,200.00 lacs)	26,328.32	6,200.00
Total amount of Contingent Liabilities not provided for	8,867.70	10,195.08

### 15. (Note No. 20 of Schedule 23)

#### Provisions:

(Rs. in lacs)

Description	Opening Balance	Additions during the year	Utilization during the year	Closing Balance
Operational Claims	393.67 (402.81)	550.00 -	- (9.14)	943.67 (393.67)

Previous year figures are in bracket

**Note:** Operational Claims are the expected claims made/to be made by the customers towards shortages of stock, handling loss, damages to the cargo, storage and other disputes. Based on the past experience, the Company has made certain provisions in the books.

### 16. (Note No. 23 of Schedule 23)

Initial Public Offer (IPO) fund utilization: In terms of listing agreement the available IPO proceeds have been reallocated during the year based on the requirement of projects under implementation, which has been approved by the Board of Directors subject to consent of the members ratifying the variation in the utilization. The details of funds raised through Initial Public Offer (IPO) and utilisation of proceeds up to March 31, 2010 is as under:

(Rs. in lacs)

Particulars	Proposed Utilizations to be made out of the IPO proceeds	Actual Utilization as on March 31, 2010
a) Issue Expenses	4,341.00	4,341.00
b) Investment in Adani Logistics Limited	15,678.00	15,678.00
c) Investment in Adani Petronet ( Dahej) Port Private Limited	15,905.00	15,905.00
d) Coal Terminal Project	45,000.00	45,000.00
e) SEZ Project	37,500.00	37,500.00
f) General Corporate Purpose	58,676.00	58,676.00
<b>Total</b>	<b>177,100.00</b>	<b>177,100.00</b>

**17. (Note No. 24 of Schedule 23)**

The following are the details of loans and advances of the Company outstanding at the end of the year in terms of clause 32 of listing agreement.

(Rs. in lacs)

Loans and Advances to Subsidiaries	Outstanding amount as at		Maximum amount outstanding during the year	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Mundra Aviation Limited	Nil	Nil	Nil	1,360.60
Rajasthan SEZ Private Limited	Nil	Nil	Nil	1.10
Karnavati Aviation Private Limited	3,000.00	925.67	3,433.00	2,752.92
Adani Logistics Ltd.	14,986.50	Nil	14,986.50	Nil
Mundra SEZ Textile and Apparel Park Private Limited	Nil	Nil	150.00	Nil

**18. (Note No. 25 of Schedule 23)**

The Company has 2,811,037 outstanding 0.01 % Non-Cumulative Redeemable Preference Shares of Rs.10 each issued at a premium of Rs.990 per share. These shares are to be redeemed on March 28, 2024 at an aggregate premium of Rs.27,829.27 lacs. The Company credits the redemption premium on proportionate basis every year to Preference Share Capital, Redemption Premium Reserve (in earlier year termed as Preference Share Capital Redemption Reserve) and debits the same to Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

**19. (Note No. 26 of Schedule 23)****Miscellaneous Expenditure – Share Issue Expenses**

The Company reversed excess provision of Rs.228.73 lacs (Previous Year: Expenses of Rs.754.25 lacs) during the year, in connection with its Initial Public Offer (IPO). In terms of Section 78 of the Companies Act, 1956 the Company has adjusted the said share issue expense against the Securities Premium received from the said IPO.

**20. (Note No. 27 of Schedule 23)****Previous Year Comparative**

Previous year's figures have been regrouped where necessary to conform to this year's classification.

**As per our report of even date**

**For S. R. BATLIBOI & ASSOCIATES**

**Firm Registration No. : 101049W**

*Chartered Accountants*

**per Arpit K. Patel**

*Partner*

**Membership No. 34032**

**Place: Ahmedabad**

**Date: May 17, 2010**

**For and on behalf of the Board of Directors**

**Gautam S. Adani**

*Chairman and Managing Director*

**Rajesh S. Adani**

*Director*

**Dr. Malay R. Mahadevia**

*Wholetime Director*

**Dipti Shah**

*Company Secretary*

**B. Ravi**

*Chief Financial Officer*

**Place : Ahmedabad**

**Date : May 17, 2010**

## Balance Sheet Abstract and Company's General Business Profile

### I. REGISTRATION DETAILS

Registration No. 

		0	3	4	1	8	2
--	--	---	---	---	---	---	---

 State Code 

0	4
---	---

Balance Sheet Date 

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

  
Date Month Year

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES THOUSAND)

Public Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Rights Issue 

							N	I	L
--	--	--	--	--	--	--	---	---	---

Bonus Issue 

						N	I	L
--	--	--	--	--	--	---	---	---

 Private Placement 

							N	I	L
--	--	--	--	--	--	--	---	---	---

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES THOUSANDS)

Total Liabilities 

	7	5	4	9	1	4	1	8
--	---	---	---	---	---	---	---	---

 Total Assets 

	7	5	4	9	1	4	1	8
--	---	---	---	---	---	---	---	---

**SOURCES OF FUNDS**

Paid up Capital 

		4	0	3	4	8	9	8
--	--	---	---	---	---	---	---	---

 Reserves & Surplus 

	3	0	8	4	7	5	5	1
--	---	---	---	---	---	---	---	---

Secured Loans 

	2	6	3	2	3	4	9	7
--	---	---	---	---	---	---	---	---

 Unsecured Loans 

		5	2	4	8	2	7	0
--	--	---	---	---	---	---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets 

	5	6	0	4	5	4	2	2
--	---	---	---	---	---	---	---	---

 Investments 

		7	2	1	0	3	4	7
--	--	---	---	---	---	---	---	---

Net Current Assets 

	1	2	2	3	5	6	4	9
--	---	---	---	---	---	---	---	---

 Miscellaneous Expenditure 

							N	I	L
--	--	--	--	--	--	--	---	---	---

Accumulated Assets 

							N	I	L
--	--	--	--	--	--	--	---	---	---

\* Total liabilities include deferred tax liability (net) of Rs. 2,812,068 thousand and Amount Received/Receivable under Long-term Lease/Infrastructure Usage Agreements of Rs. 6,225,134 thousand.

### IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RUPEES THOUSAND)

Turnover 

	1	4	2	3	5	9	6	7
--	---	---	---	---	---	---	---	---

 Total Expenditure 

		6	6	3	1	4	2	8
--	--	---	---	---	---	---	---	---

Profit/(Loss) Before Tax + - 

<input checked="" type="checkbox"/>		7	6	0	4	5	3	9
-------------------------------------	--	---	---	---	---	---	---	---

 Profit/(Loss) After Tax + - 

<input checked="" type="checkbox"/>		7	0	0	9	7	5	6
-------------------------------------	--	---	---	---	---	---	---	---

  
(Please tick Appropriate + - for Profit, - for loss)

Earnings per Share in (Rs.) 

		1	7	.	4	9
--	--	---	---	---	---	---

 Dividend % 

						4	0
--	--	--	--	--	--	---	---

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS & SERVICES OF THE COMPANY (as per monetary terms)

Product Description 

P	O	R	T		S	E	R	V	I	C	E
---	---	---	---	--	---	---	---	---	---	---	---

 Item Code No. (ITC Code) 

N	O	T		A	P	P	L	I	C	A	B	L	E
---	---	---	--	---	---	---	---	---	---	---	---	---	---

**For and on behalf of the Board of Directors**

**Gautam S. Adani**  
*Chairman and Managing Director*

**Rajesh S. Adani**  
*Director*

**Dr. Malay R. Mahadevia**  
*Wholetime Director*

**Dipti Shah**  
*Company Secretary*

**B. Ravi**  
*Chief Financial Officer*

**Place: Ahmedabad**  
**Date: May 17, 2010**

Statement pursuant to Approval U/S 212(8) of the Companies Act, 1956

Sr. No	Particulars	Name of the Subsidiaries										(Rs. in Lacs)	
		Mundra SEZ Textile and Apparel Park Pvt. Ltd.	Adani Petronet (Dahej) Port Pvt. Ltd.	MPSEZ Utilities Pvt. Ltd.	Rajasthan SEZ Pvt. Ltd.	Mundra International Airport Pvt. Ltd.	Karnavati Aviation Pvt. Ltd.	Adani Mormugao Port Terminal Pvt. Ltd.	Adani Hazira Port Pvt. Ltd.	Adani Logistics Ltd.			
(a)	Capital (Paid Up)	437.74	26,044.23	1.00	1.00	50.00	100.00	5.00	50.00	31,179.00			
(b)	Reserves	3,600.00	-	-	-	-	-	-	-	3.88			
(c)	Total Assets	6,996.51	45,965.32	1.00	1.00	50.00	17,570.12	119.48	50.00	69,314.53			
(d)	Total Liabilities	6,996.51	45,965.32	1.00	1.00	50.00	17,570.12	119.48	50.00	69,314.53			
(e)	Investment	-	1,000.00	-	-	-	-	-	-	26.54			
(f)	Total Revenue	300.90	-	-	-	1.34	1,960.25	-	-	11,699.62			
(g)	Profit/(Loss) before taxation	(135.71)	(107.98)	-	-	(0.17)	(184.72)	(6.38)	(6.73)	(2,127.69)			
(h)	Provision for taxation (Net)	-	-	-	-	0.30	44.40	-	-	12.96			
(i)	Profit/(Loss) after taxation	(135.71)	(107.98)	-	-	(0.47)	(229.12)	(6.38)	(6.73)	(2,140.67)			
(j)	Proposed Dividend	-	-	-	-	-	-	-	-	-			



## Auditors' Report on Abridged Consolidated Financial Statements

To,  
The Board of Directors of  
Mundra Port And Special Economic Zone Limited,

We have examined the attached abridged Consolidated balance sheet of Mundra Port And Special Economic Zone Limited ('the Company') its subsidiaries (together referred to as the 'Group') as at March 31, 2010 and the abridged consolidated profit and loss account and consolidated cash flow statement for the year ended on that date, together with the notes thereon (hereafter collectively referred to as "abridged consolidated financial statements"). These abridged consolidated financial statements have been prepared by the company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the consolidated financial statements of the Group for the year ended March 31, 2010, prepared in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standards (AS) 27, Financial Reporting of interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended) and covered by our report of even date to the members of the company which is attached hereto.

**For S.R. BATLIBOI & ASSOCIATES**  
**Firm Registration No : 101049W**  
*Chartered Accountants*

**per Arpit K. Patel**  
*Partner*

**Membership No. 34032**

**Place : Ahmedabad**  
**Date : May 17, 2010**

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## Auditor's Report on Consolidated Financial Statements

To,  
The Board of Directors  
Mundra Port and Special Economic Zone Limited

1. We have audited the attached consolidated balance sheet of Mundra Port and Special Economic Zone Limited ('MPSEZL') and its subsidiaries as described in Schedule 23, Note 1 (together referred to as the 'Group'), as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the MPSEZL's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose audited financial statements reflect total assets of Rs. 91,953.85 lacs as at March 31, 2010, total revenues of Rs. 11,916.42 lacs and cash flows amounting to Rs. (2,292.83) lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. Without qualifying our opinion, we draw attention to Note No. 12 in Schedule 23 to the financial statements in respect of eligibility for income tax holiday as per provisions of Section 80-IAB of the Income Tax Act, 1961.
5. We report that the consolidated financial statements have been prepared by the MPSEZL's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements and Accounting Standards (AS) 27, Financial Reporting of interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**For S.R. BATLIBOI & ASSOCIATES**  
**Firm Registration No.: 101049W**  
*Chartered Accountants*

**per Arpit K. Patel**  
*Partner*

**Membership No.: 34032**

**Place: Ahmedabad**  
**Date: May 17, 2010**

## Abridged Consolidated Balance Sheet as at March 31, 2010

(Statement containing salient features of Consolidated Balance Sheet as per Section 219(1)(b)(iv) of the Companies Act, 1956)

	As at March 31, 2010 Rs. in Lacs	As at March 31, 2009 Rs. in Lacs
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
<b>Capital</b>		
Equity Share	40,067.88	40,067.88
Preference Share	281.10	281.10
	<b>40,348.98</b>	<b>40,348.98</b>
<b>Reserves and Surplus</b>		
Capital Reserves	10,667.23	8,635.34
Securities Premium Account	186,215.47	187,378.20
Debenture Redemption Reserve	10,844.29	113.75
Revenue Reserve	13,570.19	6,446.67
Surplus in Profit and Loss Account	83,739.07	50,036.13
	<b>305,036.25</b>	<b>252,610.09</b>
<b>Minority Interest</b>		
	8,222.93	1,023.66
<b>Loan funds</b>		
Debentures (Non-Convertible)	106,270.81	455.00
Secured Loans (other than debentures)	211,871.21	279,454.77
Unsecured Loans	52,482.70	9,662.36
	<b>370,624.72</b>	<b>289,572.13</b>
<b>Foreign Currency Monetary Item Transaction Difference Account</b>		
	981.41	-
<b>Amount Received/Receivable under Long Term Lease/Infrastructure Usage Agreements</b>		
	62,907.01	65,047.82
<b>Deferred Tax Liabilities</b>		
	28,168.57	22,960.46
	<b>816,289.87</b>	<b>671,563.14</b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Net Block (Original cost less Depreciation)	484,998.45	355,696.56
Capital Work-in-Progress including Capital Advances	191,825.32	161,948.60
	<b>676,823.77</b>	<b>517,645.16</b>
<b>Investments</b>		
Others-Unquoted	22,193.36	19,066.76
<b>Goodwill on Consolidation</b>		
	292.78	270.71
<b>Foreign Currency Monetary Item Transaction Difference Account</b>		
	-	193.69
<b>Current Assets, Loans and Advances</b>		
Inventories	3,158.13	2,668.20
Sundry Debtors	17,644.13	22,929.50
Cash and Bank Balances	99,969.29	129,513.24
Other Current Assets	6,429.18	5,470.16
Loans and Advances - Others	44,712.62	13,183.82
	<b>171,913.35</b>	<b>173,764.92</b>
<b>Less: Current Liabilities and Provisions</b>		
Liabilities	47,539.94	34,690.30
Provisions	7,396.23	4,696.44
	<b>54,936.17</b>	<b>39,386.74</b>
<b>Net Current Assets</b>		
	<b>116,977.18</b>	<b>134,378.18</b>
<b>Miscellaneous Expenditure to the extent not written off or adjusted</b>		
	2.78	8.64
	<b>816,289.87</b>	<b>671,563.14</b>

Refer Notes forming part of the Abridged Consolidated Accounts

Compiled from the Audited Consolidated Accounts of the Company referred to in our Report dated May 17, 2010.

As per our report of even date

For and on behalf of the Board of Directors

For S. R. BATLIBOI & ASSOCIATES

Firm Registration No. : 101049W

Chartered Accountants

Gautam S. Adani

Chairman and Managing Director

Rajesh S. Adani

Director

per Arpit K. Patel

Partner

Membership No. 34032

Dr. Malay R. Mahadevia

Wholtime Director

Dipti Shah

Company Secretary

B. Ravi

Chief Financial Officer

Place: Ahmedabad

Date: May 17, 2010

Place: Ahmedabad

Date: May 17, 2010

## Abridged Consolidated Profit and Loss Account for the year ended March 31, 2010

(Statement containing salient features of Consolidated Profit and Loss Account as per Section 219(1)(b)(iv) of the Companies Act, 1956)

	For the year ended March 31, 2010 Rs. in Lacs	For the year ended March 31, 2009 Rs. in Lacs
<b>INCOME</b>		
<b>Operating &amp; Other Income</b>		
Income from Operation	149,551.98	119,492.89
Dividend	136.69	194.36
Profit on Sale of Fixed Assets	541.74	1,517.80
Profit on Sale of Investment	1,348.23	2,439.16
Other Income	1,180.30	308.22
	<b>152,758.94</b>	<b>123,952.43</b>
<b>EXPENDITURE</b>		
Operating Expenses	37,885.36	31,945.86
Personnel Expenses	5,108.51	3,024.98
Managerial Remuneration	842.23	1,337.94
Administrative and Other Expenses	5,389.05	5,804.82
Charity & Donations	3,648.46	1,767.10
Auditor's Remuneration	52.07	46.55
Interest Expense, Foreign Exchange/Derivative Losses and Finance Charges	21,774.85	24,804.96
Less : Interest Income and Foreign Exchange/Derivative Gain	16,180.63	10,210.35
	<b>5,594.22</b>	<b>14,594.61</b>
Depreciation/Amortisation	18,679.91	14,679.14
	<b>77,199.81</b>	<b>73,201.00</b>
<b>Profit Before Tax and Prior Period Items</b>	<b>75,559.13</b>	<b>50,751.43</b>
Prior Period Items	(2,196.29)	(2,165.25)
<b>Profit Before Tax</b>	<b>73,362.84</b>	<b>48,586.18</b>
Provision for Current Tax	797.40	1,390.07
Provision for Deferred Tax Charge	5,208.10	5,252.15
Provision for Fringe Benefit Tax	(0.11)	148.98
Write Back of Excess Provision for Income Tax related to earlier year	-	(1,457.46)
<b>Profit After Tax before Minority Interest</b>	<b>67,357.45</b>	<b>43,252.44</b>
Add: Share of losses of minority (net)	79.60	-
Add: Loss/adjustments attributable to sale of stake in subsidiaries	162.89	-
<b>Profit After Tax</b>	<b>67,599.94</b>	<b>43,252.44</b>
Balance from Previous Year brought forward	50,036.13	23,431.11
<b>Profit available for Appropriations</b>	<b>117,636.07</b>	<b>66,683.55</b>
<b>Appropriations :</b>		
Interim Dividend on Equity Shares	10,018.68	8,015.69
Dividend on Preference Shares	0.03	0.03
Proposed Final Dividend on Equity Shares	6,010.18	4,006.79
Transfer to Capital Redemption Reserve	14.06	14.06
Transfer to General Reserve	7,009.76	4,610.85
Transfer to Debenture Redemption Reserve	10,844.29	-
Balance in Profit & Loss Account carried forward to Balance Sheet	83,739.07	50,036.13
	<b>117,636.07</b>	<b>66,683.55</b>
Basic and Diluted Earnings per Share (in Rs.)	<b>16.81</b>	<b>10.79</b>
Nominal Value of Share Rs.10 (Previous Year Rs.10)		
Refer Notes forming part of the Abridged Consolidated Accounts		

Compiled from the Audited Consolidated Accounts of the Company referred to in our Report dated May 17, 2010.

**As per our report of even date**

**For and on behalf of the Board of Directors**

**For S. R. BATLIBOI & ASSOCIATES**

**Firm Registration No. : 101049W**

*Chartered Accountants*

**Gautam S. Adani**

*Chairman and Managing Director*

**Rajesh S. Adani**

*Director*

**per Arpit K. Patel**

*Partner*

**Membership No. 34032**

**Dr. Malay R. Mahadevia**

*Wholtime Director*

**Dipti Shah**

*Company Secretary*

**B. Ravi**

*Chief Financial Officer*

**Place: Ahmedabad**

**Date: May 17, 2010**

**Place: Ahmedabad**

**Date: May 17, 2010**

## Consolidated Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010 Rs. in Lacs	For the year ended March 31, 2009 Rs. in Lacs
<b>A. Cash Flow from Operating Activities</b>		
Net profit before taxation, and extraordinary items	73,362.84	48,586.18
Adjustments for:		
Depreciation	18,679.91	14,679.14
Sundry Balances written off (Net)	127.89	40.95
Provision written back	(422.70)	(0.98)
Amortisation of Amounts Received under Long Term Infrastructure Usage Agreements	(2,964.93)	(2,913.63)
Interest Expense	20,818.31	21,136.10
Unrealised Foreign Exchange (Gain)/Loss	(231.05)	230.26
Unrealised derivative (Gain)/Loss	(2,798.00)	2,798.00
Interest Income	(11,925.40)	(10,210.35)
Profit on sale of Current Investments	(1,348.23)	(2,439.16)
Dividend Income from long term and current investments	(136.69)	(194.36)
Adjustments for Consolidation	79.60	-
Profit on sale of Fixed Assets	(541.74)	(1,517.80)
<b>Operating Profit before Working Capital Changes</b>	<b>92,699.81</b>	<b>70,194.35</b>
Adjustments for :		
Decrease in Debtors	5,306.94	7,259.44
(Increase) in Inventories	(489.93)	(818.86)
(Increase) in Other Current Assets	(1,561.36)	(464.56)
(Increase) in Loans and Advances	(5,067.59)	(2,858.90)
Increase in Unamortized balance of Amounts Received under Long Term Infrastructure Usage Agreements	824.12	2,282.35
Increase in Current Liabilities and Provisions	14,082.39	1,520.08
<b>Cash Generated from Operations</b>	<b>105,794.38</b>	<b>77,113.90</b>
Direct Taxes paid (Net)	(845.06)	(2,445.35)
<b>Net Cash from Operating Activities</b>	<b>104,949.32</b>	<b>74,668.55</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(191,436.85)	(159,225.11)
Purchase of Investments/Share application money paid	(26,850.03)	(95,623.40)
Inter-corporate deposit/loans given	(73,300.00)	(33,440.00)
Inter-corporate deposit/loans received back	42,800.00	33,440.00
Proceeds from/(Deposits in) Fixed Deposits with a maturity period of more than 90 days (Net)	23,419.45	(6,406.66)
Sale of Investments	28,788.40	165,937.42
Sale of Fixed Assets	3,340.50	7,845.47
Dividend Income from long term and current investments	136.69	194.36
Interest Received	12,527.74	9,718.69
<b>Net Cash used in Investing Activities</b>	<b>(180,574.10)</b>	<b>(77,559.23)</b>

## Consolidated Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010 Rs. in Lacs	For the year ended March 31, 2009 Rs. in Lacs
<b>C. Cash Flow from Financing Activities</b>		
Capital contribution Received	7,119.67	-
Procurement of Long Term Borrowings (including Debentures)	192,693.34	88,254.10
Repayment of Long Term Borrowings (including Debentures)	(185,544.16)	(17,781.94)
Increase in Short Term Borrowings (Net)	87,500.00	-
Inter-corporate deposit received	-	2,500.00
Inter-corporate deposit refund	-	(2,500.00)
Interest & Finance Charges Paid	(18,866.00)	(20,722.64)
Proceeds from Issue of Equity Shares	-	261.25
Payment of Dividend	(14,037.91)	(14,066.35)
Government Grant Received	626.37	545.48
<b>Net Cash Flow from Financing Activities</b>	<b>69,491.31</b>	<b>36,489.90</b>
<b>D. Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(6,133.47)</b>	<b>33,599.22</b>
<b>E. Cash and Cash Equivalents at start of the period</b>	<b>42,515.04</b>	<b>8,915.82</b>
<b>F. Cash and Cash Equivalents at close of the period</b>	<b>36,381.57</b>	<b>42,515.04</b>
<b>Components of Cash &amp; Cash Equivalents</b>		
Cash and Cheques on Hand	6.54	27.20
Balances with Scheduled Banks		
- On Current Accounts	13,955.48	16,543.73
- On Fixed Deposit Accounts	22,419.55	25,944.11
	<b>36,381.57</b>	<b>42,515.04</b>
<b>Add:</b>		
Fixed Deposits pledged (restricted Cash)	31,942.97	11,243.55
Fixed Deposits with original maturity of more than 90 days	31,574.78	75,693.65
Share Application Refund Account	16.96	20.39
Unclaimed dividend	53.01	40.61
<b>Cash and Bank balance at the end of the year</b>	<b>99,969.29</b>	<b>129,513.24</b>

### Notes:

- The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statements notified by Company Accounting Standard Rules, 2006.
- Figures in brackets represents Cash Outflow.
- Previous year's figures have been regrouped where necessary to conform to this year's classification.

### As per our report of even date

**For S. R. BATLIBOI & ASSOCIATES**

**Firm Registration No. : 101049W**

*Chartered Accountants*

**per Arpit K. Patel**

*Partner*

**Membership No. 34032**

**Place: Ahmedabad**

**Date: May 17, 2010**

### For and on behalf of the Board of Directors

**Gautam S. Adani**

*Chairman and Managing Director*

**Rajesh S. Adani**

*Director*

**Dr. Malay R. Mahadevia**

*Wholetime Director*

**Dipti Shah**

*Company Secretary*

**B. Ravi**

*Chief Financial Officer*

**Place: Ahmedabad**

**Date: May 17, 2010**

## NOTES TO ABRIDGED CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010 OF MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED AND ITS SUBSIDIARIES

### 1. (Note No. 2 of Schedule 23)

#### Principles of consolidation

The Consolidated financial statements relate to the Mundra Port Group which comprises the financial statements of MPSEZL and its subsidiaries as at March 31, 2010. In the preparation of consolidated financial statements, investment in the subsidiaries have been accounted for in accordance with Accounting Standard (AS) 21 - 'Consolidated Financial Statements', as notified accounting standard by Companies Accounting Standards Rules, 2006 (as amended). Consolidated financial statements have been prepared on the following basis:

- i) Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. Subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances & intra-group transactions. The unrealized profits resulting from intra-group transactions that are included in the carrying amount of assets are eliminated in full. Unrealized losses resulting from intra-group transactions that are deducted in arriving at the carrying amount of assets are also eliminated unless cost cannot be recovered.
- ii) A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. Interest in the assets, liabilities, income and expenses of the Joint Venture Entity are consolidated using the proportionate consolidation method after eliminating all significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions to the extent of Company's proportionate share, except where cost cannot be recovered.
- iii) The excess of the cost to the Company of its investment in subsidiaries over the Company's portion of equity on the acquisition date is recognized in the financial statements as goodwill and is tested for impairment annually. When there is excess of Company's portion of equity of the Subsidiary over the cost of the investment then it is treated as Capital Reserve.
- iv) Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Parent Company.
- v) Financial statements of the subsidiaries are prepared for the same reporting year as the parent company i.e. for the year ended March 31, 2010, using consistent accounting policies. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, consistent with the Company's standalone financial statements for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Any deviation in accounting policies is disclosed separately.

### 2. (Note No. 3 of Schedule 23)

#### Statement of Significant Accounting Policies

##### a) Basis of Preparation

The consolidated financial statements have been prepared to comply in all material respects with the Notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared under the historical cost convention on accrual basis.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### b) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

##### c) Fixed Assets

- i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

- ii) In respect of accounting periods commencing on or after December 7, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.
- iii) Insurance spares / standby equipments are capitalized as part of mother assets.

**d) Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity (net of income, if any) is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto, is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure as a result of capital expansion. The same is treated as pre-operative expenditure pending allocation to fixed assets in progress and is shown under "Capital Work-in-Progress". The same is transferred to fixed assets on progressive basis and is capitalized along with fixed assets on commencement of commercial activities.

**e) Depreciation**

- i) Depreciation on Fixed Assets, except for those stated in para (ii) to (vi) below, is provided on straight line method (SLM) at the rates prescribed under Schedule XIV of the Companies Act, 1956, or the rates determined on the basis of useful life of the respective assets, whichever is higher.
- ii) Depreciation on leasehold land (other than land on perpetual lease) is provided over the lease period.
- iii) Cost of Leasehold Land Development, Marine Structures and Dredged Channels is amortized over the period of the Concession Agreement of 30 years effective from February 17, 2001 with Gujarat Maritime Board or their useful lives, whichever is lower.
- iv) Depreciation on Mobile phones, included under Office Equipment, Furniture and Fixtures, is provided at the rate of 100% in the month of purchase.
- v) Depreciation on Dredging Pipes, included under Plant and Machinery, is provided on the basis of their useful life which is estimated at 18 months.
- vi) Depreciation on individual assets costing upto Rs. 5,000.00 is provided at the rate of 100% in the month of purchase.
- vii) Insurance spares / standby equipments are depreciated prospectively over the remaining useful lives of the respective mother assets.

**f) Intangibles**

Intangible assets are amortized on straight line basis over their estimated useful lives as follows:

Intangible Assets	Estimated Useful Life (Years)
Goodwill arising on the amalgamation of Adani Port Limited	Over the balance period of Concession Agreement computed from the Appointed Date of the Scheme of Amalgamation i.e. 28 years.
Softwares	3 years
License Fees paid to Ministry of Railway (MOR) for approval for movement of Container Trains	Over the balance period of License from the date of commencement operations i.e. over a period of 20 years

**g) Impairment**

- i) The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**h) Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**i) Leases**

*Where the Company is the lessee*

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

*Where the Company is the lessor*

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

**j) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

**k) Inventories**

Stores and Spares: Valued at lower of cost and net realizable value. Cost is determined on a moving weighted average basis. Cost of stores and spares lying in bonded warehouse includes custom duty accounted for on accrual basis.

Net Realizable Value is the estimated current procurement price in the ordinary course of business.

**l) Government Grant**

In accordance with the Accounting Standard 12 "Accounting for Government Grants", grants in the nature of capital subsidy are credited to the Capital Reserve and shown under the head Reserves & Surplus.

**m) Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**i) Port Operation Services**

Revenue from port operation services including rail infrastructure is recognized on proportionate completion method basis based on services rendered.

**ii) Income from Long Term Leases/Infrastructure Usage Agreements**

As a part of its business activity, the Company also leases/ sub-leases land on long term basis to its customers. In some cases, the upfront premium received/receivable on such sub-leases is refundable proportionately on cancellation of such sub-leases before maturity, while in other cases, it is non-refundable. In cases where such upfront premium is non-refundable, the Company recognizes the entire premium as income in the year in which the sub-lease agreement/ memorandum of understanding takes effect while in cases where such upfront premium is proportionately refundable; such premium is recognized as income on a pro-rata basis over the period of sub-lease agreement. Land sub-lease rent receivable under the above agreements is accounted for as income in accordance with the terms of such agreements. Income under Long Term Lease/Infrastructure Usage Agreements is recognized in accordance with the terms of such agreements. In case of Subsidiary Mundra SEZ Textile and Apparel Park Private Limited (MITAP), the upfront premium received/receivable under Long Term Leases/Infrastructure Usage Agreement is recognized as income pro-rata over the period of sub-lease agreement. (This income pertaining to MITAP in the books of MPSEZL constitutes 3.61% of the total unamortized amount under Long Term Leases/Infrastructure Usage Agreements.)

**iii) Income from Multi-modal Cargo Storage cum Logistics Services**

Multi-modal and transportation income are recognized on the basis of service provided as per the contractual terms.

**iv) Non Scheduled Aircraft Services**

Revenue from chartered services is recognized based on service provided and billed as per the terms of the contracts with the customers.

**v) Contract Revenue**

Revenues from construction contracts are recognized on a percentage completion method, in proportion that the contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs. Contract revenue earned in

excess of billing has been reflected under "Other Current Assets" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the Balance Sheet. Full provision is made for any loss in the year in which it is first foreseen.

**vi) Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**vii) Dividends**

Revenue is recognized when the shareholders' right to receive payment is established by the Balance Sheet date.

**n) Foreign Currency Translation**

**i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**iii) Exchange Differences**

Exchange differences, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**iv) Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

**v) Translation on integral and non integral foreign operations**

The consolidated financial statements of an integral operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the consolidated financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates on the dates of the transactions. All resulting exchange differences are accounted in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or an expenses in the same period in which the gain or loss on disposal is recognized.

**vi) Derivative transactions**

The Company enters into various foreign currency option contracts and options to hedge its risks with respect to foreign currency fluctuations. These foreign exchange forward contracts and options are not used for trading or speculation purpose. At every period end, all outstanding derivative contracts are fair valued on a marked-to-market basis and any loss on valuation is recognized in the Profit and Loss Account. Any gain on marked-to-market valuation of respective contracts is only recognized to the extent of the loss on foreign currency re-instatement of the underlying transaction, keeping in view the principle of prudence as enunciated in AS 1, Disclosure of Accounting Policies'. Any subsequent change in fair values, occurring after Balance Sheet date, is accounted for in subsequent period.

**o) Employee Benefits**

**i) Provident fund and superannuation fund**

Retirement benefits in the form of Provident Fund and Superannuation Fund Schemes are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

**ii) Gratuity**

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each consolidated financial year. The Company has taken an insurance policy under the Group Gratuity Scheme with the Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees and amount paid/payable in respect of the present value of liability for past services is charged to the Profit and Loss Account every year. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds with LIC is provided for as liability in the books. In case of subsidiaries, other than Adani Logistics Limited, gratuity liability has been provided for on actual computation basis for the benefits standing to the credit of the employees at the end of each consolidated financial year.

**iii) Leave Benefits**

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation as at the end of the period. The actuarial valuation is done as per projected unit credit method. In case of subsidiaries, other than Adani Logistics Limited, leave benefits liability is provided for on actual computation basis for the benefits standing to the credit of the employees at the end of each consolidated financial year.

**iv) Actuarial Gains/Losses**

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

**p) Income Taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. The Company is eligible and claims tax deductions available under Section 80IAB of the Income Tax Act, 1961, in respect of income derived from Multipurpose Special Economic Zone notified area in the Mundra Region along with the Port facilities.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. In view of Company availing tax deduction under Section 80IAB of the Income Tax Act, 1961, deferred tax has been recognized in respect of timing difference, which originates during the tax holiday period but reverse after tax holiday period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forward unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**q) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting Preference Dividends) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**r) Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best management estimates. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the consolidated financial statements.

**s) Segment Reporting Policies**

**i) Identification of segments:**

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each representing a strategic business unit that offers different services and serves different category of customers. The analysis of geographical segments is based on the geographical location of the customers.

**ii) Inter segment transfers:**

The Company generally accounts for inter segment sales and transfers as if the sales or transfers were to third parties at current market prices.

**iii) Unallocated Items:**

Includes general corporate income and expense items which are not allocated to any business segment.

**t) Cash and Cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at bank, cash in hand and short-term investments with an original maturity of ninety days or less.

**u) Miscellaneous Expenditure**

Miscellaneous Expenditure represents the expenses incurred on Initial Public Offer and preliminary expenses. Initial public offer expenses are adjusted against Securities Premium Account as permitted under Section 78 of the Companies Act, 1956.

**3. (Note No. 4 of Schedule 23)  
Segment Information**

Business Segment: The identified reportable Segments are Port and Special Economic Zone activities and others in terms of Accounting Standard-17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

Other Segment mainly includes Aircraft Operating Income, Services as per Concession agreement with Government of India, Ministry of Railways for movement of Container Trains on specific Railway Routes and Multi-modal Cargo storage cum logistics services through development of Inland Container Depots at various strategic locations.

There being no business outside India, the entire business has been considered as single geographic segment. The segment information on consolidated financial statement with Segment wise Revenue, Result and Capital Employed for the year ended March 31, 2010 is given below:

(Rs. in lacs)

Sr. No.	Particulars	Port and SEZ Activities	Others	Total
1	<b>Revenue</b>			
	External Sales	140,475.21	11,488.12	151,963.33
		115,173.03	6,557.71	121,730.74
	Less : Inter-Segment Sales	-	(689.31)	(689.31)
		(411.83)	(411.83)	
	Total Revenue	140,475.21	10,798.81	151,274.02
		115,173.03	6,145.88	121,318.91
2	<b>Result</b>			
	Segment Result (PBIT)	80,500.39	(3,028.25)	77,472.14
		61,902.68	(1,355.41)	60,547.27
	Unallocated Corporate Income (Net)	-	-	17,665.55
		-	-	12,843.87

Sr. No.	Particulars	Port and SEZ Activities	Others	Total
	<b>Operating Profit</b>	-	-	<b>95,137.69</b>
		-	-	<i>73,391.14</i>
	Interest Expenses	-	-	<b>21,774.85</b>
		-	-	<i>24,804.96</i>
	<b>Profit before tax</b>	-	-	<b>73,362.84</b>
		-	-	<i>48,586.18</i>
	Current Taxes	-	-	<b>797.40</b>
		-	-	<i>(67.39)</i>
	MAT Credit Entitlement	-	-	-
		-	-	-
	Deferred Tax	-	-	<b>5,208.10</b>
		-	-	<i>5,252.15</i>
	Fringe Benefit Tax	-	-	<b>(0.11)</b>
		-	-	<i>148.98</i>
	<b>Total Tax</b>	-	-	<b>6,005.39</b>
		-	-	<i>5,333.74</i>
	<b>Profit after tax and before Exceptional Items</b>	-	-	<b>67,357.45</b>
		-	-	<i>43,252.44</i>
	<b>Profit after tax and Exceptional Items</b>	-	-	<b>67,357.45</b>
		-	-	<i>43,252.44</i>
	Add: Profit/(Loss) attributable to sale of stake in Associates	-	-	<b>162.89</b>
		-	-	-
	Less: Minority Interest	-	-	<b>(79.60)</b>
		-	-	-
	<b>Net profit</b>	-	-	<b>67,599.94</b>
		-	-	<i>43,252.44</i>
<b>3</b>	<b>Other Information</b>			
	Segment Assets	<b>618,092.26</b>	<b>70,145.14</b>	<b>688,237.40</b>
		<i>491,176.82</i>	<i>57,623.83</i>	<i>548,800.65</i>
	Unallocated Corporate Assets	-	-	<b>127,689.87</b>
		-	-	<i>122,560.31</i>
	<b>Total Assets</b>	<b>618,092.26</b>	<b>70,145.14</b>	<b>816,289.87</b>
		<i>491,176.82</i>	<i>57,623.84</i>	<i>671,360.96</i>
	Segment Liabilities	<b>391,111.65</b>	<b>38,749.34</b>	<b>429,860.99</b>
		<i>610,750.88</i>	<i>59,886.29</i>	<i>670,637.17</i>
	Unallocated Corporate Liabilities	-	-	<b>41,043.65</b>
		-	-	-
	<b>Total Liabilities</b>	<b>391,111.65</b>	<b>38,749.34</b>	<b>470,904.64</b>
		<i>610,750.88</i>	<i>59,886.29</i>	<i>670,637.17</i>
	Capital Expenditure during the year	<b>136,932.24</b>	<b>49,814.69</b>	<b>186,746.93</b>
		<i>142,493.25</i>	<i>33,660.47</i>	<i>176,153.72</i>
	Segment Depreciation (Expense)	<b>16,814.10</b>	<b>1,865.81</b>	<b>18,679.91</b>
		<i>13,723.50</i>	<i>955.64</i>	<i>14,679.14</i>
	Non-Cash Expenses other than Depreciation	<b>1,884.24</b>	-	<b>1,884.24</b>
		<i>7,860.84</i>	-	<i>7,860.84</i>

*Previous year figures are in italics*

**Note:** Unallocated Corporate Liabilities includes Minority interest amounting to Rs. 8,222.93 lacs (Previous Year Rs. 1,023.66 lacs).

#### 4. (Note No. 5 of Schedule 23)

The Company has nine subsidiaries in the consolidated financial statements. Mundra Port and Special Economic Zone Limited's share in the voting power of these companies as at March 31, 2010 is as follows:

Sr. No.	Name of Company	Country of Incorporation	Proportion of Ownership Interest (%)
1	Adani Logistics Limited [Formerly Inland Conware Private Limited (ICPL)]	India	100.00
2	Karnavati Aviation Private Limited	India	100.00
3	Adani Logistics Limited [upto June 7, 2009] (Refer Note 1 below)	India	100.00
4	MPSEZ Utilities Private Limited	India	100.00
5	Mundra SEZ Textile and Apparel Park Private Limited (MITAP)	India	55.97
6	Rajasthan SEZ Private Limited	India	100.00
7	Adani Murrugao Port Terminal Private Limited (Refer Note 2 below)	India	100.00
8	Mundra International Airport Private Limited (Refer Note 2 below)	India	100.00
9	Adani Hazira Port Private Limited (Refer Note 3 below)	India	100.00
10	Adani Petronet (Dahej) Port Private Limited (Refer Note 4 below)	India	74.00

- Note:**
1. The Company got merged with ICPL which was renamed as Adani Logistics Limited.
  2. The Companies have been incorporated w.e.f August 7, 2009.
  3. The Company has been incorporated w.e.f December 7, 2009.
  4. The Company became subsidiary w.e.f January 4, 2010, which was earlier 50:50 Joint venture with Petronet LNG Limited.

#### 5. (Note No. 6 of Schedule 23)

Dholera Infrastructure Private Limited, an associate company of MPSEZL has not been considered while preparing the "Consolidated Financial Statements" of the Group on the basis of materiality.

#### 6. (Note No. 7 of Schedule 23)

##### Related Party Disclosures

The Management has identified the following Companies and individuals as related parties of the Company for the year ended March 31, 2010 for the purposes of reporting as per AS 18 – Related Party Transactions:

##### List of related parties (As certified by the management)

Holding Company	Adani Infrastructure Services Private Limited
Fellow Subsidiary	Baramati Power Private Limited [upto December 29, 2009] Shankheshwar Buildwell Private Limited [upto December 14, 2009] Adani Tradelinks Private Limited [w.e.f March 3, 2010]
Key Management Personnel	Mr. Gautam S. Adani, Chairman and Managing Director Mr. Rajeeva Ranjan Sinha, Whole time Director Dr. Malay R. Mahadevia, Whole time Director [w.e.f May 20, 2009] Mr. Ameet H. Desai, Executive Director [upto October 31, 2009]
Relative of Key Management Personnel	Mr. Rajesh S. Adani, Director
Joint Ventures	Adani Petronet (Dahej) Port Private Limited [upto January 3, 2010]
Entities over which Key Management Personnel, Directors and their relatives are able to exercise significant influence	Adani Enterprises Limited Adani Power Limited Adani Gas Limited [w.e.f. January 8, 2010] Adani Welspun Exploration Limited Adani Wilmar Limited Adani Agro Private Limited Adani Properties Private Limited Adani Shipyard Private Limited [upto March 31, 2010] Dholera Infrastructure Private Limited [w.e.f March 31, 2010] Shantikrupa Estates Private Limited Adani Energy Limited [upto January 6, 2010] Adani Foundation Adani Tradelinks [upto March 2, 2010] Dholera Port and Special Economic Zone Limited [w.e.f March 31, 2010] Adani Education and Research Foundation Gujarat Adani Institute of Medical Science

Aggregate of transactions for the year ended with these parties have been given below.

## Detail of Related Party Transactions for the year ended March 31, 2010

Particulars	Holding	Fellow Subsidiary	KMP				Relative of KMP			
	Adani Infra. Services Pvt. Ltd.	Adani Tradelink Pvt. Ltd.	Gautam S. Adani	Ameeth H. Desai	Malay Mahadevia	Rajeeva R. Sinha	Rajesh S. Adani	Adani Power Ltd.	Adani Energy Ltd.	Adani Gas Ltd.
<b>Rendering of Services</b>										
FY 2009-10	-	-	-	-	-	-	-	7,009.40	-	-
FY 2008-09	-	-	-	-	-	-	-	1,203.67	-	-
<b>Lease &amp; Infrastructure Usage Charges / Upfront Premium</b>										
FY 2009-10	-	-	-	-	-	-	-	1,007.57	-	-
FY 2008-09	-	-	-	-	-	-	-	29.39	-	-
<b>Purchase Goods, Service &amp; Facilities</b>										
FY 2009-10	-	9.17	-	-	-	-	-	-	0.18	0.01
FY 2008-09	-	10.86	-	-	-	-	-	-	0.30	-
<b>Purchase/(Sale) of Assets / Shares (Including Advance)</b>										
FY 2009-10	0.49	-	-	-	-	-	-	14.35	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Sale of Material</b>										
FY 2009-10	-	-	-	-	-	-	-	34.71	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Equity / Pref. Share Money Invested (Including Application Money)</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Equity Share Application Money Refund</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Interest Income / (Expense)</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Loan Given</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Loan Received Back</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Expenses Reimbursement (Net)</b>										
FY 2009-10	-	-	-	-	-	-	-	52.18	-	-
FY 2008-09	-	-	-	-	-	-	-	29.78	0.40	-
<b>Remuneration</b>										
FY 2009-10	-	-	120.00	386.31	138.93	147.00	-	-	-	-
FY 2008-09	-	-	120.00	135.00	-	120.00	-	-	-	-
<b>Commission to Directors</b>										
FY 2009-10	-	-	50.00	-	-	-	-	-	-	-
FY 2008-09	-	-	*962.94	-	-	-	-	-	-	-
<b>Sitting Fees</b>										
FY 2009-10	-	-	-	-	-	-	2.50	-	-	-
FY 2008-09	-	-	-	-	-	-	2.50	-	-	-
<b>Donation</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Inter Corporate Deposit Received</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	2,500.00	-	-	-	-	-	-	-	-	-
<b>Inter Corporate Deposit Refund</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	2,500.00	-	-	-	-	-	-	-	-	-
<b>Closing Balance as on March 31, 2010 [Dr/(Cr)]</b>										
<b>Deposit Received</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Advances from Customers</b>										
FY 2009-10	-	-	-	-	-	-	-	218.10	-	-
FY 2008-09	-	-	-	-	-	-	-	221.35	-	-
<b>Creditors / Other Liabilities</b>										
FY 2009-10	-	-	-	-	-	-	-	8.11	-	0.01
FY 2008-09	-	-	-	-	-	-	-	-	0.40	-
<b>Debtors</b>										
FY 2009-10	-	-	-	-	-	-	-	4,382.21	-	-
FY 2008-09	-	-	-	-	-	-	-	7,337.19	-	-
<b>Loan &amp; Advances (Including Capital Advances)</b>										
FY 2009-10	-	-	-	-	-	-	-	27.14	-	-
FY 2008-09	-	-	-	-	-	-	-	23.55	-	-
<b>Share Application Money Outstanding</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Deposit Given</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-
<b>Corporate Guarantees</b>										
FY 2009-10	-	-	-	-	-	-	-	-	-	-
FY 2008-09	-	-	-	-	-	-	-	-	-	-

Note : \* Out of this an amount of Rs. 912.94 lacs has been reversed during the year 2009-10, being the amount waived by the Chairman and Managing Director.

## Entities over which Key Management Personnel and their relatives are able to exercise significant influence

Adani Enterprises Ltd.	Adani Foundation	Adani Wilmar Ltd.	Adani Agro Pvt. Ltd.	Adani Properties Pvt. Ltd.	Shanti krupa Estate Pvt. Ltd.	Adani Welspun Exploration Ltd.	Adani Shipyards Pvt. Ltd.	Vyom Tradlinks Pvt Ltd.	Adani Mundra SEZ Infrastructure Pvt. Ltd.	Dholera Port And Special Economic Zone Ltd.	Adani Education & Research Foundation	Gujarat Adani Institute of Medical Science	Dholera Infrastructure Pvt. Ltd.	Total
16,734.03	2.17	2,393.42	-	-	-	-	-	-	-	-	-	-	-	26,139.02
14,027.51	-	2,330.98	-	-	-	-	-	1,962.32	-	-	-	-	-	19,524.48
-	-	21.30	-	-	-	-	-	-	-	-	-	-	-	1,028.87
-	-	20.41	-	-	-	-	-	-	3,288.44	-	-	-	-	3,338.24
546.57	0.21	11.17	-	5.54	-	-	-	-	-	-	-	-	-	572.85
3,379.65	-	10.17	-	5.22	(3.02)	-	-	-	-	-	-	-	-	3,403.18
-	-	-	-	-	28.44	-	-	-	-	-	-	-	-	43.29
35.56	-	-	-	-	274.25	-	5.94	-	4,511.68	-	-	-	-	4,827.42
-	-	-	-	-	-	-	-	-	-	-	-	-	-	34.71
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	13.00	-	-	-	-	-	0.50	13.50
-	-	-	-	-	-	-	-	-	-	110.00	-	-	-	110.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	72.97	-	-	-	-	-	-	-	-	72.97
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.50	-	-	-	-	-	-	-	-	-	-	-	-	876.41	881.91
-	-	-	-	160.00	-	-	-	-	-	-	-	-	-	160.00
5.50	-	-	-	(35.00)	-	-	-	-	-	-	-	-	-	(29.50)
-	-	-	-	(17.50)	-	-	-	-	-	-	-	-	-	(17.50)
0.56	(1.88)	9.83	5.00	-	-	0.02	-	-	-	-	-	-	-	65.70
205.28	5.05	64.34	0.05	(0.00)	-	22.54	-	-	2.91	-	-	-	-	330.35
-	-	-	-	-	-	-	-	-	-	-	-	-	-	792.24
-	-	-	-	-	-	-	-	-	-	-	-	-	-	375.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	50.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	962.94
-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.50
-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.50
-	693.00	-	-	-	-	-	-	-	-	-	2,500.00	-	-	3,193.00
-	1,270.00	-	-	-	-	-	-	-	-	-	-	-	-	1,270.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,500.00
100.00	-	50.00	-	-	-	-	-	-	-	-	-	-	-	150.00
100.00	-	50.00	-	-	-	-	-	-	-	-	-	-	-	150.00
2,798.45	-	-	-	-	-	-	-	-	-	-	-	-	-	3,016.55
-	-	13.48	-	-	-	-	-	-	-	-	-	-	-	234.83
86.63	-	-	-	-	-	-	-	-	-	-	-	-	-	94.75
1,066.81	-	-	-	-	37.26	-	-	-	47.15	-	-	-	-	1,151.62
624.49	0.33	55.06	-	-	-	-	-	-	-	-	-	-	-	5,062.09
2,686.91	-	158.70	-	-	-	-	-	560.36	-	-	-	-	-	10,743.16
-	-	-	-	-	0.67	-	-	-	-	-	-	-	876.41	904.22
1.63	5.30	25.87	-	-	520.40	23.17	-	-	7,070.32	-	-	-	-	7,670.24
-	-	-	-	-	-	-	-	-	-	-	-	-	0.50	0.50
-	-	-	-	-	-	-	13.00	-	-	-	-	-	-	13.00
-	-	-	-	100.00	-	-	-	-	-	-	-	-	-	100.00
-	-	-	-	100.00	-	-	-	-	-	-	-	-	-	100.00
-	-	-	-	-	-	-	-	-	-	-	-	1,500.00	-	1,500.00
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## Notes:

- The names of the related parties and nature of the relationships where control exists are disclosed irrespective of whether or not there have been transactions between the related parties. For others, the names and the nature of relationships is disclosed only when the transactions were entered into by the Company with the related parties during the existence of the related party relationship.
- Pass through charges relating to railway freight and other charges payable to third parties have not been considered for the purpose of related party disclosure.

### 7. (Note No. 8 of Schedule 23)

The Company takes various types of derivative instruments to hedge its future loans & interest liabilities. The category-wise outstanding position of derivative instruments is as under:

Nature	Particulars of Derivatives		Purpose
	As at March 31, 2010	As at March 31, 2009	
Cross Currency Swap	<b>Rs. 10,938.00 lacs</b>	Rs. 10,938.00 lacs	Hedging of loan and interest liability
Principal Only Swap	<b>Rs. 17,284.45 lacs</b>	Rs. 6,453.15 lacs	Hedging of loan

The details of foreign currency exposures that are not hedged by a derivative instrument or otherwise are as under:

Nature	March 31, 2010		March 31, 2009	
	Amount (Rs. in lacs)	Foreign Currency (in lacs)	Amount (Rs. in lacs)	Foreign Currency (in lacs)
Foreign Currency Loan	<b>57,466.45</b>	<b>USD 1,273.07</b>	61,631.61	USD 1,209.65
	<b>11,183.51</b>	<b>EURO 184.67</b>	-	-
	<b>5,309.02</b>	<b>JPY 10,960.00</b>	-	-
Acceptances	<b>6,062.98</b>	<b>USD 134.32</b>	-	-
Buyer's Credit	<b>66,142.15</b>	<b>USD 1,465.27</b>	28,168.78	USD 552.87
	<b>15,729.58</b>	<b>EURO 259.74</b>	13,100.48	EURO 194.14
	<b>219.42</b>	<b>GBP 3.23</b>	-	-
Creditors	<b>1,642.03</b>	<b>USD 36.38</b>	1,515.94	USD 29.75
	<b>3.34</b>	<b>GBP 0.05</b>	11.73	GBP 0.16
	<b>1,785.70</b>	<b>EURO 29.49</b>	4.33	EURO 0.06
	<b>311.77</b>	<b>SGD 9.72</b>	11.59	SGD 0.34
Supplier's Credit	<b>2,482.70</b>	<b>USD 55.00</b>	2,802.25	USD 55.00

Closing rates as at March 31, 2010:

INR/USD = Rs. 45.14

INR/EURO = Rs. 60.56

INR/GBP = Rs. 68.03

INR/SGD = Rs. 32.08

INR/JPY = Rs. 0.48

### 8. (Note No. 12 of Schedule 23)

The Government of India (GOI) has, vide its letter dated April 12, 2006, granted approval to the Company's proposal for development, operation and maintenance of a Multi-product Special Economic Zone (SEZ) the Company's land at Mundra, Gujarat. Subsequently through a Notification dated June 23, 2006, the Ministry of Commerce & Industry (Department of Commerce) has included Mundra Port and Port Limits in notified Special Economic Zone.

The Company is of the view, supported by an external opinion, that it may avail benefit u/s 80IAB of the Income Tax Act, 1961 on the entire income of the Company including the Special Economic Zone Operations. Accordingly, the Company has decided to avail benefits u/s 80IAB of the Income Tax Act, 1961 from accounting year 2007-08, and tax provision are made in accordance, therewith.

9. (Note No. 14 of Schedule 23)

**Details of employee benefits – Gratuity**

1. The Company has recognised, in the Profit and Loss Account for the current year, an amount of Rs. 250.33 lacs (Previous Year Rs. 219.41 lacs) as expenses under the following defined contribution plan.

(Rs. in lacs)

<b>Benefit Contribution to</b>	<b>2009-10</b>	2008-09
Provident Fund	<b>218.15</b>	189.69
Superannuation Fund	<b>32.18</b>	29.72
<b>Total</b>	<b>250.33</b>	219.41

2. The Company has a defined gratuity plan. Every employee gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is fully funded with Life Insurance Company of India (LIC) in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the respective plans.

**Profit and Loss Account**

**a) Net Employee benefit expense (recognised in Employee Cost):**

(Rs. in lacs)

<b>Particulars</b>	<b>Gratuity (Funded) March 31, 2010</b>	Gratuity (Funded) March 31, 2009
1. Current Service cost	<b>78.65</b>	60.05
2. Interest Cost on benefit obligation	<b>18.11</b>	11.52
3. Expected return on plan assets	<b>(20.51)</b>	(19.47)
4. Actuarial loss / (gain)	<b>64.47</b>	4.24
5. Net benefit expense	<b>140.72</b>	56.34

**Note:** Actual return on plan assets Rs. 22.57 lacs (Previous Year Rs. 15.86 lacs).

**Balance Sheet**

**b) Details of Provision for gratuity:**

(Rs. in lacs)

<b>Particulars</b>	<b>Gratuity (Funded) March 31, 2010</b>	Gratuity (Funded) March 31, 2009
1. Present value of defined benefit obligation	<b>326.23</b>	219.85
2. Fair value of plan assets	<b>263.15</b>	263.48
3. Surplus/(deficit) of funds	<b>(63.08)</b>	43.63
4. Net asset/(liability)	<b>(63.08)</b>	43.63

**c) Changes in Present Value of the defined benefit obligation are as follows:**

(Rs. in lacs)

<b>Particulars</b>	<b>Gratuity (Funded) March 31, 2010</b>	Gratuity (Funded) March 31, 2009
1. Defined benefit obligation at the beginning of the Period	<b>219.85</b>	156.11
2. Current Service cost	<b>80.75</b>	60.05
3. Interest Cost	<b>16.01</b>	11.52
4. Actuarial (gain)/loss on obligations	<b>56.27</b>	1.12
5. Benefits paid	<b>(46.65)</b>	(8.95)
6. Defined benefit obligation at the end of the period	<b>326.23</b>	219.85

**d) Changes in Fair Value of Plan Assets are as follows:**

(Rs. in lacs)

Particulars	Gratuity (Funded) March 31, 2010	Gratuity (Funded) March 31, 2009
Opening fair value of plan assets	263.48	181.07
Expected return	20.51	19.58
Contributions by employer	20.98	74.90
Benefits Paid	(46.65)	(8.95)
Actuarial gains/(losses)	4.83	(3.12)
Closing fair value of plan assets	263.15	263.48

**Note:** The present value of the plan assets represents the balance available with the LIC as at the end of the period. The total value of Plan Assets amounting to Rs. 317.55 lacs (Previous Year Rs. 263.48 lacs) is as certified by the LIC.

**e) The principle assumptions used in determining Gratuity obligations are as follows:**

Particulars	Gratuity (Funded) March 31, 2010	Gratuity (Funded) March 31, 2009
Discount rate	7.00 % to 8.25%	7.00 % to 7.75%
Expected rate of return on plan assets	8.00% to 8.25%	7.75% to 9.00%
Rate of Escalation in Salary (per annum)	5.00 % to 8.50%	5.00% to 8.00%
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal rate	1% at each age + service related	Age Related

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

**Amounts for the current and previous four periods are as follows:**

(Rs. in lacs)

Gratuity	Mar'10	Mar'09	Mar'08	Mar'07	Mar'06
Defined benefit obligation	(326.23)	(219.85)	(156.11)	(83.20)	(51.10)
Plan Assets	263.15	263.48	181.07	78.30	55.20
Surplus/(deficit)	(63.08)	43.63	24.96	(4.90)	4.10
Experience loss (gain) on plan liabilities	56.27	1.12	100.70	22.20	0.90
Experience loss (gain) on plan assets	(3.59)	3.12	4.57	(1.50)	(0.90)

**10. (Note No. 15 of Schedule 23)**

**Income from Operation includes:**

- Land Lease Income, Upfront Premium, Long-term Infrastructure Usage Income and Income incidental thereto of Rs. 11,376.42 lacs (Previous Year Rs. 10,038.99 lacs).
- Construction contract revenue income of Rs. 10,941.82 lacs (Previous Year Rs. 3,696.42 lacs).

**11.** Operating Expenses includes Handling and Storage Expenses of Rs. 10,117.65 lacs (Previous Year Rs. 11,829.92 lacs).

**12. Key Ratios :**

Ratio	2009-10	2008-09
Income from Operations/Total Assets	0.18	0.17
Profit before Interest, Depreciation & Tax/ Capital Employed	13.48%	13.34%
Return on Net Worth	19.50%	14.76%
Profit after Tax/Total Income	44.09%	34.89%

### 13. Earnings per share

	Unit	2009-10	2008-09
Weighted number of Equity Shares considered for Calculating Basic and Diluted EPS	No. in Lacs	4,006.79	4,006.79
Net profit after tax	Rs. in Lacs	67,357.45	43,252.44
Less: Dividend on Non-Cumulative Preference Shares	Rs. in Lacs	0.03	0.03
Net Profit for calculation of Basic and Diluted EPS	Rs. in Lacs	67,357.42	43,252.41
Basic and Diluted Earnings per Share	In Rupees	16.81	10.79

### 14. (Note No. 19 of Schedule 23)

#### Capital Commitments

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for	105,637.62	95,408.93

### 15. (Note No. 20 of Schedule 23)

Disclosure pursuant of Accounting Standard (AS) – 7 (revised) – Construction Contracts

a) (Rs. in lacs)

Particulars	March 31, 2010	March 31, 2009
Contract revenue recognized during the year	10,941.82	3,696.42
Aggregate amount of contract costs incurred during the year	3,391.78	2,330.11
Customer advances outstanding for contracts in progress	391.01	525.38
Retention money due from customers for contracts in progress.	124.84	-
Amount due from customers	3,913.75	1,281.06
Amount due to customers	319.57	-

b) Contract revenue accrued in excess of billing amounting to Rs. 4,080.24 lacs (previous year Rs.65.22 lacs) has been reflected under the head "Other Current Assets".

### 16. (Note No. 21 of Schedule 23)

#### Contingent Liabilities

(Rs. in lacs)

Particulars	As at March 31, 2010	As at March 31, 2009
Corporate Guarantees given to banks and financial institutions against credit facilities availed by subsidiaries and an associate entity - Amount outstanding there against Rs. 22,157.75 lacs (Previous Year Rs. 6,200.00 lacs)	26,328.32	6,200.00
Total amount of Contingent Liabilities not provided for	10,540.23	10,212.43

### 17. (Note No. 23 of Schedule 23)

#### Provisions:

(Rs. in lacs)

Description	Opening Balance	Additions during the year	Utilization during the year	Closing Balance
Operational Claims	393.67 (402.81)	550.00 (-)	- (9.14)	943.67 (393.67)

Previous year figures are in bracket

**Note:** Operational Claims are the expected claims made/to be made by the customers towards shortages of stock, handling loss, damages to the cargo, storage and other disputes. Based on the past experience, Company has made certain provisions in the books.

## 18. (Note No. 24 of Schedule 23)

Initial Public Offer (IPO) fund utilization: In terms of listing agreement the available IPO proceeds have been reallocated during the year based on the requirement of projects under implementation, which has been approved by the Board of Directors subject to consent of the members ratifying the variation in the utilization. The details of funds raised through Initial Public Offer (IPO) and utilization of proceeds up to March 31, 2010 is as under:

(Rs. in lacs)

Particulars	Proposed Utilizations to be made out of the IPO proceeds	Actual as on March 31, 2010
a) Issue Expenses	4,341.00	4,341.00
b) Investment in Adani Logistics Limited	15,678.00	15,678.00
c) Investment in Adani Petronet ( Dahej) Port Private Limited	15,905.00	15,905.00
d) Coal Terminal Project	45,000.00	45,000.00
e) SEZ Project	37,500.00	37,500.00
f) General Corporate Purpose	58,676.00	58,676.00
<b>Total</b>	<b>177,100.00</b>	<b>177,100.00</b>

## 19. (Note No. 25 of Schedule 23)

The Company has 2,811,037 outstanding 0.01 % Non-Cumulative Redeemable Preference Shares of Rs. 10 each issued at a premium of Rs. 990 per share. These shares are to be redeemed on March 28, 2024 at an aggregate premium of Rs. 27,829.27 lacs. The Company credits the redemption premium on proportionate basis every year to Preference Share Capital, Redemption Premium Reserve (in earlier year termed as Preference Share Capital Redemption Reserve) and debits the same to Securities Premium Account as permitted by Section 78 of the Companies Act, 1956.

## 20. (Note No. 26 of Schedule 23)

### Miscellaneous Expenditure – Share Issue Expenses

The Company reversed excess provision of Rs. 228.73 lacs (Previous Year: Expenses of Rs. 754.25 lacs) during the year, in connection with its Initial Public Offer (IPO). In terms of Section 78 of the Companies Act, 1956 the Company has adjusted the said share issue expense against the Securities Premium received from the said IPO.

## 21. (Note No. 27 of Schedule 23)

### Previous Year Comparatives

Previous year's figures have been regrouped where necessary to conform to this year's classification.

**As per our report of even date**

**For S. R. BATLIBOI & ASSOCIATES**

**Firm Registration No. : 101049W**

*Chartered Accountants*

**per Arpit K. Patel**

*Partner*

**Membership No. 34032**

**Place: Ahmedabad**

**Date: May 17, 2010**

**For and on behalf of the Board of Directors**

**Gautam S. Adani**

*Chairman and Managing Director*

**Dr. Malay R. Mahadevia**

*Wholetime Director*

**Place : Ahmedabad**

**Date : May 17, 2010**

**Rajesh S. Adani**

*Director*

**Dipti Shah**

*Company Secretary*

**B. Ravi**

*Chief Financial Officer*



**Mundra Port and Special Economic Zone Limited**

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