RED HERRING PROSPECTUS
Dated October 24, 2007
Please read section 60B of the Companies Act, 1956
100% Book Building Issue

MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

(Our Company was incorporated as Gujarat Adani Port Limited under the Companies Act, 1956 on May 26, 1998. The name of our Company was changed to Mundra Port and Special Economic Zone Limited on July 7, 2006.)

Registered and Corporate Office: Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009
Company Secretary and Compliance Officer: Mrs. Dipti Shah
Tel: (91 79) 2656 5555, Fax: (91 79) 2656 5500, Email: dshah@adanigroup.com, Website: www.portofmundra.com

PUBLIC ISSUE OF 40,250,000 EQUITY SHARES OF Rs. 10 EACH OF MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED ("MPSEZ" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING TO Rs. [●] (THE "ISSUE"). THE ISSUE COMPRISES A NET ISSUE OF 40,100,000 EQUITY SHARES TO THE PUBLIC AND A RESERVATION OF 150,000 EQUITY SHARES FOR ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 10.05% AND 10.01% RESPECTIVELY OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. 400 TO RS. 440 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH

THE FLOOR PRICE IS 40.0 TIMES THE FACE VALUE AND THE CAP PRICE IS 44.0 TIMES THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended by three additional days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

In accordance with Rule 19 (2) (b) of the Securities Contract (Regulation) Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is [●] times of the face value. The Issue Price (as determined by our Company in consultation with the Book Running Lead Managers on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process and as stated in the section "Basis for Issue Price" on page 42 of this Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing. Our Company has not opted for a grading of this Issue.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is drawn to the section titled "Risk Factors" on page xv of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue that is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole, or any information or the expression of any opinions or intentions, misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from NSE and BSE for the listing of our Equity Shares pursuant to letters dated October 12, 2007 and October 1, 2007, respectively. For purposes of the Issue, the Designated Stock Exchange is BSE.

GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS

DSP Merrill Lynch Limited Mafatlal Centre, 10th Floor Nariman Point, Mumbai 400 021 Tel: (91 22) 6632 8000 Fax: (91 22) 2204 8518 Email: mundra_ipo@ml.com Website: www.dspml.com Contact Person: N.S. Shekhar	**JM Financial Consultants Private Limited** 141, Maker Chambers III Nariman Point Mumbai 400 021 Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185 Email: mundra_sez.ipo@jmfinancial.in Website: www.jmfinancial.in Contact Person: Poonam Karande	**SSKI Corporate Finance Private Limited** 803/4 Tulsiani Chambers 8th Floor, Nariman Point Mumbai 400 021 Tel: (91 22) 6638 3333 Fax: (91 22) 2204 0282 Email: mundra.ipo@sski.co.in Website: www.sski.co.in Contact Person: Abhishek Jain

BOOK RUNNING LEAD MANAGER		REGISTRAR TO THE ISSUE
Enam Securities Private Limited 801, Dalamal Towers Nariman Point Mumbai 400021 Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 Email: mundra.ipo@enam.com Website: www.enam.com Contact Person: Sachin K. Chandiwal	**SBI Capital Markets Limited** 202, Maker Towers 'E', Cuffe Parade, Mumbai 400 005 Tel: (91 22) 2218 9166 Fax: (91 22) 2218 8332 Email : mundra.ipo@sbicaps.com Website : www.sbicaps.com Contact Person : Subrat Panda	**Intime Spectrum Registry Limited** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 Tel. : (91 22) 2596 0320 Fax. : (91 22) 2596 0329 Email: mpsezl-ipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Vishwas Attavar

ISSUE PROGRAMME

BID/ISSUE OPENS ON : THURSDAY, NOVEMBER 01, 2007	BID/ISSUE CLOSES ON : WEDNESDAY, NOVEMBER 07, 2007

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"We", "us", "our", "the Issuer", "the Company", "our Company" or "MPSEZ"	Unless the context otherwise indicates or implies, refers to Mundra Port and Special Economic Zone Limited on a standalone basis.

Company Related Terms

Term	Description
ACL	Adani Chemicals Limited, a company incorporated under the Companies Act which was amalgamated with us with effect from April 1, 2006
ALL	Adani Logistics Limited, a company incorporated under the Companies Act and having its registered office at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009
APL	Adani Port Limited, a company incorporated under the Companies Act which was amalgamated with us with effect from April 1, 2003
AISPL	Adani Infrastructure Services Private Limited, a company incorporated under the Companies Act and having its registered office at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009
APIPL	Adani Port Infrastructure Private Limited, a company incorporated under the Companies Act and having its registered office at 8th Floor, Shikhar, Near Adani House, Mithakhali, Navrangpura, Ahmedabad 380 009
APPPL	Adani Petronet (Dahej) Port Private Limited, a company incorporated under the Companies Act and having its registered office at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009
Adani Group	Such entities in which the Adani family has business or financial interest, including interests in sectors such as ports, power, infrastructure, real estate, trading, edible oils, gas distribution and logistics
Articles	Articles of Association of our Company
Auditors	The statutory auditors of our Company, S R Batliboi and Associates, Chartered Accountants
Board/Board of Directors	Board of Directors of our Company including a duly constituted committee thereof
Container Sub-concessionaire	The sub-concessionaire at Mundra Port pursuant to the MICT Sub-concession Agreement
Container Terminal I	Container Terminal I at Mundra Port
Container Terminal II	Container Terminal II at Mundra Port
CGPL	Coastal Gujarat Private Limited, a company incorporated under the Companies Act and having its registered office at Chandralok Building, 36, Janpath, New Delhi 110 001
Concession Agreement	The concession agreement entered into on February 17, 2001 between Gujarat Maritime Board, Government of Gujarat (acting as a confirming party) and our Company and described in "History and Corporate Structure" on page 103 of this Red Herring Prospectus

Term	Description
CONCOR	Container Corporation of India Limited, a company incorporated under the Companies Act and having its registered office at CONCOR Bhawan C-3, Mathura Road, Opposite Apollo Hospital, New Delhi 110 076
Directors	Directors of Mundra Port and Special Economic Zone Limited, unless otherwise specified
GGSRL	Guru Gobind Singh Refineries Limited, a company incorporated under the Companies Act and having its registered office at Village Phulokhari, Taluka Talwandi Saboo, Bhatinda 151 301, Punjab
GMB	Gujarat Maritime Board, an undertaking of the Government of Gujarat and having its registered office at Sector 10-A, Opposite Air Force Station, Gandhinagar 382010
GPIDCL	Gujarat Port Infrastructure Development Corporation Limited, a company incorporated under the Companies Act and having its registered office at 6th Floor, G.M.B Bhavan, Sector 10-A, Opposite Air Force Station, Gandhinagar 382010
HPCL	Hindustan Petroleum Corporation Limited, a company incorporated under the Companies Act and having its registered office at Petroleum House, 17, Jamshedji Tata Road, Churchgate, Mumbai 400 020
ICPL	Inland Conware Private Limited, a company incorporated under the Companies Act and having its registered office at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009
IOCL	Indian Oil Corporation Limited, a company incorporated under the Companies Act and having its registered office at Indian Oil Bhavan, G-9, Ali Yavar Jung, Bandra (East), Mumbai 400 051
IOCL Port Services Agreement	The port services agreement entered into on October 9, 2002 between Indian Oil Corporation Limited and our Company
Key Management Personnel	Those individuals described in "Our Management – Key Management Personnel" on page 124 of this Red Herring Prospectus
Kudos	Kudos International, a company incorporated under the laws of the Republic of Mauritius and having its registered office at 5, Duke of Edinburgh Avenue, Port Louis, Republic of Mauritius
Memorandum	Memorandum of Association of our Company
MICT	Mundra International Container Terminal Private Limited, a company incorporated under the Companies Act and having its registered office at New Mundra Port, Navinal, Mundra-Kutch 370 421
MICT Sub-concession Agreement	The Sub-concession agreement entered into on January 7, 2003 between Mundra International Container Terminal Private Limited and our Company
MSEZ	Mundra Special Economic Zone Limited, a company incorporated under the Companies Act which was amalgamated with us with effect from April 1, 2006
Mundra Port	Our port located at Mundra in the State of Gujarat
Mundra SEZ	The multi-product SEZ covering the Mundra Port and its surrounding areas covering an area of 2,406.8 hectares (approximately 5,947 acres) in relation to which we have received a notification from the Government of India dated June 23, 2006

Term	Description
	and on July 3, 2007, we received a subsequent notification with respect to an additional 251.4 hectares of land, resulting in a total of 2,658.2 hectares (approximately 6,568 acres)
PLL	Petronet LNG Limited, a company incorporated under the Companies Act and having its registered office at World Trade Centre, 1st Floor, Babar Road, Barakhamba Road, New Delhi 110 001
PMC	Project Monitoring and Construction Limited, a company incorporated under the laws of Mauritius and having its registered office at Fideco Global Business Services Limited, 44 St. George Street, Port Louis, Republic of Mauritius
Promoters	Mr. Gautam S. Adani, Mr. Rajesh S. Adani, Adani Port Infrastructure Private Limited and Adani Infrastructure Services Private Limited
Promoter Company(ies)	Adani Port Infrastructure Private Limited and Adani Infrastructure Services Private Limited
Promoter Group	Unless the context otherwise specifies, refers to those entities mentioned in the section "Our Promoters and Promoter Group" on page 129 of this Red Herring Prospectus
Registered and Corporate Office of our Company	Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009
Second Stage Assets	As defined in the MICT Sub-Concession Agreement means the core assets comprising the 618 metre quay wall including 19.33 hectares of back-up area for container storage, which have been agreed by the parties thereto as being connected with the operation of the contracted assets. Core Assets are defined in the MICT Sub-Concession Agreement as the quay wall. Contracted assets are defined in the MICT Sub-Concession Agreement as assets defined in the agreement and any replacements and substitutes thereof and such other assets as are used by the Sub-Licensee at the Container Terminal and the Container Freight Station from time to time with the approval of the Company.
Terminal I	Multi-purpose terminal I at Mundra Port
Terminal II	Multi-purpose terminal II at Mundra Port

Issue Related Terms

Term	Description
Allotment/Allot	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Banker(s) to the Issue	Axis Bank, ICICI Bank, Kotak Mahindra Bank Limited, State Bank of India, HDFC Bank Limited and Standard Chartered Bank
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 323 of the Red Herring Prospectus

Term	Description
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Gujarati newspaper, each with wide circulation
Bid /Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Gujarati newspaper, each with wide circulation
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made
BRLMs/Book Running Lead Managers/ Book Runners	Global Co-ordinators, Enam Securities Private Limited, SBI Capital Markets Limited, I-Sec and KMCC
Business Day	Any day other than Saturday or Sunday on which commercial banks in Ahmedabad and Mumbai are open for business
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Cut-off Price	Any price within the Price band finalised by the Company in consultation with the Book Runners. A Bid submitted at Cut-off Price is a valid price at all levels within the Price Band.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	BSE
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus filed with SEBI
DSPML	DSP Merrill Lynch Limited, a company incorporated under the Companies Act and having its registered office at Mafatlal Centre, 10th Floor, Nariman Point, Mumbai 400 021

Term	Description
Eligible Employees	Permanent employees of the Company who are Indian Nationals based in India and are present in India on the date of submission of the Bid cum Application Form
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
Employee Reservation Portion	The portion of the Issue being up to 150,000 Equity Shares available for allocation to Eligible Employees
Enam	Enam Securities Private Limited, a company incorporated under the Companies Act and having its registered office at 113, Stock Exchange Towers, Dalal Street, Fort, Mumbai 400 001
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the Book Runners, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
Global Co-ordinators	DSP Merrill Lynch Limited, JM Financial Consultants Private Limited and SSKI Corporate Finance Private Limited
I-SEC	ICICI Securities Limited, company incorporated under the provisions of the Companies Act and having its registered office at ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020
Issue	The public issue of 40,250,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] each aggregating to Rs. [•] million. The Issue comprises a Employee Reservation Portion of up to 150,000 Equity Shares and a Net Issue to the public of 40,100,000 Equity Shares
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the Book Runners on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to the Company
JMF	JM Financial Consultants Private Limited, a company incorporated under the Companies Act and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021

Term	Description
KMCC	Kotak Mahindra Capital Company Limited, a company incorporated under the provisions of the Companies Act and having its registered office at 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Monitoring Agency	Infrastructure Development Finance Company Limited having its office at Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Mumbai 400 020
Mutual Fund Portion	5% of the QIB Portion or 1,203,000 Equity Shares (assuming the QIB Portion is for 60% of the Issue Size) available for allocation to Mutual Funds only, out of the QIB Portion
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Issue	The Issue less the Employee Reservation Portion
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses see "Objects of the Issue" on page 31 of this Red Herring Prospectus
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Net Issue being up to 4,010,000 Equity Shares of Rs. 10 each available for allocation to Non-Institutional Bidders
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date; and extending until the Bid/Issue Closing Date; and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. 400 and the maximum price (cap of the price band) of Rs. 440 and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the Book Runners finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Net Issue being at least 24,060,000 Equity Shares of Rs. 10 each to be Allotted to QIBs

Term	Description
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
Red Herring Prospectus or RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are issued and the size (in terms of value) of the Issue
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refund Banker	Axis Bank Limited
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited, a company incorporated under the Companies Act and having its registered office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their Karta and eligible NRIs) who have not Bid for Equity Shares for an amount more than Rs. 100,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Net Issue being up to 12,030,000 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three (3) days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
SBI Caps	SBI Capital Markets Limited, a company incorporated under the Companies Act and having its registered office at 202, Maker Towers 'E', Cuffe Parade, Mumbai 400 005
SSKI	SSKI Corporate Finance Private Limited, a company incorporated under the Companies Act and having its registered office at 803/4, Tulsiani Chambers, 8th Floor, Nariman Point, Mumbai 400 021
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue
Syndicate Members	JM Financial Services Private Limited, Sharekhan Limited, SBICAP Securities Limited, Kotak Securities Limited, Morgan Stanley India Company Private Limited

Term	Description
TRS/ Transaction Registration Slip	The slip or document issued by a member of the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The Book Runners and the Syndicate Members
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000

Term	Description
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
JNPT	Jawaharlal Nehru Port Trust
Mn / mn	Million
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous not written off) and debit balance of Profit and Loss Account, divided by weighted average number of equity shares outstanding during the year
NCR	National Capital Region
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Issue
p.a.	per annum
P/E Ratio	Price/Earnings Ratio

Term	Description
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Gujarat, Dadra and Nagar Haveli located at ROC Bhavan, CGO Complex, Opposite Rupal Park Society, Near Ankur Bus Stand, Naranpura, Ahmedabad 380 013
RONW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SAT	Securities Appellate Tribunal
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Sec.	Section
SEZ	Special Economic Zone
SIA	Secretariat for Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act
Stamp Act	The Indian Stamp Act, 1899
State Government	The government of a state of India
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
UIN	Unique Identification Number
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US$	United States Dollars
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time

Technical/Industry Related Terms

Term	Description
Bleeding conveyor lines	Conveyor lines used pursuant to bleeding of bagged cargo
BP	Bollard pull
Container freight station	Bonded area where container boxes are packed and unpacked
Container terminal	Comprises container berth and the container storage yard area
Cup pigging system	Cup shaped pig (foam) used for cleaning pipelines
Destuffing	Unpacking the container boxes
DWT	Dead Weight Tonnage, denoting maximum tonnage that can be handled by a ship
Export-import conveyor systems	Material handling system for export and import of bulk cargo
Forklifts	Mobile equipment having fork type structure for lift on and lift off
Gantry cranes	Cranes with an "A"-frame structure
Grab	Attachment with cranes used for handling bulk cargo
IMPS	Integrated port management system
IC Depots/ ICDs	Inland Container Depots
ISPS	International Code for the Security of Ships and Port Facilities
Jetty	Civil structure jutting out of shore and having berths at other end
Major Port	Ports administered by the Government of India and managed by a Port Trust
Mobile bagging unit	Mobile equipment used to bag bulk cargo
Mobile hoppers	Mobile equipment connected to conveyors
Navigation buoys	Floating structures demarcating channels, port limits etc.
Non Major/Minor Port	Ports administered by the State Governments
Oil Spill Booms	Equipment in tug to disperse oil spills
Pilotage	Guiding ships within the port limits
Portainers	Alternative name for rail mounted quay cranes
Post panamax rail mounted quay cranes	Cranes placed on berths having an outreach to service post panamax vessels and moving on rails
Reach stackers	Mobile equipment with spreaders to lift on and lift off container cargo
Reefer container storage	Container storage area having electric points which can be used for refrigerated containers
Ship loaders	Chutes for loading of bulk cargo in the ships
Single point mooring	Deep sea floating structure for berthing very large crude carriers
Spreader	Attachment with cranes/reach stacker for lifting container boxes
Stacker reclaimer system	Equipment used to reclaim and stack bulk cargo within the storage area

Term	Description
Stacking	Piling up one above the other
Stevedoring	Loading and unloading of cargo from the vessels
Stuffing	Packing the container boxes with cargo
Super post panamax rail mounted quay cranes	Cranes placed on berths having an outreach to service super post panamax vessels and moving on rails
Tallying	Reconciling the loading and unloading of cargo
TAMP	Tariff Authority for Major Ports
TEU	Twenty feet equivalent unit, the usual length of the container box
TPD	Tonnes per day
Transtainers	Alternative name for rubber tyred gantry cranes
Tug	Small boat which brings the vessel into berth
Tugboat berthing	Berthing of a vessel with assistance of tug in port limits
UMPP	Ultra Mega Power Project
Wharfage	Charges collected for the use of the jetty/berth

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data contained in this Red Herring Prospectus is derived from our restated unconsolidated financial statements which have been prepared in accordance with SEBI Guidelines and which have been restated from our audited unconsolidated financial statements as prepared in accordance with Indian GAAP, and are included in this Red Herring Prospectus in Section I of our Financial Statement. Our fiscal year commences on April 1 and ends on March 31 of the next year.

In, both 2002 and 2004, we changed our financial year end closing to the 15 month periods ending December 31, 2002 and March 31, 2004, respectively. In order to facilitate comparison of our financial results in subsequent periods, our restated unconsolidated financial statements included in this Red Herring Prospectus have been prepared as of and for the 12 month periods ending March 31, 2003, 2004, 2005, 2006, 2007 and as of and for three months period ending June 30, 2007. We have also included in this Red Herring Prospectus our restated consolidated financial statements as of and for the 12 months period ended March 31, 2007 and for the three months period ended June 30, 2007.

There are significant differences between Indian GAAP and US GAAP. We have not attempted to quantify the impact of such differences on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Currency of Presentation

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "USD" or "US Dollars" are to United States Dollars, the official currency of the United States of America. All references to "JPY" or "Yen" are to Japanese Yen, the official currency of Japan. All references to "Euro", "Euro Dollar" or "EUR", are to Euro the official currency of the Eurozone.

This Red Herring Prospectus contains translations of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Clause 6.9.7.1 of the SEBI Guidelines. These convenience translations should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, the rates stated below or at all.

Unless otherwise stated, we have in this Red Herring Prospectus used a conversion rate of Rs. 39.74 for one US Dollar, Rs. 56.30 for one Euro Dollar and Rs. 34.48 for 100 Japanese Yen (Source: Reserve Bank of India website www.rbi.org.in closing rate of exchange on September 30, 2007). Such translations should not be considered as a representation that such US Dollar or Euro Dollar, Japanese Yen amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all. Investors are cautioned not to rely on such translated amounts.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

1. Risks relating to reliance on concessions and licences from government and quasi-government organisations;
2. Disruption of business in the event that GMB terminates the MICT Sub-concession agreement between Mundra International Container Terminal Private Limited and our Company;
3. The nature of our contracts with our customers which contain inherent risks and contain certain provisions which, if exercised, could result in lower future income and negatively affect our profitability;
4. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have a material adverse effect on our operations, results of operations and financial condition;
5. Our investments in developing additional services, facilities and sources of income for our port business may not be successful; and
6. Reliance on a small number of customers for a large proportion of our income and a loss of any of these customers could affect our profitability.

For further discussion of factors that could cause our actual results to differ from our expectations, see the sections titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages xv, 65 and 240, respectively, of this Red Herring Prospectus. Neither our Company nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements, our Company and the Book Runners will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

Investing in our Equity Shares involves substantial risks. In addition to the other information in this Red Herring Prospectus, you should carefully consider the following factors before investing in our Equity Shares. Any of the risk factors we describe below could adversely affect our business, financial condition and/or results of operations. The market price of our Equity Shares could decline if one or more of these risks and uncertainties develop into actual events, causing you to lose all or part of the money you paid to buy our Equity Shares. Certain statements in "Risk Factors" are forward-looking statements. See also "Forward-Looking Statements" on page xiv of this Red Herring Prospectus.

Risks Related To Our Business

1. There is litigation currently outstanding involving some of our Directors, Promoters and entities forming part of our Promoter Group including proceedings relating to violation of securities laws and a criminal complaint instituted by SEBI.

Five show cause notices have been issued to our Promoters. Three show cause notices have been issued to Mr. Rajesh S. Adani one each by the Additional Director General of Directorate of Revenue Intelligence, the Commissioner of Customs and Central Excise and the Enforcement Directorate. Two show cause notices have been issued to Mr. Gautam S. Adani by the Directorate of Revenue Intelligence. The aggregate amount claimed under these show cause notices is Rs. 11.7 million plus penalties.

A law suit has also been filed in the Small Causes Court against one of our independent directors, Mr. S. Venkiteswaran.

SEBI has issued a show cause notice to Crown International, Adani Agro Private Limited and Adani Properties Private Limited, entities forming part of the Promoter Group in relation to aiding and abetting entities associated with Ketan Parekh in manipulating the price of the equity shares of Adani Enterprises Limited, earlier known as Adani Exports Limited, which lead to excessive volatility on the stock exchanges from October 1991 until March 2001. Further, by an order dated May 25, 2007, SEBI prohibited the promoters of Adani Exports Limited viz., Adani Agro Private Limited, Adani Impex Private Limited, Crown International, Shahi Property Developers Private Limited, Adani Properties Private Limited, Advance Exports and Intercontinental India from accessing the securities market directly or indirectly and also prohibited them from buying, selling or otherwise dealing in securities, in any manner whatsoever, for a period of two years. In the event that the matter is decided against our Promoters, and if they are prohibited from, directly or indirectly, accessing the capital markets, we may be restricted from accessing the capital markets.

An appeal was filed with SAT against the above mentioned SEBI order wherein SAT, by its interim order dated July 13, 2007 stayed the SEBI order and allowed the promoters of Adani Exports Limited viz., Adani Agro Private Limited, Adani Impex Private Limited, Crown International, Shahi Property Developers Private Limited, Adani Properties Private Limited, Advance Exports and Intercontinental India, to access the markets. The matter is pending for hearing on December 18, 2007.

SEBI has also filed a criminal complaint against Adani Enterprises Limited, Adani Properties Private Limited, Adani Agro Private Limited and Mr. Rajesh S. Adani (as a trustee of Rajeshbhai S. Adani Family Trust) in relation to the execution of off-market deals in violation of provisions of the Securities Contract Regulation Act, 1956.

Other litigations pending against our Promoters are as follows:

Litigation Against	No. of Cases	Type of Litigations	Amount of Damages
Mr. Rajesh S. Adani	Three	Additional Director General of, Directorate of Revenue Intelligence, Commissioner of Customs and Central Excise, Enforcement Directorate	Rs. 11.7 million plus penalties
Mr. Gautam S. Adani	Two	Directorate of Revenue Intelligence	-

Other litigations pending against our Directors (other than Promoter Directors) are as follows:

Litigation Against	No. of Cases	Type of Litigations	Amount of involved
Mr. S. Venkiteswaran	One	Small Causes Court	-

Other than the above, we understand that SEBI is conducting a preliminary investigation into the scrip of Shreyas Shipping and Logistic Ltd., where Shri Daniel Trevelyn Joseph, a director of the Company is also a director.

Other litigations pending against our Promoter Group are as follows:

Litigation Against	No. of Cases	Type of Litigations	Amount involved
Crown International, Adani Agro Private Limited and Adani Properties Private Limited	One	SEBI show cause notice	-
Adani Enterprises Limited, Adani Properties Private Limited, Adani Agro Private Limited and Mr. Rajesh S. Adani (as a trustee of Rajeshbhai S. Adani Family Trust)	One	SEBI criminal complaint	-

For details of the above and other litigations pending against our Directors, Promoters and entities forming part of our Promoter Group, please see the section "Outstanding Litigation and Material Developments" on page 278 of this Red Herring Prospectus. Such litigation is pending at different levels of adjudication before various courts and tribunals.

We cannot assure you that these legal proceedings will be decided in favour of our Directors, Promoters and Promoter Group. Decisions in such proceedings adverse to the interests of our Directors, Promoters and Promoter Group may have a material adverse effect on such persons, and may have a material impact on our Company, our business and operations.

2. We have in the past entered into related party transactions and will continue to do so in the future.

We have entered into transactions with other Adani Group companies, such as Adani Enterprises and Adani Wilmar. Both Adani Enterprises Limited and Adani Wilmar Limited are significant customers of our bulk cargo and related marine services, and together, they accounted for Rs. 466.2 million and Rs. 112.0 million, or 8.0% and 9.1%, of our income from operations for fiscal 2007 and for the three months ended June 30, 2007, respectively. While we believe that all such transactions have been conducted on, and have commercial terms consistent with, an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

3. We have incurred losses in the past and may not be profitable in the future.

We incurred net losses in fiscal 2003 and 2004 of Rs. 41.4 million and Rs. 133.4 million, respectively, however we had net profits in fiscal 2005, 2006 and 2007 and the three months ended June 30, 2007 of Rs. 676.1 million, Rs. 740.9 million, Rs. 1,921.1 million, and Rs. 201.3 million, respectively. We expect our expenditure to continue to increase in the future and if our income does not grow at a faster rate than our expenditures, or if our operating expenditures are higher than we anticipate, we may not be profitable and we may incur future losses.

4. We face various risks relating to our reliance on concessions and licences from government and quasi-governmental organisations.

We rely on concessions, licenses and key contracts in the operation of our business. We operate and manage our business at Mundra Port under concessions and licences granted by the relevant government agencies. On February 17, 2001, the Gujarat Maritime Board ("GMB"), an organisation of the Government of Gujarat, entered into a concession agreement (the "Concession Agreement") with us which grants us the right to develop, operate and maintain a port at Mundra for 30 years. We have also entered into a separate lease and possession agreement with the GMB whereby we have been granted the right to use approximately 3,404 acres of land for our port and the right to use the foreshore land and waterfront. Cancellation, early termination or non-renewal of any such concession agreements or licences or imposition of any restrictive regulatory controls would have a material adverse effect on our ability to operate and manage our business at Mundra Port and may have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that if the concessions or licences are renewed, the terms of such concessions or licences would be on similar terms. For further details, see "History and Corporate Structure – Concession Agreement with Gujarat Maritime Board and Government of Gujarat" on page 104 of this Red Herring Prospectus.

5. We may face disruption of business in the event that the GMB terminates the MICT Sub-Concession Agreement.

We have entered into a sub-concession agreement dated January 7, 2003 and amended on April 17, 2003 (together, the "MICT Sub-concession Agreement") with Mundra International Container Terminal Private Limited ("MICT" or the "Container Sub-concessionaire"), previously known as Adani Container Terminal Limited. Through the MICT Sub-concession Agreement, we have granted MICT the right to finance, design and operate and maintain Container Terminal I and the container freight station and collect charges from users for providing container handling services at the Container Terminal I and the container freight station. For details, please see "Our Business – Long-term contractual arrangements – MICT Sub-concession Agreement" on page 89 of this Red Herring Prospectus. Pursuant to the MICT Sub-concession Agreement, we receive from MICT a monthly terminal royalty equal to 10% of the gross revenues received by MICT. For fiscal 2007 and for the three months ended June 30, 2007, income from container cargo, including royalties and the income from container cargo related marine services, was Rs. 715.0 million and Rs. 183.1 million, or 12.3% and 14.8%, respectively, of our income from operations.

On May 15, 2003, MICT was acquired by P&O Ports (Mundra) Private Limited ("P&O Ports") which furnished an undertaking dated May 26, 2003 to the GMB (the "P&O Undertaking") that it will continue to maintain a minimum 51% shareholding in MICT for seven years from the date of acquisition and obtain the prior consent of GMB for any dilution of its shareholding in MICT below the 51% minimum. Peninsular & Oriental Navigation Steam Company ("P&ONSCO"), the holding company of P&O Ports was subsequently acquired by Dubai Ports World on February 14, 2006 which resulted in the management and ownership control of MICT being transferred to Dubai Ports World. According to the GMB, such a transfer was a breach of the P&O Undertaking. The GMB has issued a show cause notice dated February 24, 2006 to MICT asking for its response on the possible cancellation of the MICT Sub-concession Agreement on the grounds that P&O Ports did not comply with the P&O Undertaking when it transferred to Dubai Ports World its shareholding and management control in MICT. In its letters dated March 31, 2006 and June 19, 2006, MICT replied to the show cause notice and stated therein that the P&O Undertaking was furnished by P&O Ports, which continues to hold 100% shareholding of MICT and therefore there is no violation of the MICT Sub-concession Agreement or the P&O Undertaking. As of September 30, 2007, the GMB has not pronounced its final decision with respect to the MICT Sub-concession Agreement.

In the event that the GMB terminates the MICT Sub-concession Agreement, there may be delays in appointing a new sub-licensee under the MICT Sub-concession Agreement and in obtaining approval from the GMB for such appointment or in us operating or having the ability to operate the container terminal ourselves. Any such delay may have a material adverse affect on our business, financial condition and results of operations.

6. ***MICT has alleged a breach of the Framework Agreement and the MICT Sub-concession Agreement and such allegation may result in substantial litigation and financial harm to our business, results of operations, financial condition and prospects.***

MICT filed an application on August 27, 2007 under the Arbitration and Conciliation Act 1996, in the City Civil Court at Ahmedabad, after invoking the dispute resolution clause in the MICT Sub-concession Agreement. Based on the reliefs claimed by MICT and as later modified by them, MICT sought an injuction against the operation of the second container terminal (Container Terminal II) for handling container cargo by us. In this application, reference was made to the Framework Agreement dated November 8, 2002, as amended, with Adani Exports Limited, Adani Infrastructure Services Private Limited, Adani Agro Private Limited, Mr. Gautam S. Adani, his family members, MICT, Adani Port Limited, P&O Ports (Mundra) Limited and P&O Ports Private Limited. The Framework Agreement contemplates a payment of US$70 million by MICT to us as consideration for the handing over by us of the Second Stage Assets to MICT. This agreement further contemplates a non-compete clause restricting our rights to carry on a Container Terminal Business outside the Port of Mundra in the state of Gujarat.

We have opposed the application, inter alia, on the ground that the Framework Agreement has been superseded by the MICT Sub-concession Agreement on the basis that the MICT Sub-concession Agreementprovides that the same shall override all previous agreements or arrangements between the parties. By an order dated September 13, 2007, the City Civil Court has rejected the interim application filed by MICT. MICT has thereafter while referring to the Framework Agreement, invoked the arbitration clause under the MICT Sub-concession Agreement and appointed an arbitrator. The matter has now been referred to arbitration by MICT. MICT has now filed an appeal against the order of the City Civil Court before the High Court at Ahmedabad and notice of the same was received by the Company on October 18, 2007. The date for hearing is November 28, 2007.

As per the MICT Sub-concession Agreement, upon the occurrence of the earlier of (i) container traffic handled at Container Terminal I reaching 700,000 TEUs per year, or (ii) eight years from commencement of operations under the MICT Sub-concession Agreement (which will be February 17, 2009), MICT shall be entitled, but not required, to provide us written notice of 30 months requesting the hand over of the Second Stage Assets. The Second Stage Assets include the 618 metres quay wall in Navinal Creek and 19.633 hectares of back-up area for container storage. We must provide MICT with 30% of the back-up area within 18 months from the issue of MICT's written notice, and once the 30-month notice period has elapsed, we must provide MICT with the balance of the Second Stage Assets, subject to mutually agreed terms between MICT and us. MICT handled about 521,000 TEUs in fiscal 2007 at Container Terminal I.

The total cost of the Container Terminal II project is estimated to be approximately Rs. 6,331.0 million. We face the possibility of financial harm if a judgment were to be passed holding that the Framework Agreement subsists and the provisions of the SCA were to be in addition to the ones provided under the Framework Agreement and consequently we were required to transfer the Second Stage Assets to MICT at consideration which is lower than the costs we incurred in connection with Container Terminal II. Any adverse outcome of the arbitration process and / or subsequent legal proceedings may have a material adverse effect on our business, operations, financial condition and prospects.

7. ***The nature of the contracts we have with the Container Sub-concessionaire and our customers contain inherent risks and contain certain provisions, which, if exercised, could result in lower future income and negatively affect our profitability.***

We have entered into strategic long-term contractual arrangements, including, among others, our long-term agreements with the Container Sub-concessionaire for the operation of container services at Mundra Port, with Indian Railways relating to the railway links and cargo services to and from Mundra Port and with Indian Oil Corporation limited ("IOCL") for the handling of crude oil cargo. For further details, see "Our Business – Long-term Contractual Arrangements". We earn income from such customers through payments for services, royalties, a percentage of the revenues generated and the lease rent payable to us. The revenue from the Container Sub-concessionaire and the customers such as IOCL and Indian Railways represented a total of Rs. 1,447.3 million or 25.0% of our income from operations in fiscal 2007 and Rs. 359.7 million or 29.1% of our income from operations for the three months ended 2007.

The commercial terms of such long-term agreements may include fixed-rate pricing, and in those cases we bear the risk that our actual expenses with respect to performance of the services under the terms of the engagement could be higher than we estimated at the time of entering into the contract. Our failure to estimate accurately the resources and time required for a contract, future wage inflation rates or currency exchange rates or failure to complete our contractual obligations may have a material adverse effect on our income and profitability.

We have incurred, and may incur in the future, significant capital expenditures for the development of infrastructure and facilities pursuant to which, services may be provided by third parties. Any decrease in revenues attributable to us resulting from contracts with such third parties may have a material adverse effect on our business and financial condition.

In addition, many of our contracts contain provisions, which, could adversely affect our profitability. These provisions include, among others:

- termination clause which allows the contract to be terminated for cause such as a material breach of the agreement;
- clauses requiring certain capital expenditures by us and the provision of ongoing services, failing which there are penalties if we do not meet the terms of the agreement;
- exclusivity clause for some of our facilities, including particular vessel berths and moorings and container terminals;
- right of first refusal with respect to further expansions or developments; and
- acquisition of the assets at discounted rates in case of termination of the agreement due to an event of default.

Moreover, we are unable to predict what types of contractual arrangements we will enter into in the future, and certain of these may contain additional terms that are unfavourable to us or pose risks to our business. Any of these contractual provisions could reduce our income, hinder our ability to compete in the market and operate profitably and could result in the payment of significant penalties by us to our customers, any of which in turn could have an adverse effect on our business, results of operations, financial condition and cash flows.

8. ***Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have a material adverse effect on our operations, results of operations and financial condition.***

We have experienced considerable growth over the past five years. Since 2001, we have significantly expanded our operations and services and completed a number of key amalgamations. From fiscal 2004 through fiscal

2007, our total income has grown at a compound annual growth rate of 51.2%, from Rs. 1,676.7 million in fiscal 2004 to Rs. 5,797.4 million in fiscal 2007. Our income from operations was Rs. 5,797.4 million in fiscal 2007, a growth of 50.8% over fiscal 2006; Rs. 3,845.3 million in fiscal 2006, a growth of 45.6% over fiscal 2005; Rs. 2,640.9 million in fiscal 2005, a growth of 57.5% over fiscal 2004. Our inability to manage our expansion effectively and execute our growth strategy could have a material adverse effect on our business, results of operations, financial condition and cash flows. In fiscal 2007, we commenced operations at Terminal II, which has a berth with a quay length of 575 metres, back-up area development for bulk cargo and additional storage facility for liquid cargo. We have increased the scale of our operations at Mundra Port with Container Terminal II, whose 450 metres berth length has been completed with equipment deployed by us and the berth became operational since the end of August 2007 and the balance berth of 181 meters is expected to be completed in fiscal 2008. For details, please see "Our Business – Long – term Contractual Arrangements – MICT Sub-concession Agreement" on page 89 of this Red Herring Prospectus. We intend to continue expansion in the foreseeable future to pursue existing and potential market opportunities. Our future prospects will depend upon our ability to grow our business and operations in India further. The development of such future business could be affected by many factors, including general political and economic conditions in India, government policies or strategies in respect of specific industries, prevailing interest rates, price of equipment and construction materials, fuel supply and currency exchange.

In order to manage growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees, pursue new business, complete future strategic agreements or operate our business effectively. Failure to effectively budget capital expenditures or accurately estimate operational costs associated with new contracts could result in delays in contractual commitments, penalties, give customers the right to terminate contracts for breach, or cause our profit margins not to meet our expectations or our historical profit margins.

There can be no assurance that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations. Failure to manage growth effectively could have a material adverse effect on our business, results of operations and financial condition.

9. Our investments in developing additional services, facilities and sources of income for our port business may not be successful.

We continue to make investments in additional services and facilities in order to further diversify and grow our operating income. We believe that continued expansion is essential for us to remain competitive and to capitalise on the growth potential of our business. Our future expansion plans will involve significant capital expenditures and operational and management resources. However, we may not be successful in expanding our services and further diversifying our income which could have a material adverse effect on our business, financial condition and results of operations.

As of the date of this Red Herring Prospectus, we currently have certain expansion and investment plans. See "Objects of the Issue" on page 31 of this Red Herring Prospectus. Some of these plans include, among others:

- development of the special economic zone ("SEZ") at Mundra and the surrounding areas, including construction and provision of infrastructure facilities such as roads, water, sewer and other necessary facilities;
- construction of the remaining portion of Container Terminal II , and operation of Container Terminal II,

either by MICT or by us or with a partner, which is a highly specialised service that may be difficult to operate effectively and efficiently and which requires skilled personnel and expensive, modern equipment that may be difficult to obtain in a timely manner, if at all;

- construction and operation of a new terminal at Mundra to be used for coal and other cargo handling facilities, primarily for the proposed ultra mega power project ("UMPP") to be established in proximity to Mundra SEZ;
- completion of a solid cargo port terminal project planned for Dahej which is subject to various regulatory and statutory approvals that could result in delays in project schedules and failure to meet profitability targets;
- establishment of container train operations with one or more partners which may be delayed by an inability to finalise any partnership agreements and to receive the necessary regulatory approvals; and
- investment in inland container depots requiring procurement of land at appropriate locations along the railway routes which are subject to potential title and right of way disputes that may significantly delay scheduled procurement of land and the overall execution of the project plans.

In general, the success of these and other projects is dependant on a variety of factors, including the timely completion of the project and available market once the services are operational. We often must enter into binding contracts with potential partners and customers to complete such projects and provide such services. The success of negotiations with respect to any particular project, including the agreement of commercial and technical terms, cannot be assured, and even with successful negotiations, each project will also require certain government consents and approvals as part of the development process. Any resulting delay or failure to complete a project or deliver additional services may adversely affect our competitiveness and our business, results of operations and financial condition.

10. Although we intend to use the net proceeds of the Issue for certain initiatives, we may not be successful in applying such proceeds and our management will have discretion to revise our business plan and the deployment of the net proceeds.

We intend to use the net proceeds of the issue for (i) the construction and development of basic infrastructure and related facilities in the proposed SEZ at Mundra and the surrounding areas, (ii) construction and development of a terminal for coal and other cargo at Mundra Port, (iii) contribution towards investment in Adani Petronet (Dahej) Port Private Limited ("APPPL"), (iv) contribution towards investment in Adani Logistics Limited's container train business, and (v) contribution towards investment in Inland Conware Private Limited's inland container depots business. For further details, see "Objects of the Issue" on page 31 of this Red Herring Prospectus. All our projects may not be appraised. There can be no assurance that we will be able to enter into and conclude definitive agreements for such uses of the net proceeds on terms acceptable to us or at all. Pending utilisation of the net proceeds of the issue as described in "Objects of the Issue," we intend to invest the funds in interest bearing liquid instruments including money market mutual funds and deposits with banks for the necessary duration. The utilisation of the net proceeds will be monitored by our management and our Board of Directors and will be subject to monitoring by an independent agency. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may include rescheduling of our capital expenditure programmes and an increase or decrease in capital expenditure for a particular purpose different from our current plans for the utilisation of the net proceeds.

11. We rely on a small number of customers and partners for a large proportion of our income.

We currently derive and believe that we will continue to derive a substantial portion of our income from a limited number of large customers, including some Adani Group companies, such as Adani Enterprises

Limited and Adani Wilmar Limited, and partners. In fiscal 2007, we had four customers, including Food Corporation of India, IOCL, Indian Railways and Adani Enterprise Limited along with the Container Sub-concessionaire, each contributed over 5.0% of our income from operations. Together, these four customers and the Container Sub-concessionaire accounted for 50.9% of our income from operations in fiscal 2007, with the largest being Food Corporation of India, which contributed 18.8% of our income from operations in this period. For the three months ended June 30, 2007, we had four customers including IOCL, Adani Enterprises Limited, Food Corporation of India and Indian Railways along with the Container Sub-concessionaire, each of which contributed over 5.0% of our income from operations. Together, these four customers and the Container Sub-Concessionaire accounted for 44.6% of our income from operations in the three months ended June 30, 2007 with the largest being IOCL and contributed 16.1% of our income from operations in this period. We expect that a significant portion of our income will continue to be attributable to a limited number of customers in the foreseeable future.

Certain of our strategic customer agreements allow our customers to terminate such contracts. Although some of our customers have committed to provide us with a minimum volume of work and fees, there is no exclusive arrangement where such customers would be required to only use us for additional cargo and other services beyond the minimum guaranteed volume. The loss or financial difficulties of any of our most significant customers, or significant decreases in the volumes of work from our customers, would have a material adverse effect on our business, results of operations, financial condition and cash flows.

In addition, major events affecting our customers and partners, such as bankruptcy, change of management, mergers and acquisitions could adversely impact our business. If any of our major customers or partners becomes bankrupt or insolvent, we may lose some or all of our business from that entity and some of our receivables may have to be written off, adversely impacting our income and financial condition. Our business is dependent on the decisions and actions of our customers and partners, and there are a number of factors that are outside our control. The occurrence of any of these events or factors might result in the termination of a project or the loss of a customer.

Our customers, some of which have experienced substantial competition and other pressures on their profitability, may demand price reductions and other value-added services for no additional charge, which could reduce our profitability. Any significant reduction in or the elimination of the use of the services we provide to any of our customers, or any requirement to lower our prices, would harm our business.

12. We face risks relating to our joint ventures and strategic arrangements.

Some of our operations are conducted through joint ventures and strategic arrangements. See "Our Business – Long-term Contractual Arrangements". Co-operation and agreement among our joint venture and other partners on existing or future projects is an important factor for the smooth operation and financial success of such projects. Our joint ventures and strategic arrangements may involve risks associated with the possibility that any joint venture or other partner may (i) have economic or business interests or goals that are inconsistent with ours, (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements, or (iii) experience financial or other difficulties. Further, we may not have majority control of our joint venture or otherwise be able to control the decision-making process of our joint ventures without reference to the joint venture partners. We do, however, through contractual provisions or representatives appointed by us, typically have the ability to influence certain material decisions. No assurance can be given that disputes will not arise in the future.

13. Our plans for a multi-product SEZ are subject to various contingencies, uncertainties and competition which may adversely impact our proposed development plans.

We have received an approval from the Government of India permitting us to establish a multi-product SEZ in an area measuring 2,658.2 hectares covering Mundra Port and the surrounding areas, resulting in several fiscal incentives and other benefits for SEZ developers and their customers, including exemptions from income tax and duties. We have acquired some land and have entered into certain contracts for the development of certain land within the SEZ. This will allow us to benefit from certain tax incentives provided by the Government of India and the Government of Gujarat.

The SEZ policy and the Special Economic Zones Act, 2005 (the "SEZ Act") are relatively new developments and have faced opposition in relation to the procedures for granting such licences and acquiring lands for such projects. The SEZ policy framework is evolving and as a result, the policy of the Government of India or the State Governments with respect to the regulation of SEZs, including the norms for land development and usage, compensation payable for land holdings and the fiscal incentives available to SEZs, may change. Such changes in policies or regulatory frameworks may result in delays with respect to SEZs, thereby, adversely affecting our SEZ development plans.

A large number of SEZs have been approved since the SEZ Act and policies were enacted, including 29 approvals which have been granted in the State of Gujarat for the development of SEZs as of October 3, 2007. This is likely to result in increased competition among different SEZs to attract manufacturing and industrial units. Any inability on our part to compete with the other SEZs in terms of quality infrastructure and other incentives to attract potential customers may adversely affect our proposed SEZ plans.

Further, SEZ projects usually involve a long development period. Such projects are subject to a variety of risks which are not within our control. These include construction delays, unanticipated cost increases and changes in the regulatory and business environment. Although we have received notification from the Government of India with respect to land in our possession covering Mundra Port and the surrounding areas of 2,658.2 hectares (approximately 6,568 acres), we may in the future experience delays in acquiring, or be unable to acquire, additional land or obtain notification of such land in and around Mundra. In addition, we do not have expertise in setting up a SEZ. Any inability on our part to modify or change our proposed SEZ plans to respond to any such changes could have an adverse effect on our business, financial condition and results of operations.

14. The lack of an efficient transportation network and reliable transportation infrastructure in India or the delay or failure to further improve the connectivity of Mundra Port to the Indian road and rail network may have a material adverse effect on our operations, results of operations and financial condition.

We rely on and benefit from transportation and logistics networks, and the connectivity and conditions of the road, rail and general transportation infrastructure in India is important to our business. Generally, the investment in and maintenance of transportation infrastructure in India has been poor compared to developed countries. The Government of India and State Governments have announced major infrastructure development plans such as the National Maritime Development Programme, the National Highway Development Programme and the development of a dedicated freight train corridor from the coast of northwest India to Delhi. Inadequacies in the transportation infrastructure in India may result in delays in deliveries or schedules. Improvement in the transportation infrastructure in India will involve major capital expenditure. There can be no assurance that the road, rail and general transportation infrastructure will improve to a level or be maintained at such level that would result in improvement in our business.

We have made, and will continue to make, transportation and infrastructure investments to improve the connectivity of Mundra Port with the inland regions of India. In particular, we have invested in Kutch Railway Corporation Limited ("KRCL"), and in cooperation with Indian Railways, upgraded the railway infrastructure connecting Mundra Port to Adipur as part of our long-term arrangement with Indian Railways with the purpose of enhancing the connectivity of Mundra Port with the inland regions of northern India. We intend to make additional investments to further improve the efficiency with which our port customers are able to transport cargo from Mundra Port to interior parts of India. See "Our Business –Long-term Contractual

Arrangements" on page 88 and "Our Business – Recent Initiatives and Investments" on page 82 of this Red Herring Prospectus. However, our investments in improving the connectivity between Mundra Port to the inland regions of India may not be successful or could require greater capital expenditure than we anticipated, which could have a material adverse effect on our business, results of operations and financial condition.

15. We may be adversely affected by increases and changes in royalties, fees or taxes payable by us.

We have entered into concession agreements and licenses which require us to pay royalties and fees. Pursuant to the Concession Agreement, we are required to pay concessional waterfront royalties, which increases by 20% every three years, on cargo handled at Mundra Port. The royalties are charged on a per tonne basis of cargo handled at our port with a capital set-off option which allows us to deduct from the concessional waterfront royalties until the capital expenditure incurred is set off by us. We are required to pay the full waterfront royalties after we have deducted, or set-off, all the capital expenditures against payment of such royalties. For fiscal 2007 and for the three months ended June 30, 2007, we paid royalties of Rs. 86.9 million, or 4.5% of our total operating expenses, Rs. 28.3 million or 9.6% of our total operating expenses, respectively. Any increase in the royalties or fees payable by us could have an adverse effect on our business, financial condition and results of operations.

We also enjoy various tax benefits and exemptions, primarily due to the SEZ status of Mundra, which includes the Mundra Port area. With effect on April 1, 2006, we were approved as a developer of the SEZ at Mundra and the surrounding areas and we received notification from the Government of India with respect to land covering Mundra Port and the surrounding areas of 2,406.8 hectares (approximately 5,947 acres) on June 23, 2006 and on July 3, 2007 we received a subsequent notification with respect to an additional 251.4 hectares of land, resulting in a total of 2,658.2 hectares (approximately 6,568 acres). Upon receiving such approval and notification, we are eligible to claim certain tax exemptions, including a 100% income tax exemption of our profits from SEZ related income which can be taken for 10 consecutive years out of a 15-year period commencing from notification of the land by the government. See "Management's Discussion and Analysis of Financial Condition and Results of Operation – Taxation". The relevant government tax authorities may disagree with our tax exemption claims or to the periods for which we believe such exemptions apply. If we are subject to any disagreements with respect to our application of this tax exemption, and if such disagreements are resolved in a manner adverse to us, it could have a material adverse effect on our results of operations, financial condition and cash flows. In addition, if the Government of India or the Government of Gujarat were to reduce or withdraw any tax exemption, benefit or incentive provided under the current SEZ scheme, or if the same are not available for other reasons, our results of operations would be adversely impacted and our profitability would decline.

16. We are currently availing certain benefits and exemptions under the Income Tax Act, 1961 which are subject to the policies and decisions of the Income Tax authorities

Commercial operations at our port began in fiscal 2002. Since our operations began we were entitled to the benefit of certain tax incentives available to infrastructure companies under section 80 IA (4) (i) of the Income Tax Act, 1961, which would result in a lower effective tax rate. Such tax incentives however still required us to pay a Minimum Alternate Tax (MAT). Since we had unabsorbed depreciation in our initial years of operations we exercised the option of not claiming the deductions available under section 80 IA (4) (i) of the Income Tax Act, 1961 for the first five years. Accordingly, we availed ourselves of the benefit of the unabsorbed depreciation under taxation laws and hence had no tax payments in fiscal 2002, fiscal 2003 and fiscal 2004, while we paid the MAT in fiscal 2005 and fiscal 2006. On June 23, 2006 and July 3, 2007 we received notification by the Government of India for the establishment of a SEZ covering Mundra Port and the surrounding areas. The tax incentives under section 80 IAB of the Income Tax Act, 1961 provided to developers of a SEZ are more beneficial than those we previously enjoyed and do not require the payment of a MAT. As such, we are no longer paying MAT and are claiming benefits of tax incentives under section 80 IAB of the Income Tax Act, 1961 available to developers of SEZ across all of our existing operations. We are of the view, based upon advice of tax counsel, that we can avail ourselves of the tax benefits under section 80 IAB of the Income Tax Act, 1961 available to developers of SEZ on the entire income of our Company. The Central Board of Direct Taxes may have a contrary view in terms of the availability of tax benefits to our Company. Any ruling by the tax authorities to the contrary could have a material adverse effect on our tax position and our results of operations.

17. ***Our operating results may experience significant variability and as a result it may be difficult for us to make accurate financial forecasts.***

Our operating results may fluctuate significantly from period to period due to various factors, such as customer losses, delays or failure by us or our partners to generate the projected level of business, variations in our operating efficiency and manpower, delays or difficulties in expanding our operations at Mundra Port (including constructing new facilities), changes to our pricing structure or that of our competitors, seasonal changes and other fluctuations in the operations of our customers and other events identified under "Forward-Looking Statements" on page xiv of this Red Herring Prospectus. In addition, the commencement of income-generating operations from our projects and capital expenditures, such as the expansion of our cargo handling capacity or the addition of other services, may vary considerably based upon the size and complexity of the project being implemented. These factors may make it difficult to make accurate financial forecasts or replace anticipated income that we do not receive as a result of delays in implementing our services or due to losses of customers. If our actual results do not meet estimates or expectations, or if we under perform market expectations as a result of such factors, trading prices for our Equity Shares could be adversely affected.

18. ***Our port handling and other operations are subject to operational risks.***

The operation of our port handling, comprising handling of bulk goods, container handling, warehousing, customs inspection, and other operations may be adversely affected by many factors, such as the breakdown of equipment, labour disputes, natural disasters, increasing government regulations, lack of qualified equipment operators and a downturn in the overall performance of the container and shipping industry. In addition, our business relies on a number of third-party companies involved in activities such as stevedoring, handling of liquid cargo, hiring of equipment and vehicles, survey of ships, supply of water and provision of transportation services and contract labour. The failure or inability of certain of these companies to provide the required services efficiently could disrupt our operations.

19. ***We operate in a highly competitive environment and if we are not able to compete effectively, our income and profitability will be adversely affected.***

In our port business, we compete with both domestic and international companies, including (i) major ports located on the northwest coastline of India, such as Kandla Port, Mumbai Port, Jawaharlal Nehru Port Trust ("JNPT"), and non-major ports located in Gujarat such as Pipavav Port and those ports managed by the GMB, (ii) global port operators with a presence in India, such as the Port of Singapore Authority, Stevedoring Services of America and AP Moller, and (iii) port service providers and intermediaries that operate at existing ports such as handling, stevedoring, clearing and forwarding agents. For more details, see "Our Business – Competition" on page 91 of this Red Herring Prospectus. Some of these companies have significant financial resources, marketing and other capabilities. In India, some domestic competitors may have extensive local knowledge and business relationships and a longer operational track record in selected areas of the domestic market than us. Some of our international competitors are able to capitalise on their overseas experience to compete in the Indian market. As a result, there can be no assurance that we will be able to compete successfully in the future against our existing or potential competitors or that the business, financial condition and results of operations will not be adversely affected by increased competition.

Competition may increase as a result of the development of new ports in India. In addition, port operator companies from other countries that establish operations in India may compete with us, particularly if they are more efficient and have lower costs such as cheaper access to skilled manpower. Current and future competitors may also introduce new and more competitive port services, make strategic acquisitions or establish cooperative relationships among themselves or with third parties, thereby increasing their ability to address the needs of our target customers. If we cannot compete in providing competitive port services or expand into new markets, this could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that we will be able to retain our customers as a result of increased competition. If we lose customers as a result of competition, our market share will decline, which would have a material adverse effect on our business and profitability.

20. Our business and facilities may be adversely affected by severe weather conditions or natural disasters in Gujarat or elsewhere.

Our business and operational facilities may be adversely affected by severe weather conditions, such as heavy rains and flooding, dense fog and low visibility, climactic changes or natural disasters such as earthquakes, tsunamis and hurricanes.

Severe weather conditions or climactic changes, resulting in conditions such as dense fog, low visibility, heavy rains, wind and waves, may force us to temporarily suspend operations at Mundra Port. In some cases, we may temporarily suspend operations based on warnings from local and national meteorological departments. If weather conditions or climactic changes of any type were to force Mundra Port to close for an extended period of time, our business would be materially adversely affected. In addition, any weather condition or climactic change, including but not limited to severe monsoons or flooding, that affects ports that serve as starting points or final destinations for shipping lines calling at Mundra Port could harm our business.

Our operational facilities may be damaged in natural disasters such as earthquakes, tsunamis, tornados, hurricanes and cyclones. In 2001, we experienced, and were impacted by, the major 2001 Gujarat earthquake, centred near Bhuj in the State of Gujarat. We suspended all operations at Mundra Port for two days following the earthquake as a cautionary measure to assess any damage. Such natural disasters in India, or in Southeast Asia, such as the tsunami that affected the region, including India, on December 26, 2004, may lead to a disruption of transportation networks, information systems and telephone service for sustained periods of time. Damage or destruction that interrupts our operations may cause us to incur substantial additional expenses to repair or replace damaged facilities or equipment. We may also be liable to our customers for disruption in our operations resulting from such damage or destruction. While we currently have commercial liability insurance, our insurance coverage may not be sufficient. Furthermore, we may be unable to secure such insurance coverage at premiums acceptable to us in the future or secure such insurance coverage at all. Prolonged disruption of our operations as a result of natural disasters would also entitle our customers to terminate their contracts with us.

21. Our senior management team and other key personnel in our business units are critical to our continued success and the loss of, or the inability to attract and retain, such personnel in the future could harm our business.

Our future success substantially depends on the continued service and performance of the members of our senior management team and other key personnel in our business for the management and running of our daily operations and the planning and execution of our business strategy.

There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the port business and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realise our strategic objectives could be impaired. The loss of key members of our senior management or other key team members, particularly to competitors, could have a material adverse effect on our business and results of operations.

Our performance also depends on our ability to attract and train highly skilled personnel. If we are unable to do so, it would adversely affect our business and results of operations. We are subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Any shortage of skilled personnel or work stoppages caused by disagreements with employees could have a material adverse effect on our business and results of operations.

22. ***Our performance depends on our sub-contractors and contract workers and the inability to attract such persons or any shortage of labour could adversely affect our business.***

As of September 30, 2007, we had approximately 740 full-time employees. In addition to our full-time employees, we utilise temporary contract workers provided to us when needed through sub-contractors or by employment agencies in order to have access to a regular and continuous supply of labour. Although we maintain cordial relations with the sub-contractors and the contract workers and continue to engage them at rates which are acceptable to us, there can be no assurance that this will continue in the future. Any disruption in the steady and regular supply of labour may adversely affect our business and operations.

23. ***We may not have adequate insurance to cover all losses we may incur in our business operations or otherwise.***

Operations in our port business, and specifically the cargo handling operations, carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. We maintain insurance coverage in such amounts and against such risks which we believe are in accordance with industry practice. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our operations, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation.

In addition, in the future, we may not be able to maintain insurance of the types or at levels which we deem necessary or adequate or at rates which we consider reasonable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

24. ***Any breach of the terms under our financing arrangements could trigger a cross-default under our other financing arrangements, lead to termination of one or more of our financing arrangements and/or force us to sell assets.***

Our financing arrangements contain restrictive covenants, whereby we are required to obtain approval from our lenders, regarding, among other things, our reorganisation, amalgamation or merger, our incurrence of additional indebtedness, the disposition of assets and the expansion of our business. Although we have generally not encountered difficulties in obtaining consent from our lenders in the past, there can be no assurance that such consent will be granted in the future. These agreements also require us to maintain certain financial ratios. If we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Furthermore, certain of our financing arrangements may contain cross default provisions which could automatically trigger defaults under other financing arrangements, in turn magnifying the effect of any individual default. We may be forced to sell some or all of the assets in our portfolio if we do not have sufficient cash or credit facilities to make repayments. Additionally, because some of our borrowings are secured against all or a portion of our assets, lenders may be able to sell those assets to enforce their claims for repayment.

25. If our contingent liabilities materialise, our financial condition and results of operations could be adversely affected.

Our contingent liabilities as of June 30, 2007 were Rs. 1,188.1 million, which includes a corporate guarantee of Rs. 750.0 million delivered by us, on behalf of Adani Power Limited, in relation to a bank loan it secured of the same amount for the land we sold to Adani Power Limited. The corporate guarantee was provided because the land we sold has yet to complete all of the necessary government clearances. If this, or any other contingent liability materialises, our financial condition and results of operations could be adversely affected. For further details on the nature of our contingent liabilities, please see "Financial Statements – Annexure IV-D on page 185" of this Red Herring Prospectus.

26. Our Promoters will continue to retain majority shareholding in us after the Issue, which will allow them to exercise significant influence over us.

The substantial majority of the issued and outstanding Equity Shares are currently beneficially owned by our Promoters, including Adani Port Infrastructure Private Limited and Adani Infrastructure Services Private Limited. Upon completion of the Issue, our Promoters (including our Promoter Group) will own approximately 325,750,125 Equity Shares, or 81.30% of our post-Issue Equity Share capital. Accordingly, our Promoters will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our company and may make some transactions more difficult or impossible without the support of these stockholders. The interests of these stockholders may conflict with your interests.

As per the Concession Agreement, the key promoters, shall have a minimum shareholding of 51% in us for at least seven years after the signing of the Concession Agreement. Further, any acquisition of 10% or more shareholding in us shall require the prior approval of the GMB. The GMB also has the right to nominate one director on our Board of Directors.

27. Some of our Promoters and Promoter Group entities have suffered losses.

Certain of our Promoters and Promoter Group entities have incurred losses within the last three fiscal years, the details of which are set forth below:

(Rs. In Million)

Name of Promoter or Promoter Group entity	**Fiscal 2007**	**Fiscal 2006**	**Fiscal 2005**	**Fiscal 2004**
Adani Port Infrastructure Private Limited	136.4	(8.3)	0.4	250.0
Adani Infrastructure Services Private Limited	286.1	0.5	0.1	(214.7)
Adani Energy Limited	95.6	17.4	(7.9)	—
Shantikrupa Estates Private Limited	6.9	(1.4)	(0.4)	—
Adani Agro Private Limited	210.9	(107.1)	(36.5)	(361.1)
Adani Properties Private Limited	(2.5)	(3.3)	0.6	561.9

(Rs. In Million)

Name of Promoter or Promoter Group entity	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004
Adani Retails Limited	(160.01)	(1.03)	(11.9)	(1.1)
B2B India Private Limited	(0.01)	-	-	-
Crown International	(0.09)	(0.1)	13.2	(5.3)
Gautambhai S. Adani Family Trust	-	(0.7)	(0.7)	6.5
Gautambhai S. Adani HUF	1,866.2*	2,020.0*	(1,331,836.0)*	12,123.0*
Rajeshbhai S. Adani HUF	(44.0)*	78.0*	(135,750.0)*	335.0*

* *The figures are in Rupees*

For further details, see "Our Promoters and Promoter Group" on page 129 of this Red Herring Prospectus.

28. The financial statements of some of our Promoter Group entities are unaudited.

The financial statements for some of our Promoter Group entities, namely Shantilal Bhudarmal Adani Family Trust, Gautambhai S. Adani Hindu Undivided Family ("HUF") and Rajeshbhai S. Adani HUF, are unaudited, as there is no statutory requirement to produce audited financial statements for such entities. For further details, see "Our Promoters and Promoter Group" on page 129 of this Red Herring Prospectus.

29. We are involved in certain legal proceedings and claims that, if determined against us, could adversely impact our business and financial condition.

There are certain ongoing legal proceedings against our Company pending at different levels of adjudication before various courts and tribunals. Such litigation diverts management time and attention and consumes financial resources in their defence or prosecution. No assurance can be given as to whether these matters will be settled in favour of or against us. If we are held liable under any of these matters it may have an adverse effect on our business, financial condition and results of operations.

Other litigations pending against us are as follows:

Litigation Against	No. of Cases	Type of Litigations	Amount involved
MPSEZ	Fifty one show cause notices	Customs Department	Rs. 25.2 million plus interest and damages
MPSEZ	Three 'less charge' notices	Deputy Commissioner of Customs	Rs. 0.445 million
MPSEZ	Four	civil suits	Rs. 75.2 million plus interest and damages

We have an arbitration matter pending which has been initiated by MICT. We have also received notices from MICT.

For further details of outstanding litigation against our company, see "Outstanding Litigation and Material Developments" on page 278 of this Red Herring Prospectus.

30. We have limited protection of our intellectual property.

We do not have a registered trademark over our name and corporate logo. Although we have filed trademark applications for our name and corporate logo with the Registrar of Trademarks and the same is pending for registration, no assurance can be provided that such applications will be approved. Until such time that we receive registered trademarks, we can only protect our name and corporate logo through any action under relevant common laws, including seeking any relief against "passing off", which is the unauthorised use of a mark considered to be similar to another's registered or unregistered trademarks.

31. If we are unable to obtain required approvals and licenses or renewals thereof in a timely manner, our business and operations may be adversely affected.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. We may not receive such approvals or renewals in the time frame anticipated by us or at all, which could adversely affect our business. Our failure to obtain any of these or any other applicable approvals or licenses, or renewals thereof, required to operate our business in a timely manner, or at all, may have a material adverse effect on the continuity of our business and may hinder our operations in the future. For more information, see "Government Approvals" on page 288 of this Red Herring Prospectus.

32. Our operations are subject to extensive environmental and other related regulations.

Our business and operations are subject to various environmental risks such as oil spills and disposal of hazardous waste and chemicals. We, like other port operators and manufacturers in India, are subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as damage caused by air emissions, wastewater discharges, solid and hazardous waste handling and disposal. These laws, rules and regulations also prescribe the punishments for any violations. While we believe that our facilities are in compliance in all material respects with applicable environmental laws and regulations and we have obtained the requisite permissions and clearances in this regard, we may incur additional costs and liabilities in relation to compliance with these laws and regulations or any remedial measures in relation thereto. These additional costs and liabilities could be on account of penalties, fines, remedial measures and clean up liabilities or due to compliance with more onerous laws or regulations. Any such additional costs or liabilities could have a material adverse impact on our business, financial condition and results of operations.

33. Our Promoter, Mr. Gautam Adani and Mr. Rajeev Ranjan Sinha, who are our Directors are also on the board of Dholera Port & SEZ Limited thus there may be a conflict of interest between being our Director and director on the board of a company in the same business as us

Our Promoter, Mr. Gautam Adani and Mr. Rajeev Ranjan Sinha, who are our Directors are also on the board of Dholera Port & SEZ Limited, another port company, thus there may be a potential conflict of interest between being our Directors and directors on the board of a company which undertakes the same business as us.

Further, by letter dated October 19, 2007, APIPL has informed us that on October 29, 2005 it had entered into a MOU to acquire 100% shareholding in Dholera Port Limited (now known as Dholera Port and Special Economic Zone Limited). Thereafter, on December 7, 2006 it had entered into a Shareholders Agreement and Operation and Management Agreement with the shareholders of Dholera Infrastructure Private Limited (DIPL), being the 100% shareholder of Dholera Port Limited, to acquire 49% shareholding in DIPL. However, the acquisition of 49% shareholding in DIPL is subject to regulatory approvals, which are still awaited. In the event the regulatory approvals are granted and APIPL acquired 49% shareholding in Dholera Port Limited it may lead to a further potential conflict of interest.

Risks Related to India and the International Nature of our Business

34. Our business and results of operations are dependent on economic conditions in India and regional economic conditions and our rate of growth will be impacted if the rate of economic development in India is less than the rate projected.

We operate primarily in India and are dependent on domestic, regional and global economic and market conditions. India is undergoing a period of rapid economic development and capital investment. We believe that our business should benefit from this development in India. However, our projected rate of growth for our business is only sustainable provided that the rate of economic development in India and growth in imports and exports do not slow down materially. Demand for our services may be adversely affected by an economic downturn in domestic, regional and global economies.

The level of economic activity is influenced by a number of factors, including national and international economic activity, political and regulatory policy, and climate conditions such as monsoons and drought. The economies of most Asian countries, including India were negatively affected by the economic slowdown during the Asian financial crisis in late 1990's, leading to reduced government and corporate spending and a decrease in domestic and international trade. An economic downturn in India, the Kutch District or the State of Gujarat, where our operations are based, may have an adverse effect on the volume of containers moved, the volume of bulk goods handled at our ports and the volume of goods transported within India.

There can be no assurance that future fluctuations of Indian economic or business cycle, whether or not related to global economic conditions, will not have an adverse effect on our operating results. The Indian economy has shown sustained growth over the last several years with real GDP growing at 9.4% in fiscal 2007, 8.4% in fiscal 2006, 7.5% in fiscal 2005 and 8.5% in fiscal 2004 according to the Reserve Bank of India based on 1999-2000 prices. Any slowdown in the Indian economy and in particular in the demand for bulk handling and logistics services may have adverse impact on our financial condition and results of operations. In addition, increases in the prices of oil and petroleum products could result in increased inflation, thereby curtailing the purchasing power of our customers.

35. Our assets and operations are located in India and we are subject to regulatory, economic and political uncertainties in India.

We are incorporated in India, and our operations, assets and personnel are located in India. We intend to continue to develop and expand our facilities in India. In the early 1990s, India experienced significant inflation, low growth in gross domestic product and shortages of foreign currency reserves. The Indian government, however, has exercised and continues to exercise significant influence over many aspects of the Indian economy. India's government has provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified industries of the economy. Certain of those programs, which have benefited us, include tax holidays, liberalised import and export duties and preferential rules on foreign investment and repatriation. We cannot assure you that liberalisation policies will continue.

The rate of economic liberalisation could change, and specific laws and policies affecting port companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could also change. The current Indian government is a coalition of many parties, some of which are communist and other far left parties in India, some of which do not want to continue India's current economic policies. Various factors, including a collapse of the present coalition government due to the withdrawal of support of coalition members, could trigger significant changes in India's economic liberalisation and deregulation policies, disrupt business and economic conditions in India generally and our business in particular. Our financial performance and the market price of our Equity Shares may be adversely affected by changes in inflation, exchange rates and controls, interest rates, Government of India policies (including taxation policies), social stability or other political, economic or diplomatic developments affecting India in the future.

36. Governmental actions and changes in policy could adversely affect our business.

The Government of India and the government of each state of India (each a "State Government"), including the Government of Gujarat, have broad powers to affect the Indian economy and our business. In the past, the Government of India and State Governments have used these powers to influence, directly and indirectly, Indian import/export trade.

Examples of such measures include: (i) imposing import restrictions, customs duties on imported commodities, in particular on coal, (ii) granting concessions for operation of new ports and (iii) allocating Government of India and State Government funding for infrastructure programmes. Some of these measures, which help local port operators, are currently being employed by the Government of India and/or State Governments. Any change in existing Government of India and/or State Government policies or new policies providing or withdrawing support to the Indian import/export trade industry could adversely affect the supply and demand balance and competition in commodities and may result in a commodity shift, which will directly impact our port handling business and may negatively affect its cost structure. There can be no assurance that we would be able to adapt our port handling business effectively or pass on any increase in costs to its customers through an increase in its prices.

37. We may be adversely affected by increases in the taxes and duties.

Taxes and duties, including those taxes and duties on certain types of trade transactions and industries affecting the movement and transportation of goods in India, may impact our business, financial condition and results of operations. In 2006, the Government of India increased the service tax for all port handling and trucking businesses from 10% to 12%, and in some cases, we were unable to pass the resulting increases in our costs to our customers. There can be no assurance that the current levels of taxes, tariffs and duties will not increase in the future, or that State Governments will not introduce additional levies, each of which may result in increased operating costs and lower income. To the extent additional levies are imposed, there can be no assurance that we will be able to pass such cost increases on to our customers.

38. The international nature of our business exposes us to several risks.

Although our operations are in India, we service customers from around the world, including Asia, Europe, and North America. As a result, we are exposed to risks typically associated with conducting business internationally, many of which are beyond our control. These risks include:

- currency fluctuations between the US Dollar and the Indian Rupee;
- social political or regulatory developments that may result in an economic slowdown in any of these regions;
- legal uncertainty owing to the overlap of different legal regimes, and problems in asserting contractual or other rights across international borders;
- potentially adverse tax consequences, such as scrutiny of transfer pricing arrangements by authorities in the countries in which we operate;
- potential tariffs and other trade barriers;
- changes in regulatory requirements;
- the burden and expense of complying with the laws and regulations of various jurisdictions; and
- acts of hostility, violence or war.

The occurrence of any of these events could have a material adverse effect on our results of operations and financial condition.

39. If more stringent labour laws or other industry standards in the jurisdictions in which we operate become applicable to us, our profitability may be adversely affected.

We are subject to a number of stringent labour laws and restrictive contractual covenants related to levels of employment. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. In addition, the Government of India is considering introducing a reservation policy to the private sector in India, pursuant to which all private sector companies operating in India would be required to reserve a certain percentage of jobs for the economically underprivileged population in the states where such companies are incorporated. If this policy is adopted, our ability to hire employees of our choice may be affected due to restrictions on our pool of potential employees and competition for these employees. We are also subject to certain industry standards regarding our employees, particularly with regard to overtime and transportation of employees. Our employees may also in the future form unions.

If labour laws or industry standards become more stringent or are more strictly enforced or if our employees unionise, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

40. Acts of violence involving India, the United States, the United Kingdom or other countries could adversely affect the financial markets, result in a loss of customer confidence and adversely affect our business, results of operations, financial condition and cash flows.

Certain events that are beyond our control, including the attacks in Mumbai on July 11, 2006, in London in July 2005, in New Delhi on December 13, 2001 and in New York City and Washington, D.C. on September 11, 2001, and other acts of violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries, including India, Pakistan and China. Political tensions could create a perception that there is a risk of disruption of operations provided by India-based companies, which could have a material adverse effect on the market for our services. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue to operate.

41. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agricultural sector recorded negative growth for that period. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

Risks Related to this Issue

42. After this Issue, the price of Equity Shares may be volatile and an active trading market for the Equity Shares may not develop.

The prices of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors, and the perception in the market about investments in the port industry; adverse media reports about us or the port industry; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations.

There has been no public market for the Equity Shares there can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

43. You will not be able to sell immediately any of the Equity Shares you purchase in this Issue on the Stock Exchanges.

The Equity Shares will be listed on the National Stock Exchange of India Limited (the "NSE") and the Bombay Stock Exchange Limited (the "BSE", and together with the NSE, the "Stock Exchanges"). As required by Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entries or dematerialised accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the designated Stock Exchange. Thereafter, upon receipt of final approval of the Stock Exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the designated Stock Exchange. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their dematerialised accounts or that trading will commence within the time periods specified above.

44. Because the initial public offering price per Equity Share is higher than our book value per Equity Share, purchasers in this Issue will immediately experience a dilution in net tangible book value.

Purchasers of our Equity Shares will experience an immediate dilution in net tangible book value per share from the initial public offering price per Equity Share. After giving effect to the issuance of 40,250,000 Equity Shares in this Issue, and following the deduction of underwriting discounts and commissions and estimated offering expenses payable by us and the application of the net proceeds, our pro forma as adjusted net tangible book value as of June 30, 2007, would have been Rs. [•] million, or Rs. [•] per share of common stock. This represents an immediate dilution in pro forma net tangible book value of Rs. [•] per Equity Share to new investors purchasing Equity Shares in this Issue. Substantial future sales of our Equity Shares in the public market could cause our share price to fall.

Upon consummation of this Issue, we will have 400,678,820 Equity Shares outstanding. Of these Equity Shares, 40,250,000 Equity Shares will be freely tradable without restriction in the public market, unless purchased by our affiliates. Upon completion of this Issue, our existing shareholders will beneficially own 360,428,820 Equity Shares, which will represent approximately 89.95% of our outstanding Equity Share capital. The holders of approximately 280,293,056 Equity Shares, representing approximately 69.95% of our post-Issue outstanding Equity Share capital, will be entitled to dispose of their Equity Shares following the expiration of a one-year Indian statutory "lock-up" period.

Any future equity issuances by us, including in a primary offering or pursuant to a preferential allotment or issuances of stock options under employee stock option plans, or any perception by investors that such issuances or sales might occur may lead to the dilution of investor shareholding in our Company or affect the trading price of the Equity Shares and could impact our ability to raise capital through an offering of our securities.

45. We may not pay dividends in the future.

In 2006, we announced the first dividend payment to our Equity shareholders. The dividend was declared for fiscal 2006 in the amount of Rs. 0.40 per Equity Share, or 20% of the face value of Rs. 2. For fiscal 2007, the dividend was declared in the amount of Rs. 1.00 per Equity Share, or 10% of the face value of Rs. 10. We had not paid dividends to our Equity shareholders prior to fiscal 2006. Whether or not we pay dividends in the future and the amount of any such dividends, if declared, will depend upon a number of factors, including our results of operations and financial condition, contractual restrictions (including the terms of some of our financing arrangements that currently restrict our ability to pay dividends) and other factors considered relevant by our Board of Directors and shareholders. There is no assurance that we will declare and pay, or have the ability to declare and pay, any dividends on our shares at any point in the future.

Notes to Risk Factors

- The net worth of our Company as of June 30, 2007 was Rs. 7,675.0 million and as of March 31, 2007 was Rs. 7,475.2 million.
- Public issue of 40,250,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share aggregating Rs. [•]. The Issue and the Net Issue will constitute 10.05% and 10.01%, respectively, of the post-Issue paid up capital of our Company.
- On February 10, 2007, we made an issue of 180,214,410 Equity Shares as bonus Equity Shares in the proportion of one Equity Share for every one Equity Share held as on the record date of the issue. The additional Equity Shares shall rank *pari passu* in all respects with the pre-existing Equity Shares
- The net asset value per Equity Share was Rs. 21.2 as of June 30, 2007 and Rs. 20.7 as of March 31, 2007.
- The average cost of acquisition of or subscription to Equity Shares by our Promoters Adani Port Infrastructure Private Limited, Adani Infrastructure Service Private Limited and Mr. Gautam S. Adani is Rs. 44.55, Rs. 11.90 and Rs. 10.00 per Equity Share, respectively. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by us, including bonus Equity Shares.
- Except as disclosed in "Capital Structure" on page 21 of this Red Herring Prospectus, we have not issued any shares for consideration other than cash.
- Except as disclosed in "Our Management" and "Our Promoter and Promoter Group" on pages 114 and 129 of this Red Herring Prospectus, none of our Promoters, our Directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
- Investors may contact the Book Runners and the Syndicate Members for any complaints, information or clarifications pertaining to the Issue.
- Investors are advised to refer to "Basis for Issue Price" on page 42 of this Red Herring Prospectus.
- For related party transactions, see the notes to our financial statements in "Related Party Transactions" and the section "History and Corporate Structure" on pages 159 and 103 of this Red Herring Prospectus respectively.
- In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated on a proportionate basis to QIB Bidders, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be

available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above Issue price. If at least 60% of the Net Issue cannot be allocated to QIB Bidders, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

- Under subscription, if any, in the Non-Institutional and Retail Portion would be allowed to be met with spill over from any other category at the discretion of the Company in consultation with the Book Runners and the Designated Stock Exchange. Under subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Portion and Retail Portion at the discretion of the Book Runners. In case of under subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.
- Trading in Equity Shares for all investors shall be in dematerialised form only.

SECTION III: INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

Overview

We are the developer and operator of the Mundra Port, one of the leading non-captive private sector ports in India based on volume of cargo during fiscal 2007. *Source: National Maritime Development Programme / Indian Ports Association.* We have the exclusive right to develop and operate Mundra Port and related facilities until February 2031 pursuant to the Concession Agreement entered on February 17, 2001 with the GMB and the Government of Gujarat.

We received approval as a developer of a multi-product SEZ at Mundra and the surrounding areas from the Government of India on April 12, 2006, making us one of the first port-based multi-product SEZs in India. The SEZ designation provides considerable government incentives and benefits to SEZ developers, operators and other users, including exemptions from customs tax, income tax and other taxes, resulting in reduced costs for infrastructure, utilities, raw materials and other resources, which increases export competitiveness and benefits international trade.

We are part of the Adani Group, which has interests in different industries including commodities trading, coal mining, power trading, power generation, real estate development, agro processing and logistics, shipping and port operations.

Our port is principally engaged in providing port services for: (i) bulk cargo, (ii) container cargo, (iii) crude oil cargo, and (iv) value-added port services, including railway services. In addition, we also generate income from land related and infrastructure activities. Container cargo handling and related operations are provided by the Container Sub-concessionaire at Container Terminal I and by us at Container Terminal II

We commenced trial operations at Mundra Port in October 1998 and commercial operations in October 2001 as part of our phased operations plan, initially handling only bulk dry and liquid cargo. We have experienced growth in throughput at Mundra Port as a result of both increased volume of bulk cargo imports and exports and the addition of services, particularly container cargo and crude oil cargo capabilities and railway services. Between October 1, 1998 and June 30, 2007 Mundra Port has handled approximately 62.6 million tonnes of cargo comprised of approximately 42.2 million tonnes of bulk cargo, 5.6 million tonnes of crude oil cargo and 1,230,000 TEUs (approximately 14.8 million tonnes) of container cargo. Total cargo volume at Mundra Port increased by 68.7% from 11.7 million tonnes in fiscal 2006 to 19.8 million tonnes in fiscal 2007, by 36.3% from 8.6 million tonnes in fiscal 2005 to 11.7 million tonnes in fiscal 2006 and by 66.9% from 5.2 million tonnes in fiscal 2004 to 8.6 million tonnes in fiscal 2005.

Our income from operations has grown at a CAGR of 51.2% from Rs. 1,676.7 million in fiscal 2004 to Rs. 5.797.4 million in fiscal 2007. Our income from operations was Rs. 5,797.4 million in fiscal 2007, a growth of 50.8% over fiscal 2006; Rs. 3,845.3 in fiscal 2006, a growth of 45.6% over fiscal 2005 and Rs. 2640.9 million in fiscal 2005, a growth of 57.5% over fiscal 2004. Our income from operations for the three months ended June 30, 2007 was Rs. 1,234.0 million. Our Company's net loss in fiscal 2004 was Rs. 133.4 million, net profit in fiscal 2005 was Rs. 676.1 million, net profit in fiscal 2006 was Rs. 740.9 million, net profit in fiscal 2007 was Rs. 1,921.1 million for the three months ended June 30, 2007 was Rs. 201.3 million.

We have a wide range of third parties customers that operate at or use our port, including the Container Sub-concessionaire, IOCL, Indian Railways, Indian Farmers Fertilisers Cooperative Limited, Food Corporation of India and some of the Adani Group companies such as Adani Enterprises Limited and Adani Wilmar Limited.

Competitive Strengths

We believe that our historical success and future prospects are attributable to the following competitive strengths:

Natural and location advantages, including a deep water draft and protection from severe weather

Mundra Port has a deep water draft which ranges from approximately 15 metres to 32 metres in depth at a short distance from the shore. We believe that we have one of the deepest water draft depths on the west coast of India which will enable us to handle the future generation of large size vessels carrying bulk, container and crude oil cargo. Because of the natural protection provided by its location, Mundra Port is able to handle cargo throughout the year in all weather conditions, including during severe weather of the monsoon season characterised by high rains, winds and waves, with minimal costs, delays and damages that often impact other more exposed ports.

Proximity to the northern interior of India and major maritime trade routes

Mundra Port is one of the leading non-captive private sector ports in India based on volume of cargo during fiscal 2007, and we believe that a significant reason for this is the good proximity of our port to the northern inland regions of India as well as major maritime trade routes. Mundra Port's location near the entrance of the Gulf of Kutch on the northwest coast of India places it near major maritime trade routes and it is ideally positioned as an important hub for foreign trade to serve imports from and exports to the Middle East, Asia, Africa and other international destinations.

Land with port back-up area, infrastructure and SEZ advantages

We have been granted the right to use and develop 3,404 acres of land around Mundra Port for 30 years under the Concession Agreement, and pursuant to the merger with Adani Port Limited in 2003 and Mundra SEZ and ACL in 2006, we now have approximately 15,665 acres of land available to us. Our portfolio of land area includes approximately 4,000 metres of undeveloped waterfront land which we can utilise in growing our own port operations. With effect on April 1, 2006, we were approved as a developer of the SEZ at Mundra and the surrounding areas, making Mundra Port one of the first port-based multi-product SEZs in India.

Access to rail, road and pipeline network

Mundra Port is connected by rail, road and pipeline to the transportation network of India, particularly the inland regions of western and northern India, including Delhi. Railways and roadways are important links for the transportation of goods to and from any port to the cargo centres.

Strategic arrangements and established customer relationships with certain companies

We benefit from certain strategic arrangements and customer relationships with certain companies, particularly with IOCL, Indian Railways and the Container Sub-concessionaire. With these and other strategic relationships, we have leveraged our experience and assets, including the available land at Mundra Port, to grow operations and diversify our income sources. In addition, a variety of bulk and crude oil vessels use Mundra Port and a number of major container shipping lines currently call at our port.

Experienced management team

We have been able to successfully attract and retain senior executives from top companies as well as retain key executives. Our management team has an established track record, knowledge of the industries in which we operate and relevant experience in India.

Our Strategy

We intend to capitalise on our strategic location to develop into a world class port operator in India. In order to grow our business volume and to strengthen our market position in India, we have in place the following strategies:

Expand Mundra Port and its services

We have developed back-up facilities and infrastructure on the available land at Mundra Port which allow us to provide handling, storage and transportation services to our customers. We plan to continue to expand our port services and to attract investment from other port-based industries in order to further develop Mundra Port into a total service provider. We plan to pursue and increase the number of long-term strategic arrangements for the use of Mundra Port.

Develop land as a source of operating income and driver of growth

We intend to develop and sub-lease portions of our considerable available land at Mundra Port which we believe will be a source of operating income and drive future growth at Mundra Port. We believe that the SEZ status, with its various tax and other incentives, of Mundra and the surrounding area will help us in attracting industrial units to establish operations in the Mundra SEZ. Such growth in the Mundra SEZ would enable us to generate additional income directly from the lease of land and through increased traffic and use of our port.

Provide multi-modal services for our customers

We plan to further improve and add to our value-added port services. In particular, we intend to develop a set of logistics services and leverage the logistics business strengths of the Adani Group in order to provide our customers with comprehensive logistics solutions for cargo. We intend to consolidate and streamline the existing port services that we currently provide, expand the scope of our value-added services and extend and improve the transportation network alternatives for our customers as we move towards becoming a multi-modal logistics provider.

Invest in new locations and acquire new customers

We are considering growth opportunities outside of Mundra where we can utilise our expertise, benefit from increased cargo capacity and service other inland population areas. We also intend to grow our business by acquiring new customers. We plan to do this by capitalising on our current capabilities and our reputation in the market.

Continue to improve our operating efficiency, quality of service and overall competitiveness

We will continue to strive to improve the operating efficiency and capacity of our existing facilities by continuing to invest in advanced handling equipment and improving the efficiency of our loading, unloading and stacking operations and marine services such us tugboat berthing. We intend to improve the quality and efficiency of the value-added port services while also increasing the services and logistic options that we currently provide to customers.

SUMMARY FINANCIAL INFORMATION

The following table sets forth selected financial information derived from our restated unconsolidated financials for the financial years ended March 31, 2003, 2004, 2005, 2006, 2007 and the three months ended June 30, 2007, which are derived from the audited financial statements. These financials have been prepared in accordance with the requirements of the Companies Act and the SEBI Guidelines, along with the related clarifications issued by SEBI, for the purpose of disclosure in the Red Herring Prospectus. The Company's financial statements and the information regarding the basis of preparation are set out in the restated unconsolidated financial statements in the section titled 'Financial Statements' on page 164 of this Red Herring Prospectus. This selected financial information should be read in conjunction with those financial statements and the accompanying notes thereto.

RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

(Rs .in Million)

Particulars		As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
I	**Fixed Assets**						
	Gross Block	23,254.1	22,331.0	16,457.6	12,211.9	11,452.2	4,811.1
	Less : Accumulated Depreciation/ Amortization	2,738.2	2,509.1	1,599.3	943.2	534.9	135.3
	Net Block	20,515.7	19,821.9	14,858.3	11,268.7	10,917.3	4,675.8
	Capital Work- in- Progress including Capital Advances and Pre Operative Expenditure (Pending Allocation)	4,937.3	4,179.4	4,117.0	4,369.0	1,785.2	3,208.1
		25,453.0	**24,001.3**	**18,975.3**	**15,637.7**	**12,702.5**	**7,883.9**
II	**Investments**	**886.3**	**789.9**	**1,228.2**	**320.3**	**-**	**-**
III	**Current Assets, Loans and Advances**						
	Inventories	140.1	104.3	46.0	30.7	25.5	-
	Sundry Debtors	3,180.4	3,449.3	766.7	412.0	196.5	26.6
	Cash and Bank Balances	865.1	569.0	956.5	305.8	117.5	31.6
	Other Current Assets	260.5	234.8	217.4	215.3	275.8	175.0
	Loans and Advances	1,614.5	1,260.1	747.2	583.2	1,647.2	403.0
		6,060.6	**5,617.5**	**2,733.8**	**1,547.0**	**2,262.5**	**636.2**
	A= (I+II+III)	**32,400.0**	**30,408.7**	**22,937.3**	**17,505.0**	**14,965.0**	**8,520.1**
IV	**Amounts Received under Long Term Infrastructure Usage Agreements**	**7,338.1**	**7,414.9**	**4,634.5**	**4,582.8**	**4,552.8**	**666.4**

(Rs .in Million)

Particulars		**As at June 30, 2007**	**As at March 31, 2007**	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**
V	**Liabilities and Provisions**						
	Secured Loans	13,985.0	12,813.4	8,919.2	5,898.5	4,027.4	5,254.9
	Unsecured Loans	8.4	9.0	699.0	345.3	363.4	-
	Current Liabilities	2,666.2	2,011.5	1,394.0	616.0	1,008.7	675.7
	Provisions	125.4	177.7	589.2	74.9	9.4	-
	Deferred Tax Liability (Net)	602.0	507.0	692.2	308.1	-	-
		17,386.9	**15,518.6**	**12,293.6**	**7,242.8**	**5,408.9**	**5,930.6**
	B= (IV+V)	**24,724.9**	**22,933.5**	**16,928.1**	**11,825.6**	**9,961.7**	**6,597.0**
	NET WORTH= A-B	**7,675.0**	**7,475.2**	**6,009.2**	**5,679.4**	**5,003.3**	**1,923.1**
	Represented by						
	Share Capital						
	- Equity Shares	3,604.3	3,604.3	1,802.1	1,400.0	1,400.0	1,400.0
	- Preference Shares	28.1	28.1	28.1	28.1	28.1	-
	- Equity Share Capital Suspense Account	-	-	-	402.2	402.2	-
	Reserves and Surplus	4,042.6	3,842.8	4,179.0	3,849.1	3,173.0	523.1
	NET WORTH	**7,675.0**	**7,475.2**	**6,009.2**	**5,679.4**	**5,003.3**	**1,923.1**

MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES FOR MUNDRA PORT & SPECIAL ECONOMIC ZONE LIMITED

(Rs.in Million)

Particulars	**For the period ended June 30, 2007**	**For the year ended March 31, 2007**	**For the year ended March 31, 2006**	**For the year ended March 31, 2005**	**For the year ended March 31, 2004**	**For the year ended March 31, 2003**
INCOME						
Income from Operations	1,234.0	5,797.4	3,845.3	2,640.9	1,676.7	523.4
Other Income	90.0	163.8	123.5	133.5	56.3	21.5
Total Income	**1,324.1**	**5,961.2**	**3,968.7**	**2,774.4**	**1,733.0**	**544.9**
EXPENDITURE						
Operating Expenses	293.9	1,943.7	1,068.1	745.8	495.9	129.2
Personnel Expenses	61.0	147.9	88.0	65.2	63.0	24.7
Administrative and Other Expenses	171.2	629.8	577.7	228.6	213.3	62.8
Interest	253.0	667.6	507.2	343.3	514.3	257.4
Depreciation	207.8	807.0	614.1	437.1	376.2	102.4
Total Expenditure	**986.9**	**4,196.0**	**2,855.1**	**1,820.0**	**1,662.7**	**576.5**
Profits/(Losses) before Tax, Prior Period and Extraordinary Item	**337.2**	**1,765.2**	**1,113.6**	**954.4**	**70.3**	**(31.6)**
- Extraordinary Item	116.6	-	34.7	-	2.8	-
- Prior Period Item	(12.9)	(15.5)	13.2	(5.8)	(4.7)	-
Profits/(Losses) before Tax	**440.8**	**1,749.7**	**1,161.5**	**948.6**	**68.4**	**(31.6)**
Provision For Tax						
- Current Tax	83.8	50.0	97.7	70.9	8.6	-
- Deferred Tax (credit)/Charge	131.0	(133.2)	389.1	215.2	-	-
- Fringe Benefit Tax	2.2	8.5	2.4	-	-	-
- MAT Credit Utilized	(47.8)	(50.0)	-	-	-	-
Net Profits/(Losses) after Tax	**271.6**	**1,874.4**	**672.3**	**662.5**	**59.8**	**(31.6)**
Adjustments (Net of tax)	(70.2)	46.7	68.6	13.6	(193.2)	(9.8)
Net Profits/(Losses) as Restated	**201.3**	**1,921.1**	**740.9**	**676.1**	**(133.4)**	**(41.4)**
Balance brought forward from Previous Year	1,020.5	899.6	625.0	(39.9)	90.7	144.6
Pre-operative expenditure and Miscellaneous Expenditure (to the extent not written off) adjusted in accordance with the scheme of amalgamation	-	(36.1)	-	-	-	-

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Amount available for appropriation	**1,221.9**	**2,784.6**	**1,365.9**	**636.2**	**(42.7)**	**103.2**
Appropriations						
Transfer to/ (from) Debenture Redemption Reserve	-	20.1	3.5	9.8	(2.8)	12.5
Transfer to Capital Redemption Reserve	0.3	1.4	1.4	1.4	-	-
Transfer to General Reserve	-	-	50.4	-	-	-
Transfer for Issue of Bonus Equity Shares	-	1,382.2	-	-	-	-
Dividend on Preference Shares	-	- *	- *	- *	-	-
Dividend on Equity Shares	-	360.4	360.4	-	-	-
Tax on Dividend	-	-	50.6	-	-	-
Balance Carried to Balance Sheet	**1,221.5**	**1,020.5**	**899.6**	**625.0**	**(39.9)**	**90.7**

** Nullified on conversion to Rs. Million*

RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF CASHFLOWS FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
A. Cash Flow from Operating Activities						
Profit before Tax and Extra Ordinary Items	217.9	1,744.5	1,190.5	1,055.0	(127.6)	(41.4)
Adjustments for :						
Depreciation	207.8	807.0	611.1	410.2	399.6	99.6
Miscellaneous Expenditure Written Off (Net)	-	-	-	-	-	23.7
Amortization of Amounts Received under Long Term Infrastructure Usage Agreements	(76.8)	(219.4)	(183.5)	(171.4)	(149.5)	(15.4)
Interest Expense	253.0	667.6	507.2	343.3	514.3	257.4
Interest , Dividend and Exchange Income	(15.1)	(89.0)	(110.5)	(16.7)	(44.8)	(19.5)
(Profit) / Loss on Sale of Fixed Assets	0.5	1.1	2.3	0.0	(9.2)	-
Profit on sale of current Investments	0.1	(0.4)	-	-	-	-
Balances written off / (written back) net	(0.0)	20.7	21.2	(16.6)	46.8	(15.0)
Project Expenditure Written Off	-	5.1	2.2	1.7	0.8	-
Provision for Doubtful Debts and Advances	0.0	18.8	0.3	7.1	11.4	-
Operating Profit before Working Capital Changes	**587.5**	**2,956.0**	**2,040.8**	**1,612.6**	**641.8**	**289.4**
Adjustments for :						
Decrease / (Increase) in Sundry Debtors	269.0	(2,706.9)	(356.7)	(215.6)	38.2	(0.4)
Decrease / (Increase) in Inventories	(35.7)	(58.3)	(15.5)	(5.1)	(9.9)	-
Decrease / (Increase) in Loans & Advances	(34.4)	675.4	5.3	1,372.8	(1,184.4)	(273.1)
Decrease / (Increase) in Other Current Assets	(23.0)	(82.2)	54.0	72.3	(97.7)	(7.1)
Increase in Unamortized balance of Amounts Received under Long Term Infrastructure Usage Agreements	-	2,999.8	235.2	201.4	4,036.0	681.8
Increase/(Decrease) in Current Liabilities & Provision	(157.1)	749.2	483.7	(82.3)	(194.2)	155.0
Cash Generated from Operations	**606.3**	**4,533.0**	**2,446.8**	**2,956.1**	**3,229.8**	**845.6**
Extra Ordinary Items	116.6	-	34.7	-	2.9	-
Direct Tax Paid (Net)	92.1	(62.9)	(130.5)	(63.5)	0.2	(0.3)
Net Cash from Operating Activities	**815.0**	**4,470.1**	**2,350.9**	**2,892.6**	**3,232.9**	**845.3**

(Rs.in Million)

Particulars		For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
B.	**Cash Flow from Investing Activities**						
	Purchase of Fixed Assets	(1,049.6)	(5,698.4)	(3,620.4)	(3,675.0)	(4,341.4)	(1,631.4)
	Project Expenditure Written Off	-	35.9	-	-	-	-
	Purchase of Investments	(96.7)	(215.4)	(908.0)	(320.3)	-	-
	Sale of Investments	-	283.4	0.1	-	-	-
	Purchase of Investment of Transferor companies (Refer Note 3 below)	-	(588.5)	-	-	-	-
	Share Application Money Paid	(416.5)	(591.3)	(60.6)	(300.0)	-	-
	Sale of Fixed Assets	2.2	0.3	2.2	3.7	1,333.4	-
	Interest & Dividend received	9.1	153.5	54.4	42.0	7.5	19.0
	Net Cash used in Investing Activities	**(1,551.5)**	**(6,620.5)**	**(4,532.3)**	**(4,249.6)**	**(3,000.5)**	**(1,612.4)**
C.	**Cash Flow from Financing Activities**						
	Procurement of Long Term Borrowings	1,355.0	4,885.4	4,337.4	2,097.6	7,301.4	1,158.0
	Repayment of Long Term Borrowings	(68.9)	(1,078.1)	(1,360.7)	(117.8)	(10,080.8)	(105.1)
	Procurement of Short Borrowings	-	-	371.3	-	300.0	-
	Repayment of Short Borrowings	-	(571.3)	-	(100.0)	-	-
	Payment of Dividend & Distribution Tax	-	(771.4)	-*	-	-	-
	Interest Expense	(251.9)	(662.5)	(515.9)	(334.5)	(523.2)	(288.3)
	Miscellaneous Expenditure	(1.6)	(58.5)	-	-	-	-
	Proceeds from issue of Share Capital	-	-	-	-	2,811.0	-
	Net Cash Flow from Financing Activities	**1,032.6**	**1,743.6**	**2,832.1**	**1,545.3**	**(191.6)**	**764.6**
D.	**Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)**	**296.1**	**(406.9)**	**650.7**	**188.3**	**40.8**	**(2.5)**
E.	**Cash and Cash Equivalents at start of the period**	**569.0**	**956.5**	**305.8**	**117.5**	**31.6**	**34.1**
	Add: Acquired under the scheme of Amalgamation	-	19.3	-	-	45.1	-
	Cash and Cash Equivalents at start of the period	569.0	975.8	305.8	117.5	76.7	34.1
F.	**Cash and Cash Equivalents at close of the period**	**865.1**	**569.0**	**956.5**	**305.8**	**117.5**	**31.6**
	Components of Cash & Cash Equivalents	(0.0)	0.0	(0.0)	(0.0)	0.0	(0.0)
	Cash and Cheques on Hand	1.6	0.4	0.3	0.6	0.3	0.1
	Balances with Scheduled Banks						
	- On Current Accounts	310.2	91.6	132.5	95.8	24.8	2.8
	- On margin Money Accounts	251.9	261.1	28.5	21.2	20.7	16.1
	- On Deposit Accounts	301.4	215.9	795.2	188.2	71.7	12.6

THE ISSUE

Issue of Equity Shares	**40,250,000 Equity Shares**
Employee Reservation Portion	150,000 Equity Shares
Net Issue to the Public	**40,100,000 Equity Shares**
Of which:	
Qualified Institutional Buyers (QIBs) Portion	At least 24,060,000 Equity Shares
of which	
Available for Mutual Funds only	1,203,000 Equity Shares
Balance of QIB Portion (available for QIBs including Mutual Funds)	22,857,000 Equity Shares
Non-Institutional Portion	Up to 4,010,000 Equity Shares#
Retail Portion	Up to 12,030,000 Equity Shares#
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	360,428,820 Equity Shares
Equity Shares outstanding after the Issue	400,678,820 Equity Shares

Use of Issue Proceeds

See "Objects of the Issue" on page 31 of this Red Herring Prospectus for information about the use of the Issue Proceeds.

Allocation to all categories, including the Employee Reservation Portion, shall be made on a proportionate basis.

Under-subscription, if any, in the Non-Institutional and Retail Portion would be allowed to be met with spill over from any other category at the discretion of the Company in consultation with the Book Runners and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Portion and Retail Portion at the discretion of the Book Runners. In case of under subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

GENERAL INFORMATION

Registered and Corporate Office of our Company

Mundra Port and Special Economic Zone Limited
Adani House,
Near Mithakhali Six Roads,
Navrangpura,
Ahmedabad 380 009
Tel: (91 79) 2656 5555
Fax: (91 79) 2656 5500
Registration Number: 04-34182 of 1998
Company Identification Number:
U63090GJ1998PLC034182

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli situated at the following address:

ROC Bhavan
CGO Complex, Opposite Rupal Park Society
Near Ankur Bus Stand
Naranpura
Ahmedabad 380 013
Tel: (91 79) 2743 8531
Fax: (91 79) 2743 8371
Email: rocahm.sb@sb.nic.in

Board of Directors

Our Board comprises the following:

Name, Designation and Occupation	Age (years)	Address
Mr. Gautam S. Adani Chairman and Managing Director and Chief Executive Officer Non Independent Executive Director *Industrialist*	45	Shantivan Farm House Behind Karnavati Club Mohemadpura Village Ahmedabad 380 057
Mr. Rajesh S. Adani Non Independent Non Executive Director *Industrialist*	42	14, Suryaja Bunglow Behind Sarathi Restaurant Vastrapur Ahmedabad 380 054
Mr. H.K. Dash, IAS GPIDCL Nominee Director Director *Service*	52	K – 517, Sector 20 Gandhinagar 380 020
Mr. S. Venkiteswaran Independent Director *Lawyer*	66	A/7-1 & 2, Lloyds Garden, 7th Floor, Appasaheb Marathe Marg, Prabhadevi, Worli, Mumbai 400 025
Mr. K. N. Venkatasubramanian Independent Director *Consultant*	69	D4/D5 Ashok Swetha, 101/102, Lloyds Road, Royapettah, Chennai 600 014

Name, Designation and Occupation	Age (years)	Address
Mr. Ameet H. Desai Executive Director *Service*	43	A/403, Pratishtha Apartment, Bodakdev, Ahmedabad 380 054
Mr. Surendra Kumar Tuteja Independent Director *Retired Indian Administrative Service Official*	62	S-307, 2nd Floor Panchsheel Park New Delhi 110 001
Mr. Arun Duggal Independent Director *Financial Advisor*	60	106, Ashoka Estate 24 Barakhamba Road New Delhi 110001
Mr. D.T. Joseph Independent Director *Retired Indian Administrative Service Official*	61	52, Jasmine Co-operative Housing Society, M. K. Marg, Bandra (East), Mumbai 400 051
Mr. Rajeev Ranjan Sinha Whole - Time Director *Service*	57	Palm Court, 3rd Floor, 152, Maharshi Karve Road, Mumbai 400 020

For further details of our Directors, see the section titled "Our Management" on page 114 of this Red Herring Prospectus.

Company Secretary and Compliance Officer

Our Company Secretary and Compliance Officer is Mrs. Dipti Shah. Her contact details are as follows:

Mrs. Dipti Shah
Adani House, Near Mithakhali Six Roads
Navrangpura, Ahmedabad 380 009
Tel: (91 79) 2656 5555
Fax: (91 79) 2656 5500
Email: dshah@adanigroup.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

Global Co-ordinators and Book Running Lead Managers

DSP Merrill Lynch Limited
Mafatlal Centre, 10th Floor
Nariman Point
Mumbai 400 021
Tel: (91 22) 6632 8000
Fax: (91 22) 2204 8518
Email: mundra_ipo@ml.com
Contact Person: Mr. N.S. Shekhar
Website: www.dspml.com

JM Financial Consultants Private Limited
141, Maker Chambers III
Nariman Point
Mumbai 400 021
Tel: (91 22) 6630 3030
Fax: (91 22) 2204 7185
Email:mundra_sez.ipo@jmfinancial.in
Contact Person: Ms. Poonam Karande
Website: www.jmfinancial.in

SSKI Corporate Finance Private Limited
803/4 Tulsiani Chambers
8th Floor, Nariman Point
Mumbai 400 021
Tel: (91 22) 6638 3333
Fax: (91 22) 2204 0282
Email: mundra.ipo@sski.co.in
Contact Person: Mr. Abhishek Jain
Website: www.sski.co.in

Book Running Lead Managers

Enam Securities Private Limited
801, Dalamal Towers,
Nariman Point, Mumbai 400 021
Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
Email: mundra.ipo@enam.com
Contact Person: Mr. Sachin K. Chandiwal
Website: www.enam.com

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar,
229, Nariman Point, Mumbai 400 021
Tel: (91 22) 6634 1100
Fax: (91 22) 2283 7517
Email: mundra.ipo@kotak.com
Investor grievance id: kmccredressal@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakant Bhole

ICICI Securities Limited
ICICI Centre,
H. T. Parekh Marg, Churchgate,
Mumbai 400 020
Tel: (91 22) 2288 2460
Fax: (91 22) 2282 6580
E-mail:mpsez_ipo@isecltd.com
Contact Person: Sumit Pachisia
Website: www.icicisecurities.com

SBI Capital Markets Limited
202, Maker Towers 'E',
Cuffe Parade, Mumbai 400 005
Tel: (91 22) 2218 9166
Fax: (91 22) 2218 8332
Email: mundra.ipo@sbicaps.com
Contact Person: Subrat Panda
Website: www.sbicaps.com

Syndicate Members

Kotak Securities Limited
Bakhtawar, 1st Floor
229, Nariman Point, Mumbai 400 021
Tel: (91 22) 6634 1100
Fax: (91 22) 6634 3927
Email: Umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta

JM Financial Services Private Limited
Apeejay House, 3 Dinshaw Vachha Road,
Churchgate, Mumbai 400 020
Tel: (91 22) 6704 3184/3185
Fax: (91 22) 6654 1511
Email: mundra_sez.ipo@jmfinancial.in
Contact Person: Deepak Vaidya / T. N. Kumar
Website: www.jmfinancial.in

Sharekhan Limited
A-201, Phoenix House,
2nd Floor, Senapati Bapat Marg,
Lower Parel, Mumbai 400 013
Tel: (91 22) 6748 2000
Fax: (91 22) 2498 2626
Email: pankajp@sharekhan.com
Contact Person: Pankaj Patel
Website: www.sharekhan.com

SBICAP Securities Limited
191, Maker Tower 'F',
Cuffe Parade,
Mumbai 400 005
Tel: (91 22) 3027 3339
Fax: (91 22) 3027 3402
Email: prasad.chitnis@sbicaps.com
Contact Person: Prasad Chitnis
Website: www.sbicapsec.com

Morgan Stanley India Company Private Limited
1101-1115, Hilton Tower, Nariman Point
Mumbai 400 021
Tel (91 22) 6621 0555
Fax (91 22) 6621 0556
Email:amit.h.shah@morganstanley.com
Contact Person: Amit H. Shah
Website:www.morganstanley.com/indiaofferdocuments

Legal Advisors

Domestic Legal Counsel to the Company
Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Domestic Legal Counsel to the Underwriters
Khaitan & Co.
Meher Chambers
4th and 5th Floor
R.K. Marg, Ballard Estate
Mumbai 400 038
Tel: (91 22) 6636 5000
Fax: (91 22) 6636 5050

International Legal Counsel to the Underwriters

Linklaters
10th Floor, Alexandra House
Chater Road
Hong Kong
Tel: (852) 2842 4888
Fax: (852) 2810 8133

Registrar to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, LBS Marg
Bhandup (West)
Mumbai 400 078, India
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Email: mpsezl-ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Vishwas Attavar

Bankers to the Issue and Escrow Collection Banks

ICICI Bank Limited
Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai 400 001
Tel: (91 22) 2262 7600
Fax: (91 22) 2261 1138
Email: sidhartha.routray@icicibank.com
Website: www.icicibank.com
Contact Person: Sidhartha Routray

Kotak Mahindra Bank Limited
4th Floor, Dani Corporate Park,
158, C. S. T. Road, Kalina,
Santacruz (E), Mumbai 400 098
Tel: (91 22) 6759 5559
Fax: (91 22) 2281 7527
Email: ibrahim.sharief@kotak.com /
mahesh.shekdar@kotak.com
Website: www.kotak.com
Contact Person: Ibrahim Sharief / Mahesh Shekdar

Axis Bank Limited
"Trishul", Opposite Samartheshwar
Mahadev Temple, Law Garden,
Ahmedabad 380 006
Tel: (91 79) 6630 6102
Fax: (91 79) 6630 6109
Email: pratik.shah@axisbank.com
Website: www.axisbank.com
Contact Person: Pratik Shah

HDFC Bank Limited
26 A, Narayan Properties,
Off Saki Naka Vihar Road,
Chandivali, Saki Naka, Andheri (East), Mumbai 400 072
Tel: (91 22) 2856 9009
Fax: (91 22) 2856 9256
Email: Deepak.rane@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Deepak Rane

State Bank of India
New Issue & Securities & Services Division
Mumbai Main Branch
Mumbai Samachar Marg
Mumbai 400 023
Tel: (91 22) 2265 1579
Fax: (91 22) 2267 0745
Email: mmbnewiss@sbi.co.in / rajeev.kumar@sbi.co.in
Website: www.sbi.co.in
Contact Person: Kannan Raj / Rajeev Kumar

Standard Chartered Bank
Ground Floor,
270, D. N. Road,
Fort,
Mumbai 400 001
Tel: (91 22) 2268 3955
Fax: (91 22) 2209 2216
Email: joseph.george@in.standardchartered.com
Website: www.standardchartered.com
Contact Person: Joseph George

Bankers to the Company

Axis Bank Limited
"Trishul", Opposite Samartheswar
Mahadev Temple, Law Garden
Ahmedabad 380 006
Tel: (91 79) 6630 6102
Fax: (91 79) 6630 6109

Canara Bank
Advance Cinema
Ahmedabad 380 001
Tel: (91 79) 2550 7884
Fax: (91 79) 2550 7736

State Bank of India
Corporate Finance Branch
58, Shrimali Society
Navrangpura
Ahmedabad 380 009
Tel: (91 79) 2651 044
Fax: (91 79) 2656 1178

Allahabad Bank
Zonal Office, 2nd Floor, Navin House
Opposite SP Seva Samaj Bhavan
Navrangpura, Ahmedabad 380 006
Tel: (91 79) 26400 334
Fax: (91 79) 2640 940

Export Import Bank of India
Centre One Building, Floor 21
World Trade Centre Complex,
Cuffe Parade, Mumbai 400 005 India
Tel: (91 22) 2218 5272
Fax: (91 22) 2218 8076

Auditors to the Company

M/s. S. R. Batliboi & Associates
Chartered Accountants
Golf View Corporate Tower B
Near DLF Golf Course
Sector 42, Sector Road
Gurgaon 122 002
Haryana
Board: 0124 4644000
Fax: 0124 4644050
Email: ey.ind@in.ey.com

Monitoring Agency

Infrastructure Development Finance Company Limited
Ramon House,
H. T. Parekh Marg
169, Backbay Reclamation
Mumbai 400 020
Tel: (91 22) 6633 9100
Fax: (91 22) 6633 9641

Inter Se Allocation of Responsibilities between the Book Runners

The responsibilities and co-ordination for various activities in this Issue are as follows:

Inter se allocation of responsibilities

No.	Activities	Responsibility	Co-ordinator
1	Capital structuring with relative components and formalities such as type of instruments, etc.	DSPML, JMF, SSKI, ENAM, SBI CAPS	DSPML
2	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The Book Runners shall ensure compliance with stipulated requirements and completion of all prescribed formalities with the Stock Exchanges, RoC and SEBI including finalising the Prospectus and RoC filing	DSPML, JMF, SSKI, ENAM, SBI CAPS	DSPML
3	Drafting and approval of all publicity material including corporate advertisement, brochure, etc. other than statutory advertisement mentioned in 2 above	DSPML, JMF, SSKI, ENAM, SBI CAPS	SSKI
4	Appointment of intermediaries including Registrar to the Issue, Bankers to the Issue, printers, monitoring agency and advertising agency	DSPML, JMF, SSKI, ENAM, SBI CAPS	SSKI
5	Non-institutional marketing and retail marketing of the Issue, which will cover, inter alia: • Formulating marketing strategies, preparation of publicity budget • Finalising media and public relations strategy • Finalising centres for holding conferences for brokers, etc. • Follow-up on distribution of publicity and Issuer material including form, Prospectus and deciding on the quantum of the Issue material • Finalising collection centres • Managing the book and co-ordinating the same with the Stock Exchanges	DSPML, JMF, SSKI, ENAM, SBI CAPS, I-SEC, KMCC	JMF
6	Domestic institutional marketing of the Issue, which will cover, inter alia: • Finalising the list and division of investors for one to one meetings • Finalising road show schedule and investor meeting schedules • Road show presentation	DSPML, JMF, SSKI, ENAM, SBI CAPS, I-SEC, KMCC	SSKI
7	International institutional marketing of the Issue, which will cover, inter alia: • Finalising the list and division of investors for one to one meetings, and • Finalising road show schedule and investor meeting schedules • Road show presentation	DSPML, JMF, SSKI, ENAM, SBI CAPS, I-SEC, KMCC	DSPML
8	Finalising pricing in consultation with the Company	DSPML, JMF, SSKI, ENAM, SBI CAPS	JMF

No.	Activities	Responsibility	Co-ordinator
9	Post-Bidding activities, including management of Escrow Accounts, co-ordination with Registrar to the Issue and Bankers to the Issue, refund to Bidders, etc. The post-Issue activities of the Issue will involve essential follow-up steps, which must include finalising the listing of instruments and despatch of refunds, with the various agencies connected with the work such as the Registrar to the Issue, Bankers to the Issue and the Refund Banker. BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge their responsibility through suitable agreements with the Company	DSPML, JMF, SSKI, ENAM, SBI CAPS	JMF

Credit Rating

As this is an Issue of Equity Shares, there is no credit rating for this Issue.

IPO Grading

We have not opted for the grading of this Issue.

Trustee

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Book Runners;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Runners;
- Registrar to the Issue; and
- Escrow Collection Banks.

In accordance with Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

In accordance with the SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section "Terms of the Issue" on page 300 of this Red Herring Prospectus.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the Book Runners to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI Guidelines is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer, in consultation with the Book Runners, will finalise the issue price at or below such Cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and Cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid?" on page 305 of this Red Herring Prospectus);
2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form;
3. If your total Bid Amount is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form. In case the PAN has not been allotted mention "Applied for" or "Not Applicable"in the appropriate places and submit Form 60 or Form 61 as the case may be together with permissible documents as proof of address (see "Issue Procedure – PAN" on page 320 of this Red Herring Prospectus);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form; and
5. Bids by QIBs will only have to be submitted to the Book Runners.

Withdrawal of the Issue

Our Company, in consultation with the Book Runners, reserves the right not to proceed with the Issue anytime after the Bid/ Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	**:**	**THURSDAY,**	**NOVEMBER 01,**	**2007**
BID/ISSUE CLOSES ON	**:**	**WEDNESDAY,**	**NOVEMBER 07,**	**2007**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form **except that on the Bid/ Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days.

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three working additional days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the web sites of the Book Runners and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Book Runners shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

[*This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC*]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (in Rs. million)
DSP Merrill Lynch Limited Mafatlal Centre, 10th Floor Nariman Point, Mumbai 400 021	[•]	[•]
JM Financial Consultants Private Limited 141, Maker Chambers III Nariman Point Mumbai 400 021	[•]	[•]
SSKI Corporate Finance Private Limited 803/4 Tulsiani Chambers 8th Floor, Nariman Point Mumbai 400 021	[•]	[•]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (in Rs. million)
Enam Securities Private Limited 801, Dalamal Towers Nariman Point Mumbai 400021	[•]	[•]
SBI Capital Markets Limited 202, Maker Towers 'E' Cuffe Parade Mumbai 400 005	[•]	[•]
ICICI Securities Limited ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai 400 020	[•]	[•]
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021	[•]	[•]
Kotak Securities Limited Bakhtawar, 1st Floor 229, Nariman Point Mumbai 400 021	[•]	[•]
JM Financial Services Private Limited Apeejay House, 3 Dinshaw Vachha Road, Churchgate, Mumbai 400 020	[•]	[•]
Sharekhan Limited A-201, Phoenix House, 2nd Floor, Senapati Bapat Marg, Lower Parel, Mumbai 400 013	[•]	[•]
SBICAP Securities Limited 191, Maker Tower 'F', Cuffe Parade, Mumbai 400 005	[•]	[•]
Morgan Stanley India Company Private Limited 1101-1115, Hilton Tower Nariman Point Mumbai 400 021	[•]	[•]

The abovementioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/Committee of Directors, at its meeting held on [•], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Book Runners and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Red Herring Prospectus, is set forth below:

in Rs. (except share data)

			Aggregate Nominal Value	Aggregate Value at Issue Price
A.	**Authorised Share Capital**			
	995,000,000	Equity Shares of Rs. 10 each	9,950,000,000	
	5,000,000	Non Cumulative Redeemable Preference Shares of Rs. 10 each	50,000,000	
B.	**Issued, Subscribed and Paid-Up Equity Share Capital before the Issue**			
	360,428,820	Equity Shares of Rs. 10 each	3,604,288,200	
	2,811,037	Non Cumulative Redeemable Preference Shares of Rs. 10 each	28,110,370	
C.	**Issue pursuant to this Red Herring Prospectus**			
	40,250,000	Equity Shares of Rs. 10 each	402,500,000	[•]
D.	**Employee Reservation Portion**			
	150,000	Equity Shares of Rs. 10 each	1,500,000	
E.	**Net Issue to the Public**			
	40,100,000	Equity Shares of Rs. 10 each	401,000,000	
F.	**Equity Share capital after the Issue**			
	400,678,820	Equity Shares of Rs. 10 each	4,006,788,200	[•]
G.	**Share Premium Account***			
	Before the Issue		2,782,926,630	
	After the Issue		[•]	

** The Securities Premium Account includes the share premium on our Preference Share Capital of Rs. 2,782,926,630.*

The Issue has been authorised by the Board of Directors in their meeting on January 30, 2007 and by the shareholders of our Company at an EGM held on January 31, 2007.

Changes in Authorised Share Capital

1. The initial authorised share capital of Rs. 100,000,000 divided into 10,000,000 equity shares of Rs. 10 each was increased to Rs. 1,400,000,000 divided into 140,000,000 equity shares of Rs. 10 each pursuant to a resolution of the shareholders on January 28, 1999.
2. The authorised share capital of Rs. 1,400,000,000 divided into 140,000,000 equity shares of Rs. 10 each was increased to Rs. 2,100,000,000 divided into 205,000,000 equity shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs.10 each pursuant to a resolution of the shareholders on March 25, 2004.
3. The authorised share capital of Rs. 2,100,000,000 divided into 205,000,000 equity shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each was reclassified to 1,025,000,000 equity shares of Rs.

2 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs.10 each pursuant to a resolution of the shareholders on June 23, 2006.

4. The authorised share capital of Rs. 2,100,000,000 divided into 1,025,000,000 equity shares of Rs. 2 each and 5,000,000 0.01 % non cumulative redeemable preference shares of Rs.10 each was further reclassified to 205,000,000 equity shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each pursuant to a resolution of the shareholders on January 31, 2007. Subsequently the authorised share capital was increased to Rs. 10,000,000,000 divided into 995,000,000 Equity Shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each pursuant to a resolution of the shareholders on January 31, 2007.

Notes to Capital Structure

1. Share Capital History

(1) Equity Share Capital History of our Company

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consid-eration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Equity share capital (Rs.)	Cumulative Share Premium (Rs.)
May 28, 1998	7,000	10	10	Cash	Subscription to Memorandum	7,000	70,000	Nil
January 28, 1999	106,400,000	10	10	Cash	Allotment to Gujarat Port Infrastructure Development Company Limited, Adani Port Limited and others	106,407,000	1,064,070,000*	Nil
June 28, 2000	27,593,000	10	10	Cash	Allotment to AISPL	134,000,000	1,340,000,000	Nil
September 29, 2000	6,000,000	10	80	Cash	Allotment to Unit Trust of India	140,000,000	1,400,000,000	420,000,000
August 26, 2005	40,216,410	10	-	Allotment pursuant to scheme of amalgamation between our Company and Adani Port Limited		180,214,410**	1,802,144,100	420,000,000
July 1, 2006	Equity shares of face value Rs. 10 each were sub-divided into equity shares of face value Rs. 2 each					901,072,050	1,802,144,100	420,000,000
January 31, 2007	Equity shares of face value Rs. 2 each were consolidated into equity shares of face value Rs. 10 each					180,214,410	1,802,144,100	420,000,000
February 10, 2007	180,214,410	10	-	Capitalisation of reserve	Issuance of bonus Equity Shares in the ratio of 1:1	360,428,820	3,604,288,200	Nil

* An initial amount of Rs. 5 per Equity Share was paid upon allotment. The Equity Shares were made fully paid up when the balance amount of Rs. 5 per Equity Share was paid on August 2, 2000; July 31, 2000; September 7, 2000; September 30, 2000; and January 30, 2002.

** As Adani Port Limited was holding 2,000 Equity Shares of the Company at the time of such amalgamation the same were cancelled.

(2) Preference Share Capital History of our Company

Date of Allotment	No. of Preference Shares	Type of Preference Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Preference Shares	Cumulative Paid-up Preference share capital (Rs.)	Cumulative Share Premium (Rs.)
March 29, 2004	2,811,037[1]	0.01% Non Cumulative Redeemable Preference Shares Rs.10 each[#]	10	1,000	Cash	Allotment to APIPL, Adani Enterprises Limited, Adani Agro and others	2,811,037	28,110,370	2,782,926,630

(1) The Government of Gujarat, one of the holders of our preference shares, has intimated its intention on June 9, 2006 to sell 309,214 Preference Shares held by it in our Company and has appointed an arbitrator/valuer to determine the price/valuation of these preference shares.

 # The preference shares have been issued for a period of 20 years. The term can be extended by our Company at the time of redemption with the consent of the preference shareholders. The preference shares shall be redeemed at a price of Rs. 1,000 per preference share.

2. Promoter Contribution and Lock-in

(a) History of shareholding of the Promoters

Adani Infrastructure Services Private Limited

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction
June 28, 2000	27,593,000	10	10	Cash	Fresh allotment
September 25, 2000	35,000,000	10	10*	Cash	Purchase
September 25, 2000	1,258,140	10	10	Cash	Purchase
September 25, 2000	1,258,140	10	10	Cash	Purchase
September 25, 2000	1,258,140	10	10	Cash	Purchase
September 25, 2000	1,258,140	10	10	Cash	Purchase
September 25, 2000	1,258,140	10	10	Cash	Purchase
September 25, 2000	1,258,140	10	10	Cash	Purchase
September 25, 2000	1,258,160	10	10	Cash	Purchase
January 13, 2003	11,751,750	10	80	Cash	Purchase
April 21, 2003	(8,910,000)	10	80	Cash	Sale
July 21, 2003	1,576,860	10	80	Cash	Purchase
September 9, 2003	869,925	10	80	Cash	Purchase
March 5, 2004	433,140	10	80	Cash	Purchase
August 26, 2005	70,585	10	-	Allotment pursuant to scheme of amalgamation between our Company and Adani Port Limited	
October 28, 2006	(25,961,300)	2	16	Contribution towards capital of Advance Investments	Transfer
February 10, 2007	72,000,000	10	-	Capitalisation of reserve	Issuance of bonus Equity Shares in the ratio of 1:1
October 3, 2007	570	10	1	Cash	Purchase
October 3, 2007	380	10	1	Cash	Purchase
October 3, 2007	190	10	1	Cash	Purchase
October 3, 2007	190	10	1	Cash	Purchase
October 3, 2007	1,056,220	10	1	Cash	Purchase
October 3, 2007	166,100	10	1	Cash	Purchase
October 4, 2007	33,680	10	1	Cash	Purchase
TOTAL	**145,257,330**				

Adani Port Infrastructure Private Limited

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction
April 21, 2003	8,910,000	10	80	Cash	Purchase
April 21, 2003	(1,213,300)	10	80	Cash	Sale
September 9, 2003	2,886,300	10	80	Cash	Purchase
March 31, 2004	3,350,000	10	50	Cash	Purchase
March 31, 2004	1,250,000	10	50	Cash	Purchase
April 6, 2004	10,000,000	10	50	Cash	Purchase
June 23, 2004	900,000	10	50	Cash	Purchase
February 22, 2005	250,000	10	89	Cash	Purchase
May 2, 2005	1,000	10	80	Cash	Purchase
May 2, 2005	1,000	10	80	Cash	Purchase
May 3, 2005	1,000	10	80	Cash	Purchase
May 5, 2005	1,000	10	80	Cash	Purchase
May 5, 2005	217,650	10	80	Cash	Purchase
August 26, 2005	29,783,355	10	-	Allotment pursuant to scheme of amalgamation between our Company and Adani Port Limited	
October 18, 2005	(14,000,000)	10	80	Cash	Sale
October 21, 2005	(14,000,000)	10	80	Cash	Sale
October 21, 2005	(9,000,000)	10	80	Cash	Sale
March 24, 2006	240,000	10	85	Cash	Purchase
March 24, 2006	90,000	10	85	Cash	Purchase
July 26, 2006	30,811,320	2	16	Cash	Purchase
July 26, 2006	962,075	2	16	Cash	Purchase
October 28, 2006	(28,340,025)	2	16	Contribution towards capital of Advance Investments	Transfer
December 13, 2006	15,836,505	2	16	Cash	Purchase
January 30, 2007	2,500,000	2	33	Cash	Purchase
February 10, 2007	24,021,980	10	-	Capitalisation of reserve	Issuance of bonus Equity Shares in the ratio of 1:1
February 26, 2007	30,800,000	10	69.23	Cash	Purchase
March 1, 2007	18,345,250	10	61.08	Cash	Purchase
TOTAL	**97,189,210**				

* *AISPL acquired these Equity Shares as partly paid shares and paid a consideration of Rs. 5 per Equity Share. It subsequently paid the balance unpaid amount of Rs. 5 per Equity Share to the Company.*

Gautam S. Adani

Date of Allotment / Transfer	No. of Equity Shares	Face Value (Rs.)	Issue/ Acquisition Price (Rs.)	Nature of Consideration	Nature of Transaction
May 5, 2007	1,000,000	10	10	Cash	Purchase
Total	**1,000,000**				

(b) *Details of Promoters' contribution locked in for three years*

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post - Issue share capital of the Company, held by the Promoters shall be locked in for a period of three years.

Name of Promoter	Nature of payment of consideration	Number of Equity Shares	Face Value (Rs.)	Percentage of Pre-Issue paid up Capital	Percentage of post-Issue paid-up capital
AISPL	Bonus	25,510,000*	10	7.08	6.37
AISPL	Cash	33,010,000*	10	9.16	8.24
APIPL	Bonus	16,354,679*	10	4.54	4.08
APIPL	Cash	5,261,085*	10	1.46	1.31
TOTAL		**80,135,764**	**10**	**22.24**	**20.00**

* *The Equity Shares are presently in dematerialised form. The period for the lock-in shall commence from the date of the Allotment of the Equity Shares in the Issue.*

Adani Infrastructure Services Private Limited (AISPL)

Name of Bank / FIs	Particulars of facility	No. of Shares
UCO Bank	Letter of credit facility of the Company	480,000
ICICI Bank Limited	Term loan of Adani Enterprises Limited	85,000,000
Total Pledged Shares (A)		**85,480,000**
Equity Shares acquired in last one year (B)		**1,257,330**
Free Shares* (C)		**58,520,000**
Total Shares (A + B + C)		**145,257,330**

* All the Equity Shares, except under (B) above are acquired prior to one year of Issue and include a bonus issue on Equity Shares which are eligible for Promoters' contribution.

Adani Port Infrastructure Private Limited (APIPL)

Name of Bank / FIs	Particulars of facility	No. of Shares
State Bank of India	Working facility of Adani Enterprises Limited	10,000,000
State Bank of India	Bank guarantee facility of Adani Agri Logistics Limited	8,000,000
IDFC Limited	Term loan facility of the Company	30,800,000
Allahabad Bank	Hinduja Exports Private Limited.	9,166,350
Total Pledged Shares (A)		**57,966,350**
Shares acquired in last one year and not pledged		16,513,502
Free Shares * (B)		**22,709,358**
Total Shares (A + B)		**97,189,210**

* *All the Equity Shares are acquired prior to one year of the Issue and include bonus issue of Equity shares that were issued on Equity Shares eligible for Promoters' contribution*

Such Equity Shares, which are being included as minimum Promoters' contribution, other than Equity Shares issued pursuant to a bonus issue, have been issued or acquired on or prior to July 26, 2006. Additionally, all bonus shares included as minimum Promoters' contribution have been allotted on eligible Equity Shares. Thus, all Equity Shares which are being locked in are eligible for computation of Promoters' contribution and are being locked in under Clauses 4.6 and 4.11.1 of the SEBI Guidelines.

The Equity Shares held by the Promoters and offered for minimum Promoter contribution are not subject to any pledge.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the SEBI Guidelines. The Promoters have vide their undertaking dated August 11, 2007 agreed not to sell/transfer/pledge/or dispose of in any manner, Equity Shares forming part of the Promoters' contribution from the date of filing of this Red Herring Prospectus till the date of commencement of lock-in as per the SEBI Guidelines.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the SEBI Guidelines. The Equity Shares proposed to be included as part of the minimum Promoters' contribution are arising out of bonus shares issued out of share premium and free reserves.

(c) *Details of share capital locked in for one year*

In addition to the Equity Shares proposed to be locked-in as part of the Promoters' contribution specified above, the entire pre-Issue Equity Share capital will be locked-in for the period of one year from the date of allotment of Equity Shares in this Issue.

(d) *Other Requirements in respect of lock-in*

Pursuant to Clause 4.15 of the SEBI Guidelines, locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that (i) the pledge of shares is one of the terms of sanction of the loan and (ii) if shares are locked in as Promoters' contribution for three years, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the banks or financial institution for the purpose of financing one or more of the Objects of the Issue.

In accordance with Clause 4.16.1 (b) of the SEBI Guidelines, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In accordance with Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares that are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

3. Shareholders of our Company and the number of Equity Shares held by them

(a) *Our top ten shareholders and the number of Equity Shares held by them as of the date of filing of this Red Herring Prospectus*

S. No.	Name of the shareholder	No. of Equity Shares	Percentage Shareholding
1	Adani Infrastructure Services Private Limited	145,257,330	40.30
2	Adani Port Infrastructure Private Limited	97,189,210	26.96
3	Pranav V. Adani (on behalf of Advance Investments)	21,720,530	6.03
4	Pride Trade & Investment Private Limited	15,547,655	4.31
5	Ventura Trade & Investment Private Limited	15,000,000	4.16
6	Trident Trade & Investment Private Limited	15,000,000	4.16
7	Radiant Trade & Investment Private Limited	15,000,000	4.16
8	3i Vehicles (Mauritius) Limited.	7,127,547	1.98
9	Indivest Pte Ltd.	7,127,547	1.98
10	ICICI Bank Limited	6,686,162	1.86
	TOTAL	**345,655,981**	**95.90**

(b) *Our top ten shareholders and the number of Equity Shares held by them ten days prior (October 8, 2007) to the date of filing of this Red Herring Prospectus with SEBI:*

S.No.	Name of the shareholder	No. of Equity Shares	Percentage Shareholding
1.	Adani Infrastructure Services Private Limited	145,257,330	40.30
2.	Adani Port Infrastructure Private Limited	97,189,210	26.96
3.	Project Monitoring and Construction Limited	30,000,000	8.32
4.	Kudos International	30,000,000	8.32
5.	Gudami International (Mauritius) Limited	23,562,000	6.54
6.	Pranav V. Adani (on behalf of Advance Investments)	21,720,530	6.03
7.	Gudami International PTE Limited	4,446,000	1.23
8.	Mukund Desai	1,940,000	0.54
9.	Rajiv Maheshwari	1,375,600	0.38
10.	Gautam S. Adani	1,000,000	0.28
	TOTAL	**356,490,670**	**98.91**

(c) *Our top ten shareholders and the number of Equity Shares held by them two years prior (October 14, 2005) to date of filing of this Red Herring Prospectus with SEBI*

S.No.	Name of the shareholder	No. of Equity Shares	Percentage Shareholding
1	Adani Infrastructure Services Ltd.	77,192,260	42.83
2	Adani Port Infrastructure Ltd.	56,338,005	31.26
3	Gujarat Port Infrastructure Development Co. Limited	15,400,000	8.55
4	Adani Properties Private Limited	12,106,565	6.72
5	Unit Trust of India	9,166,350	5.09
6	Gujarat Adani Infrastructure Pvt. Limited	3,192,415	1.77
7	Gudami International PTF Ltd.	2,223,000	1.23
8	Rajiv Maheshwari	1,187,800	0.66
9	Vasant S. Adani [On behalf of Advance Exports]	1,028,110	0.57
10	Mukund Desai	985,000	0.55
	TOTAL	**178,819,505**	**99.23**

4. Shareholding pattern of our Company before and after the Issue

The table below presents the Equity Shareholding pattern of our Company before the proposed Issue and as adjusted for the Issue.

Shareholder Category	Pre-Issue		Post-Issue	
	Number of Equity Shares	%	Number of Equity Shares	%
Promoters				
Mr. Gautam S. Adani	1,000,000	0.28%	1,000,000	0.25%
Mr. Rajesh S. Adani	-	-	-	-
Adani Port Infrastructure Private Limited	97,189,210	26.96%	97,189,210	24.26%
Adani Infrastructure Services Private Limited	145,257,330	40.30%	145,257,330	36.25%
Sub Total (A)	**243,446,540**	**67.54%**	**243,446,540**	**60.76%**
Promoter Group				
Pride Trade & Investment Private Limited	15,547,655	4.31%	15,547,655	3.88%
Ventura Trade & Investment Private Limited	15,000,000	4.16%	15,000,000	3.74%
Trident Trade & Investment Private Limited	15,000,000	4.16%	15,000,000	3.74%
Radiant Trade & Investment Private Limited	15,000,000	4.16%	15,000,000	3.74%
Pranav V. Adani (on behalf of Advance Investments)	21,720,530	6.03%	21,720,530	5.42%
Surekha Shah	21,400	0.01%	21,400	0.01%
Rajesh S. Adani Family Trust	6,000	0.00%	6,000	0.00%
Priti R. Shah	8,000	0.00%	8,000	0.00%
Sub Total (B)	**82,303,585**	**22.83%**	**82,303,585**	**20.54%**
Promoter and Promoter Group (C=A+B)	**325,750,125**	**90.38%**	**325,750,125**	**81.30%**
Directors of the Company		-		-
Ameet H. Desai	150,000	0.04%	150,000	0.04%
K. N. Venkatasubramanian	5,700	0.00%	5,700	0.00%
S. Venkiteswaran	9,500	0.00%	9,500	0.00%
Sub Total (D)	**165,200**	**0.04%**	**165,200**	**0.04%**
Others		-		-
Indivest PTE Limited	7,127,547	1.98%	7,127,547	1.78%
3i Vehicle (Mauritius) Limited	7,127,547	1.98%	7,127,547	1.78%
ICICI Bank Limited	6,686,162	1.86%	6,686,162	1.67%
IDFC Limited	499,902	0.14%	499,902	0.12%
T Rowe Price New Asia	2,574,492	0.71%	2,574,492	0.64%
Government of Singapore - B	163,630	0.05%	163,630	0.04%
Government of Singapore - C	2,031,720	0.56%	2,031,720	0.51%
Government of Singapore - H	894,040	0.25%	894,040	0.22%
Others	74,08,455	2.06%	74,08,455	1.85%
Sub Total (E)	**34,513,495**	**9.58%**	**34,513,495**	**8.61%**
Employees (pursuant to Employee Reservation) (F)	0	0.00%	150,000	0.04%
Public (G)	0	0.00%	40,100,000	10.01%
TOTAL SHARE CAPITAL(C+D+E + F+G)	**360,428,820**	**100.00%**	**400,678,820**	**100.00%**

5. Our Company, our Promoters, our Directors and the Book Runners have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person.

6. Our Promoters have not been issued Equity Shares for consideration other than cash, other than the Equity Shares issued (i) pursuant to the amalgamation of Adani Port Limited with our Company; and (ii) through issuance of bonus Equity Shares, which issuance was from the free reserves of our Company.

7. Our Promoters, directors of our Promoters, Directors and our Promoter Group have not purchased or sold any Equity Shares within the six months preceding the date of filing of this Red Herring Prospectus with SEBI other than as disclosed below:

Transferor	**Transferee**	**Number of Equity Shares**	**Par value of the Equity Share (Rs.)**	**Price per Equity Share (Rs.)**	**Date of transfer**
IDBI Trusteeship Services Limited	APIPL	30,800,000	10	69.23	February 26, 2007
Hinduja Exports Private Limited	APIPL	18,345,250	10	61.08	March 1, 2007
Advance Exports	Gautam S. Adani	1,000,000	10	10	May 5, 2007
Priti G. Adani (on behalf of SBAFT)	AISPL	570	10	1	October 3, 2007
Ranjan V. Adani (on behalf of SBAFT)	AISPL	380	10	1	October 3, 2007
Shilin R. Adani (on behalf of SBAFT)	AISPL	190	10	1	October 3, 2007
Pranav V. Adani (on behalf of SBAFT)	AISPL	190	10	1	October 3, 2007
Pranav V. Adani (on alf of Advance Exports)	AISPL	1,056,220	10	1	October 3, 2007
Pranav V. Adani, (on behalf of Inter-continental India	AISPL	166,100	10	1	October 3, 2007
Rajesh S. Adani (on account of Crown International)	AISPL	33,680	10	1	October 4, 2007
Gudami International (Mauritius) Limited	Ventura Trade and Investment Private Limited	10,554,000	10	250	October 18, 2007
Gudami International PTE Limited	Ventura Trade and Investment Private Limited	4,446,000	10	250	October 18, 2007
Gudami International (Mauritius) Limited	Pride Trade and Investment Private Limited	158,049	10	250	October 18, 2007
Kudos International	Pride Trade and Investment Private Limited	7,872,453	10	250	October 18, 2007
Project Monitoring and Construction Limited	Pride Trade and Investment Private Limited	7,517,153	10	250	October 18, 2007
Project Monitoring and Construction Limited	Trident Trade and Investment Private Limited	15,000,000	10	250	October 18, 2007
Kudos International	Radiant Trade and Investment Private Limited	15,000,000	10	250	October 18, 2007
Shaswat Stock Brokers Limited	Priti R. Shah	5,000	10	400	October 19,2007

8. At least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Up to 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The Issue includes an Employee Reservation Portion of up to 150,000 Equity Shares which are available for allocation to Eligible Employees. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.
9. Only Eligible Employees would be entitled to apply in this Issue under the Employee Reservation Portion, on competitive basis. Bid/ Application by Eligible Employees can also be made in the "Net Issue" and such Bids shall not be treated as multiple Bids.
10. There are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
11. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue and Bidders are subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
12. Under subscription, if any, in the Employee Reservation Portion will be added back to the Non Institutional Portion and Retail Portion at the discretion of the Book Runners. In case of under subscription in the Net Issue (except for in the QIB portion), spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion. Under subscription, if any, in the Non-Institutional and Retail Portion would be met with spill over from any other category at the discretion of the Company and the Book Runners.
13. We have not raised any bridge loan against the Issue Proceeds.
14. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
15. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
16. Other than as disclosed above in relation to the amalgamation and the Equity Shares issued through a bonus issuance of Equity Shares, which issuance was from the free reserves of our Company, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
17. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
18. Our Promoters and the Promoter Group will not participate in the Issue.
19. As of the date of filing of this Red Herring Prospectus, the total number of holders of Equity Shares is 311.

OBJECTS OF THE ISSUE

The objects of the Issue are:

- Construction and development of basic infrastructure and the allied facilities in the proposed SEZ at Mundra;
- Construction and development of a terminal for coal and other cargo at Mundra Port;
- Contribution towards investment in Adani Petronet (Dahej) Port Private Limited;
- Contribution towards investment in Adani Logistics Limited;
- Contribution towards investment in Inland Conware Private Limited; and
- General Corporate Purposes

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

The fund requirements below are based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and increase or decrease the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our management. In case of any variations in the actual utilisation of funds earmarked for the above activities, increased fund deployment for a particular activity will be met from internal accruals of the Company. In case of surplus funds, the same shall be utilised towards General Corporate Purposes.

The details of the proceeds of the Issue are summarised in the table below:

Particulars	**(in Rs. million)**
Gross proceeds of the Issue	[•]
Issue related expenses	[•]
Net Proceeds of the Issue	[•]

Expenses of the Issue

The estimated issue related expenses are as follows:

Activity	**Estimated Expense (in Rs. million)***
Lead management fee, underwriting and selling commission	[•]
Advertising and marketing expenses	[•]
Printing and stationery	[•]
Others (Monitoring Agent fees, Registrar's fee, legal fee, listing fee etc.)	[•]
Total estimated issue expenses	**[•]**

** Will be incorporated after finalisation of Issue Price*

Cost of the Projects

The following table summarises the total cost to be incurred on the projects:

Particulars	Estimated Cost (in Rs. million)
Construction and development of basic infrastructure and the allied facilities in the proposed SEZ at Mundra ("SEZ Project")	7,000.0
Construction and development of a terminal for coal and other cargo in the vicinity of power projects at Mundra Port ("Coal Terminal Project")	20,000.0
Contribution towards investment in Adani Petronet (Dahej) Port Private Limited ("APPPL")	2,094.6
Contribution towards investment in Adani Logistics Limited ("ALL")	220.0
Contribution towards investment in Inland Conware Private Limited ("ICPL")	543.8
General Corporate Purpose	[•]
Total	[•]

Means of Financing for the objects of the Issue

The objects in relation to SEZ project are proposed to be funded entirely through the proceeds of the issue.

In relation to the other objects, the proposed funding is as follows:

(in Rs.millions)

	SEZ Project	Coal Terminal Project	Investment in APPPL	Investment in ALL	Investment in ICPL	Total
Total Funds Required	**7,000.0**	**20,000.0**	**2,547.0**	**490.0**	**1,563.3**	**31,600.3**
Funding						
Already deployed[1]	-	-	452.4	270.0	1,019.5	1,741.9
Net Proceeds of the Issue	7,000.0	4,500.0	2,094.6	220.0	543.8	14,358.4
Debt financing[2]	-	12,000.0	-	-	-	12,000.0
Internal Accruals and or other sources	-	3,500.0	-	-	-	3,500.0
Total	**7,000.0**	**20,000.0**	**2,547.0**	**490.0**	**1,563.3**	**31,600.3**

Notes:

1. As certified by M/s Shah and Shah Associates, Chartered Accountants, vide its certificate dated September 25, 2007, for amounts deployed as of September 24, 2007:
   a. Rs. 452.4 million has been invested as share application money in APPPL;
   b. Rs. 250.0 million has been invested towards Share Capital and Rs. 20.0 million has been invested as share application money in ALL; and
   c. Rs. 1,019.5 million has been invested as share application money in ICPL.

2. State Bank of India Limited, by its letter no. PFSBU/TKK/857 dated October 12, 2007, sanctioned the debt facility in the form of Rupee term loans along with sublimit of letter of credit facility within the Rupee term Loan Facility not exceeding an amount of Rs. 12,000 million (the "Facility") to the Company, subject to certain terms and conditions. The Facility has been sanctioned as a means to finance 60% of the cost of the project. For further details please see - Construction and development of a terminal for coal and other cargo in the vicinity of power projects at Mundra Port at page 35.

In view of the above arrangement, we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance for this object excluding the amount to be raised through the Net Proceeds of the Issue have been made.

In case of any shortfall in the net proceeds of the issue, the same shall be funded through internal accruals.

Requirement of Funds and Schedule of Utilisation

The break-down of the proposed utilisation of the Net Proceeds excluding general corporate purpose and the year wise deployment is as follows:

(in Rs. millions)

S. No.	Particulars	FY 2008	FY 2009	FY 2010	Total
1.	Construction and development of basic infrastructure and the allied facilities in the proposed SEZ at Mundra	2,150.0	3,500.0	1,350.0	7,000.0
2.	Construction and development of a terminal for coal and other cargo at Mundra Port	1,250.0	1,500.0	1,750.0	4,500.0
3.	Contribution towards investment in Adani Petronet (Dahej) Port Private Limited	815.6	1,130.0	149.0	2,094.6
4.	Contribution towards investment in Adani Logistics Limited	220.0	-	-	220.0
5.	Contribution towards investment in Inland Conware Private Limited	278.3	265.5	-	543.8
	Total	**4,713.9**	**6,395.50**	**3,249.00**	**14,358.4**

Details of Use of Net Proceeds

1. Construction and development of basic infrastructure and the allied facilities in the proposed SEZ at Mundra

We plan to develop a SEZ at Mundra Port and surrounding areas. We have received a notification dated April 12, 2006 from the Ministry of Commerce and Industry, Government of India approving the establishment of multi product SEZ over 2,658.2 hectares, out of which the Government of India vide its notification dated June 23, 2006 has notified 2,406.8 hectares of land and on July 3, 2007, we received a subsequent notification with respect to an additional 251.4 hectares of land resulting in a total of 2,658.2 hectares of land as a SEZ. The entire land area is already in our possession.

As part of our strategy for the proposed SEZ at Mundra, we plan to undertake land development and construct basic infrastructure and other facilities including roads, drainage and sewerage, water supply, and boundary fencing and gates to attract businesses and industries to the SEZ.

We have appointed CPG Consultants India Private Limited, a part of CPG Corporation Pte Limited, Singapore as consultants for development planning and urban designing. The proposed SEZ has not been appraised by any bank or financial institution and the project costs are based on the detailed planning prepared by CPG Consultants India Private Limited and our internal estimates.

We have also entered into arrangements with implementation partners for the infrastructure services, including with Veolia and Gujarat Water Infrastructure for waste water and water supply arrangements, with Bharti Airtel for information and communication solutions and Apollo Hospitals and Sterling Addlife India Limited for healthcare.

Cost of Project

On the basis of our internal estimates, the proposed development of the SEZ is estimated to cost as follows:

S. No.	Particulars	Amount (in Rs. million)
1.	Land and site development	1,776.3
2.	Civil Works	
	Roads	2,326.4
	Drainage and Sewerage	1,400.2
	Water Supply	1,129.5
	Boundary Fencing and Gates	112.2
3.	Buildings/ Public amenities	255.4
	Total	**7,000.0**

We plan to finance the entire project from equity contribution arising from the Net Proceeds of this Issue.

Schedule of Implementation.

We plan to concurrently develop the infrastructure services forming part of the proposed SEZ. The lease of land to users of the proposed SEZ would also commence simultaneously. The development of the SEZ covering 2,406.8 hectares of land will be completed by fiscal 2010.

The schedule of implementation for the proposed SEZ development and the infrastructure proposed to be provided thereunder is estimated to be as follows:

Activity	Date of Completion
Land and site development	March 2009
Civil Works	
a. Roads	December 2009
b. Drainage and sewerage	February 2010
c. Water supply	January 2010
d. Boundary fencing and gates	June 2009
Buildings / Public amenities	March 2009

(a) Land and Site Development

We are already in possession of the 2,658.2 hectares of land that has been notified by the Government of India as a Special Economic Zone, of which 2406.8 hectares is proposed to be developed. Land and Site development will involve excavation, filling and levelling. The filling and levelling would be done from the dredged material. The levelling height would depend upon the land topography. The proposed ground level of the land filled area will be in the range of 7.5 metres to 9.45 metres Chart Datum, i.e. height above mean sea level.

(b) Civil Works

(i) Roads

We propose to construct bituminous main roads and internal roads in the proposed SEZ. The main roads are expected to be four lane roads with a provision for expansion and the internal roads are expected to have two lanes. The main roads shall have 50.0 metres right of way, 22.0 metres carriage way and 2.2 metres median. The internal roads shall have an average 29.3 metres right of way and average of 10.0 metres carriage way. The approximate length of the main roads and internal roads is 65,000 metres and 76,900 metres respectively.

(ii) Drainage and Sewerage

The drainage and sewerage system proposed to be developed in the SEZ is expected to be constructed adjacent to the roads. As part of such development, we propose to construct construction storm water drains and sewers. The storm water drains will comprise of plain cement concrete lining or reinforced cement concrete depending upon the gradient. The cost expected to be incurred in relation to the drainage and sewerage systems also includes cost of a common effluent treatment plant and sewerage treatment plant. The sewerage treatment plant has been designed for 10 million litres per day for a bio oxygen demand load of 146.1kg/day and the common effluent treatment plant has been designed for 30 million litres per day for a chemical oxygen demand load of 840 kg/day.

(iii) Water Supply

The proposed water supply system as part of the SEZ is also expected to be adjacent to the roads and will comprise of pipe network in the area and six elevated storage reservoirs (ESR) and closed water sumps. The expected total length of the pipeline is 126.5 kilometres. The water consumption demand has been estimated as 17.4 kilolitres per hectares.

(iv) Boundary Fencing and Gates

The boundary fencing and gates comprise of chain link fencing for demarking the SEZ area from the rest of the territory to ensure controlled movement of personnel, goods and vehicular traffic. Gates will be provided at entry points. The main gates would be electrically operated while the secondary gates would be manually operated.

(c) Buildings / Public Amenities

The buildings proposed to be constructed by us within the proposed SEZ will comprise administrative buildings and other buildings such as canteen and service offices. The public amenities block would comprise administrative buildings, traffic control rooms and other buildings admeasuring approximately 32,000 square metres.

2. Construction and development of a terminal for coal and other cargo in the vicinity of power projects at Mundra Port

We plan to construct a terminal for handling coal and other cargo in the vicinity of power projects at Mundra Port. This terminal would comprise of a jetty with an approach road from the shore ending into berths with a depth in front of approximately of 22.0 metres capable of berthing two vessels simultaneously with a capacity of 220,000 DWT.

We have not entered into any contracts or agreements or invited any bids or quotations from any party or parties for the construction of the proposed terminal for coal and other cargo and the equipment proposed to be installed therein. The fund requirements for the project are based on our experience of developing Terminal I and Terminal II at Mundra Port and our internal estimates. The project has not been appraised by any bank or financial institution.

Cost of Project

The total project cost for the proposed terminal for coal and other cargo is estimated to be Rs.20,000.0 million. The break up of the total cost of the project is as follows:

S. No.	Particulars	Cost (in Rs. million)
a)	Land and site development	1,887.1
b)	Civil Works- Jetty	3,724.9
c)	Civil Works (Buildings, Utilities, Rail head)	1,069.1
d)	Plant and machinery	9,329.7
e)	Others (including contingency, preliminary and pre-operating expenses, interest during construction)	3,989.2
	Total	**20,000.0**

Means of Financing

We expect to finance the project through a mixture of debt and equity. The equity contribution of Rs. 4,500.0 million is expected to be made in during fiscal 2008 to fiscal 2010 from the Net Proceeds of the Issue. The internal accruals of Rs. 3,500.0 million is expected to be infused during fiscal 2008 to 2010. The balance amount of Rs. 12,000.0 million is expected to be funded through rupee debt financing.

The State Bank of India Limited ("Bank"), by its letter no. PFSBU/TKK/857 dated October 12, 2007, has sanctioned the debt facility in the form of Rupee term loans along with a sublimit of letter of credit facility within the Rupee term loan facility not exceeding an amount of Rs. 12,000 million (the "Facility") to our Company, subject to certain terms and conditions. The Facility has been sanctioned as a means to finance 60% of the cost of the project. The estimated cost of the project is Rs. 20,000 million and 40% of the project cost will be contributed by the Adani Group as their equity commitment for the project. Interest shall be payable at the end of each month at the rate of 1.25% below State Bank Advance Rate (SBAR) during the construction period or 30 months from the date on which all of the financing documents for the Facility are signed ("Financial Closure"), whichever is earlier. The term loan shall carry interest at the rate of 1.5% below the SBAR from the commercial operation date or 30 months from Financial Closure, whichever is earlier. The post construction rate of interest shall be reset at the end of every year and it shall be linked to the Bank's Benchmark Prime Lending Rate.

The Facility shall be secured by an exclusive first charge over all the immovable properties and assets, exclusive charge by way of hypothecation of all the movable assets, both present and future of the project, and exclusive first charge on various receivables. The execution and effectiveness of each project agreement and financing document shall be undertaken to the satisfaction of the lender for the first drawdown of the Facility. The loan documentation will contain customary clauses including standard representations, warranties and covenants.

In view of the above arrangement, we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance for this object excluding the amount to be raised through the Net Proceeds of the Issue have been made.

Schedule of Implementation

The schedule of implementation for the terminal for coal and other cargo is estimated to be as follows:

Activity	**Date of Completion**
Land and site development	March 2009
Civil Works- Jetty	September 2010
Civil Works (Buildings, Utilities, Rail head)	March 2010
Plant and machinery	December 2010
Commercial Operation	January 2011

We have not incurred any expenditure in relation to the construction of the proposed terminal for coal and other cargo.

(a) Land and Site Development

We already in possession of the land in the vicinity of the power projects at Mundra port where we propose to construct the stock yard for the cargo handled at the new terminal. The activities involved would be reclamation and levelling of the area and topping it up with murum and water bound macadam. The final level of the yard pursuant to the above would be around 8.5 metres Chart Datum. This will also include the cost of stacker reclaimer rail foundations in the yard.

(b) Civil Works - Jetty

The jetty construction would involve construction of the approach bund of 2,750 metres, piled approach trestle having a length of 3,130 metres and a width of 14 metres and main berths with a length of 632 metres and a width of 26 metres. This would permit us to berth two Post Panamax size vessels simultaneously.

(c) *Civil Works – (Buildings, Utilities, Rails)*

The civil works would comprise of buildings such as a terminal office, administrative offices, fire station buildings, workshops and other service buildings. The cost also includes the cost of utilities including water supply system, drainage, approach and internal roads, fencing gates and a gate complex. We have also provided two rail siding and an escape line in the yard.

(d) *Plant and machinery*

The plant and machinery proposed to be constructed at the terminal for coal and other cargo would comprise of a ship unloader –conveyor- stacker reclaimer system for handling coal and other cargo. The ship unloaders are expected to have a capacity of 2,000 tonnes per hour and we expect to have eight ship unloaders. There would be two conveyor system each designed with a capacity of 6,000 tonnes per hour for stacking. We propose to provide eight stacker reclaimers having a capacity of 6,000 tonnes per hour for stacking and 4,000 tonnes per hour for reclaiming. The other components are dust suppression system, weighbridges and other miscellaneous equipments such as workshop facilities.

(e) *Others (Contingency, preliminary and pre-operative systems)*

This component would comprise of contingency cost and preliminary and pre-operative cost and interest during construction.

3. Contribution towards investment in Adani Petronet (Dahej) Port Private Limited

Background

Adani Petronet (Dahej) Port Private Limited ("APPPL") is a joint venture between the Adani Group and Petronet LNG Limited ("PLL"). Adani Group and PLL have entered into a joint venture agreement dated September 1, 2006 for the same. We currently have 50% shareholding in APPPL whereas the balance shareholding is held by PLL.

An application has been made to GMB by PLL to permit the reduction of PLL's shareholding in APPPL to 26%, thereby resulting in the increase of the shareholding of the Adani Group. Our total proposed investment towards our share of 74% in the equity of APPPL is Rs. 2,547.0 million. Further, as on September 24, 2007, we have provided Rs. 452.4 million to APPPL as share application money as certified by M/s Shah and Shah Associates vide their letter dated September 25, 2007. The above investment has been funded through internal accruals.

PLL has entered into a concession agreement dated December 20, 2005 with GMB whereby it has been granted a concession to develop, operate and maintain a LNG port terminal and a solid cargo port terminal. Pursuant to the concession agreement, APPPL has been appointed and granted the exclusive right by PLL and GMB to finance, develop, operate and maintain a solid cargo port terminal at Dahej. Accordingly, it has entered into a sub-concession agreement dated January 3, 2007 with PLL and GMB for the same. The sub-concession agreement has a term of 30 years from the effective date of the concession agreement between PLL and GMB. APPPL also proposes to enter into a lease and possession agreement with GMB for lease of the land for the construction of the solid cargo port terminal.

The Project

The solid cargo port terminal project would comprise of a development of a T-shaped jetty having two berths, which will be developed in a phased manner. Phase I envisages development of a cargo handling berth having an approximate length of 260 meters (Berth-1), an approach bund and bridge, a development area, a railway line and other administrative buildings. Phase I of the Project has been designed to handle coal, steel and food-grains and is expected to be implemented within a period of approximately 30 months from the date of financial closure. Phase I-A envisages the extension of Phase I berth by roughly 180 metres (Berth-2), mechanisation of Phase I berth to have cargo handling capacity of approximately 40,000 tonnes per day by using equipment such as grab unloaders, stacker reclaimers and wagon loader, development of open storage area and administrative building. On completion of construction of both phases the planned combined capacity of these facilities is expected to be approximately 15 million tonnes of cargo annually.

The proposed project, i.e. construction of a solid cargo terminal at Dahej has been appraised by SBI Caps in November 2006 for the purpose of syndicating the debt facility. The total cost of the project is expected to be Rs. 11,471.7 million and shall be funded through a mixture of debt and equity in the ratio of 70:30. Our investment shall be made by way of subscription to the share capital of APPPL, which is to be funded through the net proceeds of the Issue and subject to the relevant approvals and clearances, we shall have a 74% shareholding in APPPL.

Threats and Weaknesses of the project as identified in the Appraisal Report

The threats and weaknesses as specified in the appraisal report prepared by SBI Caps are as follows:

- The pet coke supply from other ports can reduce the potential demand for coal;
- Environmental concerns can reduce coal imports for thermal power plants;
- Development of other deep draft ports in the region can create a cargo split having a significant impact on Dahej;
- Policy changes can affect export of several commodities;
- Limited exclusive hinterland;
- Lack of firm agreements with port users for guaranteed cargo; and
- Natural resistance of existing users of other port facilities in shifting to Dahej.

The details of the projects cost as per the appraisal report is expected to be as follows:

Item	**Cost (in Rs. Million)**		
	Phase I	**Phase IA**	**Total**
Land and site development	269.3	248.3	517.6
Marine / Jetty works	3,032.0	1,257.6	4,289.6
Buildings	219.1	979.4	1,198.5
Plant and Machinery	812.9	2,508.3	3,321.2
Preliminary and Pre-operative expenses	1,066.0	1,078.8	2,144.8
Total Cost	**5,399.3**	**6,072.4**	**11,471.7**

Current status of the project

APPPL has appointed third parties as technical and design consultants for the project. APPPL has initiated the construction of the approach bund and has awarded the contract for the construction of the jetty.

4. Contribution towards investment in Adani Logistics Limited

Background

Adani Logistics Limited (ALL) is a company which proposes to commence container train operations. ALL has obtained a license from the Indian Railways to operate container trains on Category – I Routes, i.e. from JNPT/Mumbai Port to locations in the National Capital Region and other locations that can be reached through the National Capital Region.

We currently hold 50% of ALL's shareholding. The balance shareholding is held by APIPL. Further, as of September 24, 2007, we had invested Rs. 250.0 million in the share capital and Rs. 20.0 million as share application money of the ALL, as certified by chartered accountants, M/s Shah and Shah Associates vide their letter dated September 25,, 2007. The above investment has been funded through internal accruals.

ALL has also entered into a concession agreement dated January 4, 2007 with the Indian Railways for the operation of the container trains. The concession agreement, having a term of 20 years, grants ALL a non-exclusive right to operate its container trains and determine and collect fees from its customers.

The Project

The proposed operations have been planned in terms of the policy guidelines issued by the Ministry of Railways, Government of India in January 2006 permitting private companies to operate container trains on specified routes for the movement of freight traffic. The private players may acquire their own rakes with the haulage, operations and maintenance of the rakes to be provided by the Indian Railways.

ALL proposes to acquire 20 rakes initially. It has already placed orders for the wheel/axle sets and once the wheel/axle sets are received, they will be sent to wagon fabrication companies for fabrication of the rakes. The balance rakes are expected to become operational over the subsequent ten (10) months. ALL also proposes to enter into a memorandum of understanding with the ports for acceptance of the container trains.

The proposed project has been appraised by UTI Bank Limited ("UTI Bank") for the purpose of syndicating the debt facility. The total cost of the project is expected to be Rs. 3,219.6 million and shall be funded through a mixture of debt and equity in the ratio of 2.3:1. Our investment shall be made by way of subscription to the share capital of ALL, which is to be funded through the net proceeds of the Issue and we shall have 50% shareholding in ALL.

Threats and Weaknesses

The threats and weakness as specified in the appraisal report prepared by UTI Bank include:

- The haulage rates for the container trains are decided by Indian Railways on a yearly basis. These rate hikes and unpredictable and are a threat to a business strategy; and
- This is a new area for private players in India. Hence, there is lack of availability of experienced management.

The details of the project cost as per the appraisal report are expected to be as follows:

Item	Cost (in Rs. Million)
License fee	500.0
Plant and Machinery	2,455.8
Others (including contingency, preliminary and pre-operating costs, interest during construction)	263.8
Total Cost	**3,219.6**

Current Status of the Project

ALL has paid the License fee of Rs. 500.0 million to the Ministry of Railways, Government of India for the Category – I license. ALL proposes to import 3,600 wheel sets for the 20 rakes needed for the initial operations, orders in relation to which have been placed ALL has presently deployed one rake and commenced container train operations since the end of September 2007.

5. Contribution towards investment in Inland Conware Private Limited (ICPL)

Inland Conware Private Limited ("ICPL") is involved in establishment of rail linked inland container depots ("ICDs") across India for international as well as domestic trade. However, as of date, ICPL has not commenced commercial operations. ICPL propose to develop these ICDs as logistics hubs and provide synergy with the container terminals at Mundra Port and the proposed container train operations.

Our Promoter Directors and family member Mr. Gautam S. Adani, Mr. Rajesh S. Adani and Mr. Pranav V. Adani, currently hold the entire shareholding of ICPL. We hold 50% of shareholding of ICPL. The balance shareholding in ICPL is held by Mr. Gautam S. Adani, Mr. Rajesh S. Adani and Mr. Pranav V. Adani. Further, as on September 24, 2007, we have provided Rs. 1019.5 million to ICPL as share application money as certified by chartered accountants, M/s Shah and Shah Associates vide their letter dated September 25, 2007. The above investment has been funded through internal accruals.

The Project

The project involves construction and development of ICDs for international trade as well as domestic trade.

Each ICD will have three sections:

- Rail side area, which will be non-bonded;
- A bonded area housing warehouses and open stuffing and de-stuffing areas; and
- A non-bonded area having warehouses for providing value added activities.

We propose to provide transportation and logistics facilities for both export-import and domestic cargo. These facilities shall also have information technology facilities.

We propose to set up the ICDs initially at Patli, Palwal, in the National Capital Region, Chawapail, Kila Raipur in the Ludhiana region in Punjab and Kishangarh in Rajasthan. The next development phase would involve development of additional inland container depots in important cargo centres such as Ahmedabad, Mumbai, Kolkata, Chennai, Bangalore, Coimbatore and Nagpur in India.

The total construction period for the proposed project is estimated at 30 months starting from October 2006. The project is expected to be fully operational by March 2009. The construction work for the ICD at Patli is at an advanced stage of completion and the operations at that ICD are expected to commence in fiscal 2008.

The proposed project has been appraised by SBI Capital Markets Limited ("SBI Caps") for the purpose of syndicating the debt facility. The total cost of the project is expected to be Rs. 9,380.2 million and shall be funded through a mixture of debt and equity in the ratio of 2:1. Our investment shall be made by way of subscription to the share capital of ICPL, which is to be funded through the Net Proceeds of the Issue and we shall have 50% shareholding in ICPL.

Threats and Weaknesses

The threats and weakness as specified in the appraisal report prepared by SBI Capital Markets are as follows:

- New players would have significant entry barrier because of Container Corporation of India Limited ("CONCOR"), the erstwhile monopoly and an established player in this business; and
- Several private sector companies involved in logistics and shipping business have aggressive new and expansion plans for setting up ICDs.
- The Adani Group does not have a large amount of captive cargo except for Adani Exports Limited and Adani Wilmar Limited. It is not into the shipping line business or the business of transportation.
- The Adani Group does not physically control the container berth.

The details of the projects cost as per the appraisal report is expected to be as follows:

Item	Cost (in Rs. Million)
Land and site development	2,375.0
Civil Works – Yards	3,570.2
Plant and machinery	2,095.2
Misc. fixed assets	247.3
Others	1,092.5
Total Cost	**9,380.2**

Current Status of the Project

ICPL has initiated the process of the acquisition of land in the Patli and Palwal in the National Capital Region, Chawapail, Kila Raipur in the Ludhiana region in Punjab and Kishangarh in Rajasthan. For the proposed ICDs in the Mumbai, Bangalore and Coimbatore region, ICPL has identified the locations and proposes to enter into suitable arrangement for the land acquisition. The construction work for the ICD at Patli is at an advanced stage of completion and the operations at that ICD are expected to commence in fiscal 2008. ICPL is yet to place the orders for plant and machinery for the project.

General Corporate Purpose

We intend to use a part of the Net Proceeds towards general corporate purposes to drive the growth of our business including development of new projects and marketing initiatives. These general corporate purposes include day to day operating expenses and administrative expenses.

Interim use of funds

Pending utilisation for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments, including money market mutual funds and bank deposits.

Shortfall of funds

In case of any shortfall/cost overrun for the above projects or for any other development opportunities, we intend meeting the funds requirements through our current cash surplus as well as our future internal accruals.

Monitoring of Utilisation of Funds

Our Board and IDFC Limited, which has been appointed as the monitoring agency for this purpose will monitor the utilisation of the Net Issue proceeds. We will disclose the utilisation of the Issue proceeds including interim use, under a separate head in our balance sheet for fiscals 2008, 2009 and 2010 clearly specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of listing agreement with the Stock Exchanges.

Other than as stated in this section and in the normal course of business, we will not pay any part of the Issue proceeds as consideration to the Promoters, the Promoter Group, the Directors or the Key Managerial personnel.

BASIS FOR ISSUE PRICE

The Price Band for the Issue shall be decided prior to the filing of the Red Herring Prospectus with the ROC. The Issue Price will be determined by the Company in consultation with the Book Runners on the basis of the assessment of market demand for the offered Equity Shares by the book building process. The face value of the Equity Shares of the Company is Rs. 10 each and the Issue Price is 40.0 times of the face value at the lower end of the Price Band and 44.0 times the face value at the higher end of the Price Band. The EPS and NAV presented in this section are based on the Face Value of Rs. 10 per equity share.

Qualitative Factors

We believe the following business strengths allow us to compete successfully in the port industry:

- Our natural and location advantages, including a deep water draft that enables us to accommodate larger vessels that require a deep water berth, and protection from severe weather that enables us to handle cargo throughout the year
- Proximity to the northern interior of India and major maritime trade routes which provides us with a strategic position to service the significant population of the landlocked north and northwest regions of India which generates significant port traffic
- Land with port back-up area and infrastructure which provides us with sufficient resources for future expansion, and SEZ advantages
- Access to rail, road and pipeline network that provides us with a competitive advantage over competing ports in attracting larger volumes of cargo
- Strategic arrangements and established customer relationships with certain companies
- Experienced management team that has demonstrated the ability to manage significant expansion plans and capital expenditures while maintaining our recent income and profit growth

For a detailed discussion of these factors, see "Our Business – Competitive Strengths" and "Our Management – Key Management Personnel" on pages 67 and 124 of this Red Herring Prospectus.

Quantitative Factors

1. Adjusted Earnings Per Equity Share (of face value Rs. 10 each)

Period	**EPS***	**Adjusted EPS****	**Weight**
12 months ended March 31, 2007	5.33	5.33	3
12 months ended March 31, 2006	3.92	1.96	2
12 months ended March 31, 2005	3.75	1.88	1
Weighted Average EPS	**4.60**	**3.63**	

* *EPS provided is the Basic EPS based on unconsolidated restated financial after extraordinary items*

** *Adjusted for the issuance of bonus Equity Shares in the ratio of 1:1 on February 10, 2007*

2. Price to Earnings Ratio (P/E) in Relation to Issue Price of Rs. [•]

(a) Based on 12 months ended March 31, 2007 EPS of Rs. 5.33, the P/E ratio is [•].

(b) Based on weighted average adjusted EPS of Rs. 3.63 above, the P/E ratio is [•].

(c) Industry peer: There are no listed comparables in the Indian port and SEZ industry

3. Return on Net Worth

Period	Return on Net Worth (%)	Weight
12 months ended March 31, 2007	25.70%	3
12 months ended March 31, 2006	12.33%	2
12 months ended March 31, 2005	11.90%	1
Weighted Average Return on Net Worth	**18.94%**	

Net Worth is defined as share capital + reserves and surplus – miscellaneous expenses.

Return on Net Worth has been calculated as per the following formula:

(*Net profit after tax as restated/Net Worth at the end of the year or period*)

Minimum Return on total Net Worth after the Issue required to maintain the pre-Issue adjusted EPS of Rs. 5.33 is [•] %.

4. Net Asset Value (NAV) per Equity Share (of face value Rs. 10 each)

(a) As of June 30, 2007: Rs. 21.2

(b) As of March 31, 2007: Rs 20.7

(c) After the Issue: Rs. [•]

NAV has been calculated as per the following formula:

Paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous not written off) and debit balance of Profit and Loss Account, divided by weighted average number of equity shares outstanding during the year

5. Comparison with Industry Peers

There are no listed comparables in the Indian port and SEZ industry.

The Face Value of the Equity Shares is Rs. 10 each and the Issue Price of Rs. [•] is [•] times of the face value.

The Book Runners believe that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. For details, please see "Risk Factors" on page XV of this Red Herring Prospectus and the audited financial statements of our Company, as set out in the auditor's report stated on page 236 of this Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

Mundra Port and Special Economic Zone Limited,
Adani House,
Near Mithakhali Six Road,
Navrangpura,
Ahmedabad

Dear Sirs,

Statement of Possible Tax Benefits available to the Company and its shareholders

We report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income Tax Act, 1961 and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

(i) the Company or its shareholders will continue to obtain these benefits in the future; or

(ii) the conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For **S.R. Batliboi & Associates**
Chartered Accountants

Per Raj Agrawal
Partner
Membership No: 82028

Place: New Delhi

Date: October 10, 2007

STATEMENT OF TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the Company and the prospective shareholders under Direct Tax.

1. To the Company - Under the Income-tax Act, 1961 (the Act)

General Tax Benefits

1.1 Under section 10(34) of the Act, any income by way of dividends referred to in Section 115O (i.e. dividends declared, distributed or paid on or after April 1, 2003 by domestic companies) received on the shares of any company is exempt from tax.

1.2 Under Section 32 of the Act, the Company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses, etc. if acquired after March 31, 1998.

1.3 Under Section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature specified in the said section, including expenditure incurred on present issue, such as under writing commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, beginning with the previous year in which the business commences, subject to the stipulated limits.

1.4 Under Section 35DD of the Act, the company will be entitled to a deduction equal to 1/5th of the expenditure incurred in connection with Amalgamation of an undertaking by way of amortization over a period of 5 successive years, beginning with the previous year in which the amalgamation or demerger takes place.

1.5 The company is entitled to deduction under section 80G of the Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that section, subject to fulfillment of conditions specified therein.

Special Tax Benefits

1.1 The company is eligible for deduction under section 80-IA for a period of 10 consecutive years in a block of 15 years starting from the commencement of business. The deduction is equivalent to 100 per cent of profits derived from developing, or operating and maintaining or developing, operating and maintaining any infrastructure facility. Infrastructure facility has been defined to include a port, air port, inland waterway or inland port.

1.2 The company has received approval from the Ministry of Commerce for developing of a Special Economic Zone ("SEZ") in the state of Gujarat. By virtue of said approval the company is eligible for deduction equal to 100 per cent of profits derived from the business of developing the SEZ under section 80IAB of the Act for a period of 10 consecutive assessment years out of a block of 15 years beginning from the year in which the SEZ is notified by the Central Government.

1.3 The provision of Minimum Alternative Tax specified in section 115JB of the Act shall not apply on or after April 1, 2005 to the profits and gains derived by the company from any business of developing an SEZ.

1.4 The company being an SEZ developer is not liable to pay Dividend Distribution Tax under the provisions of section 115 O of the Act on any amount declared, distributed or paid by way of dividends (whether interim or otherwise) on or after the 1st day of April, 2005 out of its income from developing an SEZ.

2. To the Members of the Company – Under the Income Tax Act

2.1 Resident Members

General Tax Benefits

a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax. However, as per Finance Act 2006 long term capital gains of a company shall be taken into account in computing tax payable under section 115JB.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) As per the provisions of Section 10(23D) of the Act, all mutual funds set up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –

(i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section;

(ii) Rural Electrification Corporation Limited ('RECL'), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

g) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act at 10% (plus applicable surcharge and educational cess).

h) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

Special Tax Benefits

There are no special tax benefits available to the resident members.

2.2 Non Resident Indians/Members other than Foreign Institutional Investors and Foreign Venture Capital Investors

General Tax Benefits

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company or unit of an equity oriented mutual fund (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

   (i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section;

   (ii) Rural Electrification Corporation Limited ('RECL'), a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section; and

   If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

f) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets [other than a residential house and those exempt u/s 10(38) of the Act] then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer. If only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced.

g) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act at 10% (plus applicable surcharge and educational cess).

h) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under Section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at applicable rates.

i) Taxation of Income from investment and Long Term Capital Gains [other than those exempt u/s 10(38)]

   (i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special Provisions Relating to certain incomes of Non-Residents".

   (ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under Section 10(38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to Section 48 of the Act.

   (iii) Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible

Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

(iv) Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

(v) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

Special Tax Benefits

There are no special tax benefits available to the non resident members.

2.3 Foreign Institutional Investors (FIIs)

General Tax Benefits

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the institutional investor.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of more than twelve months) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) In terms of Section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

d) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company which is subject to Securities Transaction Tax will be taxable under the Act at the rate of 10% (plus applicable surcharge and educational cess).

e) Under Section 115AD capital gain arising on transfer of long term capital assets, being shares in a company (other than those mentioned in point b) above), are taxed at the rate of 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to Section 48 of the Act. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

f) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by –

(i) National Highways Authority of India ('NHAI') constituted under Section 3 of National Highways Authority of India Act, 1988 and notified by the Central Government in the Official Gazette for the purpose of this section; and

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 and notified by the Central Government in the Official Gazette for the purpose of this section;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

Special Tax Benefits

There are no special tax benefits available to the Foreign Institutional Investors.

2.4 Venture Capital Companies / Funds

General Tax Benefits

As per the provisions of section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and fulfilling such conditions as may be notified in the Official Gazette, set up for raising funds for investment in a Venture Capital Undertaking,

Which is set up to raise funds for investment in a venture capital undertaking is exempt from income tax. The definition of "venture capital undertaking" means a domestic company whose shares are not listed in a recognized stock exchange of India.

Special Tax Benefits

There are no special tax benefits available to the Venture Capital Companies / Funds.

3. Wealth Tax Act, 1957

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. Benefits available under the Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares of the Company will not attract gift tax.

5. Tax Treaty benefits

In accordance with section 90(2) of the I.T. Act, an investor has an option to be governed by the provisions of the I.T. Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

6. Benefits available under the Special Economic Zones Act, 2005 ("SEZ Act")

The company is developing a port based Multi-product SEZ at Mundra, Gujarat over an area of 2658.19 hectares. The Central Govt. has already notified the above SEZ vide Notification no. 936(E) dated 23rd June, 2006 covering an area of 2406.7592 hectares and subsequently vide notification no. 1071(E) dated 3rd July, 2007 the Central Govt. also notified additional area of 251.4308 hectares as SEZ. The tax benefits listed below are the possible benefits available under the current SEZ legislation in India. Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant laws. Hence, the ability of the Company to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The following tax benefits shall be available to the Company under SEZ and Indirect Tax laws subject to the overall compliance of the SEZ laws.

6.1 Overriding Effect of SEZ Act over other laws

Under Section 51 (1) of the SEZ Act, the provisions of the SEZ Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act.

Hence all the benefits granted under SEZ Act will be available to the company irrespective of the inconsistent provisions in other laws such as Income Tax Act, Central Excise Act, Customs Act, Finance Act, 1994 (Service tax).

6.2 To the Company - Under the SEZ Act, 2005 ("the Act")

Benefits available to the Company as an SEZ Developer

Benefits available to the Company as an SEZ Developer is listed below:

6.2.1 Under Section 26(1) of the Act, the company is entitled to the following exemptions, drawbacks and concessions, subject to the fulfillment of terms and conditions prescribed by the Central govt. in this regard, namely: -

(a) Exemption from any duty of customs, under the Customs Act, 1962 or the Customs Tariff Act, 1975 or any other law for the time being in force, on goods imported into, or service provided in a Special Economic Zone to carry on the authorized operations by the developer;

(b) Exemption from any duty of customs, under the Customs Act, 1962 or the Customs Tariff Act, 1975 or any other law for the time being in force, on goods exported from, or services provided, from a Special Economic Zone, to any place outside India;

(c) Exemption from any duty of excise, under the Central Excise Act, 1944 or the Central Excise Tariff Act, 1985 or any other law for the time being in force, on goods brought from Domestic Tariff Area to a Special Economic Zone, to carry on the authorized operations by the developer;

(d) Drawback or such other benefits as may be admissible from time to time on goods brought or services provided from the Domestic Tariff Area into a Special Economic Zone or services provided in a Special Economic Zone by the service providers located outside India to carry on the authorized operations by the developer;

(e) Exemption from service tax under Chapter-V of the Finance Act, 1994 on taxable services provided to a developer to carry on the authorized operations in a Special Economic Zone;

(f) Exemption from the securities transaction tax leviable under section 98 of the Finance (No. 2) Act, 2004 in case the taxable securities transactions are entered into by a non-resident through the International Financial Services Centre;

(g) Exemption from the levy of taxes on the sale or purchase of goods other than newspapers under the Central Sales Tax Act, 1956 if such goods are meant to carry on the authorized operations by the developer.

6.2.2 As per Rule 12(8) of SEZ Rules, 2006, as a developer, the company is allowed to make DTA clearance without any upper limits subject to permission of Specified Officer.

6.2.3 As per Section 3(13) of SEZ Act, 2005, subject to the provisions of this section and the letter of approval granted to a Developer, the Developer may allocate space or built up area or provide infrastructure services to the approved units in accordance with the agreement entered into by him with the entrepreneurs of such Units, purely on commercial basis on mutually agreed terms and conditions. There are no restrictions as to minimum number of units or minimum land area requirements for allotment of land to units and the developer has full freedom in allocation of developed land to units.

6.2.4 As per Section 7 of the SEZ Act, 2005, any goods or services exported out of, or imported into, or procured from the Domestic Tariff Area by, -

a Developer;

shall, subject to such terms, conditions and limitations, as may be prescribed, be exempt from the payment of taxes, duties or cess under all enactments specified in the First Schedule.

The company is exempt for payment of taxes and cess payable under Agricultural Produce Cess Act, Oil Industry (Development) Act, Tobacco Cess Act, Research and Development (R&D) Cess Act, 1986 etc.

6.2.5 In line with Rule 5(5)(c) of SEZ Rules, 2006 the company is allowed to carry on generation, transmission and distribution of power within a Special Economic Zone subject to the provisions of the Electricity Act, 2003 (No. 36 of 2003);

6.2.6 As per Section 14 (2) of the Gujarat SEZ Act, 2004, the company is allowed to levy user charges or fees as may be approved by the Development committee for providing infrastructural facilities, amenities such as Electricity, Water, Waste Treatment plant, Telecom Connectivity and roads etc. Hence the company has full freedom to fix the user charges or other fees.

6.2.7 In line with Section 50(a) of SEZ Act, 2005 and as per Section 21(1) of the Gujarat SEZ Act, 2004, the company is entitled to exemption from stamp duty and registration fees payable on transfer of land, exemption from levy of stamp duty and registration fees on loan agreements, credit deeds and mortgages executed by the company, exemption from sales tax, purchase tax, motor spirit, luxury tax, entertainment tax and other taxes and cess payable on sales and transactions within the entire SEZ.

In line with Section 50(a) of SEZ Act, 2005 and as per Section 21(2) and 21(3) of the Gujarat SEZ Act, 2004, inputs (goods and services) purchased by the company from Domestic Tariff Area will be exempt from sales tax and other taxes under the State law.

6.2.8 As per Rule 27(4) of the SEZ Rules, 2006 Company may also source capital goods, without payment of duty, taxes or cess from a domestic or foreign leasing company, under a valid lease agreement and in such cases Developer shall jointly file documents for import or domestic procurement, as the case may be.

Notes

a) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.

b) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

c) In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax adviser with respect to specific tax consequences of his/ her participation in the scheme.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

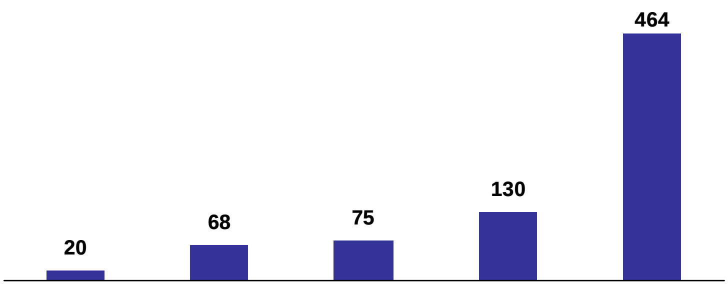
The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, and it has not been prepared or independently verified by us, the Book Running Lead Managers or any of their respective affiliates or advisors.

Indian Port Industry

The transportation of goods by water accounts for the majority of world trade, especially for trade between different countries, and ports are an important link in the water transportation of goods. Ports vary widely based on the types of facilities and cargo handled at the port. Different types of cargo, include, among others, dry bulk cargo such as coal, iron ore, liquid bulk cargo, container cargo, crude oil cargo and liquid natural gas. One of the major developments in the port industry is the increased usage of container cargo.

At the time of Independence, India had 5 ports with a throughput of 19-20 million tonnes. In the next 3 decades, India's throughput increased to 70 million tonnes by more than doubling the number of Major Ports. By 2000, India had achieved a total throughput of 130 million tonnes at Major Ports with no Major Ports added during the period.

Total Cargo Handled (Million Tonnes)



	1947	1951-80	1981-90	1991-2000	2006-07
No. of Major Ports	5	10	12	12	12

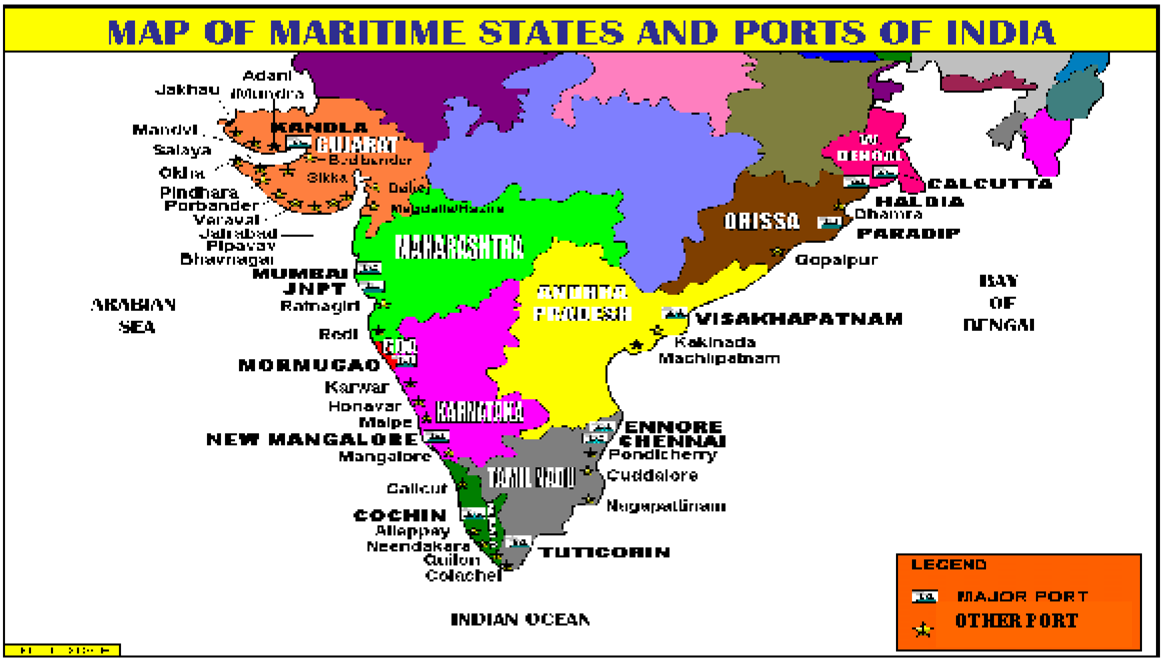
Source: India infrastructure report

Major Ports and Minor Ports

India has an extensive coastline of 7,517 kilometres (excluding the Andaman and Nicobar Islands). Because of the growth of imports and exports over India's recent economic expansion, there is further demand being placed on its port and shipping industries. Ports handle approximately 95% of India's total trade in terms of volume and 70% in terms of value.

Indian ports are divided primarily into major ports ("Major Ports") and minor ports ("Minor" or "Non-Major"). As of March 31, 2007, there were 12 major and 187 minor and intermediate ports spread across nine coastal states. The classification of a Major Port compared to a Minor Port is not based on the capacity or cargo traffic but on control and governance. Port trusts, which are regulated by the Central Government, manage 11 out of the 12 Major Ports. They come under the purview of the Major Port Trusts Act, 1963. The Major Port at Ennore is a corporate entity incorporated under the Companies Act, 1956, and was commissioned in February 2001. The Minor Ports are regulated by the respective state governments and many of these ports are private ports or captive ports. Major Ports are principally large ports having a combination of dedicated bulk terminals, specialised container terminals and general cargo berths.

The following map shows the location of Major Ports and some of the Minor Ports in the regions and states within India:



Source: National Maritime Development Programme

Other than the ports in the public sector, there are a number of public-private joint venture ports and private sector ports. Over the last seven years, there have been significant developments in the Minor Ports, which are under the respective state government jurisdictions. This has been possible because of the proactive policies of the state maritime boards, more particularly in states such as Gujarat, Andhra Pradesh, Orissa etc.

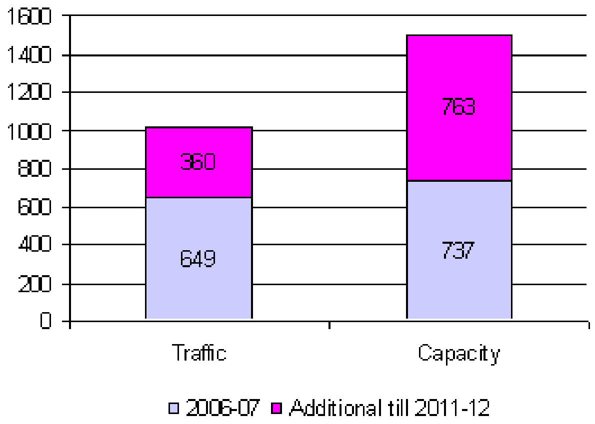
The three such minor ports under the state government jurisdiction in the private sector are located at Mundra in Gujarat, Pipavav in Gujarat and Kakinada in Andhra Pradesh. The state government of Gujarat has been a pioneer in formulating proactive policies for development of ten minor ports in joint and/or private sector along its coastline out of which two commercial cargo ports are operational.

Strong Growth in Traffic

India is emerging as a modern economy. Over the period of 1993-2003, the Indian economy grew at a CAGR of 6.2%, with above 8.0% growth subsequently. The strong economic growth driven by liberalisation policies has led to India's trade in goods increasing at a five-year CAGR of 22.9% to US$ 261.6 billion in fiscal 2006. It stood at US$ 156 billion for the first half of fiscal 2007. While exports have increased at a five-year CAGR of 17.7%, imports have increased at a five-year CAGR of 22.6%. There has been a sustained rise in the volume of exports with a revival of growth in the manufacturing sector and improved export competitiveness.

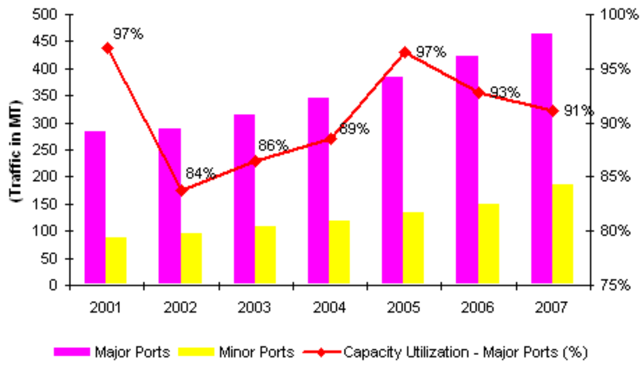
The significant increase in India's international trade during the recent years has resulted in traffic handled at Indian ports increasing at a five-year CAGR of 11.1% to approximately 649 million tonnes in fiscal 2007. The strong growth in India's port traffic is expected to be sustained, with growth of approximately 12% to 15% per year expected during the next two to three years. Growth is expected to be driven by high growth in exports (driven by a buoyant world economy), and higher oil imports. The Government of India has fixed an ambitious target of US$ 150 billion for exports by fiscal 2009 to double India's share in world exports from approximately 0.8% to 1.5%. This would require exports to grow at a CAGR of at least 15% over the next two to three years.

As per the Ministry of Shipping, Road Transport and Highways estimates, the traffic at ports in India is expected to increase to 1,009 million tonnes per year by fiscal 2012 and 1,225 million tonnes per year by fiscal 2014 from the current 649 million tonnes per year in fiscal 2007. The additional capacity expected to be built by fiscal 2012 is approximately 763 million tonnes.

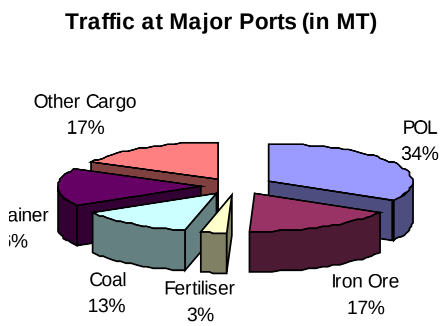


Port Traffic

Total cargo traffic carried by both major and minor ports in fiscal 2007 was approximately 649 million tonnes, of which approximately 464 million tonnes, or approximately 71.5%, passed through Major Ports and the remaining 185 million tonnes passed through the Minor Ports. Over the last seven years, cargo traffic at Major Ports has grown at a CAGR of 8.6%. In comparison, cargo traffic at Minor Ports has grown at a CAGR of 13.3%. As a result, the share of minor ports in total volume has increased from 23.6% in fiscal 2000 to 28.6% in fiscal 2007.



Source: National Maritime Development Programme



Major Ports handled a total traffic of 464 million tonnes during fiscal 2007. Petroleum products remain the largest principal commodity of the cargo with one-third of the total cargo traffic at port during fiscal 2007 being petroleum products. Container traffic increased to 16% during the same period, over the 14% during fiscal 2006.

Source: Department of Shipping

The trend in the cargo handled at Major Ports in the past is as under:

Table: Cargo handled at Major ports only.

(In Million Tonnes)

Major Port	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
East Coast								
Calcutta	10.31	7.16	5.37	7.20	8.69	9.95	10.81	12.60
Haldia	20.69	22.84	25.02	28.60	32.57	36.21	42.34	42.45
Paradip	13.64	19.90	21.13	23.90	25.31	30.10	33.11	38.52
Visakhapatnam	39.51	44.69	44.34	46.01	47.74	50.15	55.80	56.39
Ennore	-	-	3.40	8.49	9.28	9.48	9.17	10.71
Chennai	37.44	41.22	36.12	33.69	36.71	43.81	47.25	53.41
Tuticorin	9.99	12.28	13.02	13.29	13.68	158.11	17.14	18.00
	131.58	**148.09**	**148.40**	**161.18**	**173.97**	**337.81**	**215.61**	**232.08**
West Coast								
Cochin	12.80	13.12	12.06	13.02	13.57	14.10	13.89	15.31
New Mangalore	17.60	17.89	17.50	21.43	26.67	33.89	34.45	32.04
Mormugao	18.23	19.63	22.93	23.65	27.87	30.66	31.69	34.24
Mumbai	30.38	27.06	26.43	26.80	30.00	35.13	44.19	52.36
J.N.P.T.	14.98	18.58	22.52	26.84	31.19	32.81	37.84	44.82
Kandla	46.30	36.74	37.73	40.63	41.52	41.54	45.91	52.98
	140.29	**133.02**	**139.17**	**152.38**	**170.83**	**188.12**	**207.96**	**231.76**
Total	**271.87**	**281.11**	**287.57**	**313.55**	**344.80**	**525.93**	**423.57**	**463.84**

Source: Indian Ports Association

The cargo at the ports on the west coast has grown by a CAGR of 11% in the past five years while the cargo at the ports on the east coast has grown by a CAGR of 9% in the same period. The primary hinterland for the port cargo is the landlocked north and northwestern region of India, which contributes approximately 55% of the cargo handled at the Indian Ports. The upper western coast port namely Mumbai region ports and Gujarat region ports are located in close proximity to this market and have better transportation connectivity with the hinterland. Over the last six years, cargo at the Kandla port, the premier crude oil cargo port, has grown at a CAGR of 6% while cargo at the JNPT, the premier container cargo port, has grown at a CAGR of 16%.

Table: Container Cargo handled at Major Ports only.

(In '000 TEUs)

Major Port	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
East Coast								
Calcutta	147	138	98	106	123	159	203	240
Haldia	28	51	93	117	137	129	110	110
Paradip	-			2	4	2	4	2
Visakhapatnam	20	20	22	22	20	45	47	50
Ennore								
Chennai	322	352	344	425	539	616	735	798
Tuticorin	137	157	214	213	254	307	321	377
	654	**718**	**771**	**885**	**1,077**	**1,258**	**1,420**	**1,577**

(In '000 TEUs)

Major Port	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
West Coast								
Cochin	130	143	152	166	170	185	203	227
New Mangalore	-	2	4	6	7	9	10	17
Mormugao	4	4	4	9	10	10	9	12
Mumbai	429	321	254	213	197	219	156	128
J.N.P.T.	889	1,190	1,573	1,930	2,269	2,371	2,667	3,298
Kandla	79	92	126	157	170	180	148	177
	1,531	**1,752**	**2,113**	**2,481**	**2,823**	**2,974**	**3,193**	**3,859**
Total	**2,185**	**2,470**	**2,884**	**3,366**	**3,900**	**4,232**	**4,613**	**5,437**

The total container cargo handled at Major Ports has grown at 14% CAGR in the last 5 years. The container cargo at the ports on the west coast has grown by a CAGR of 13% in the past 5 years while the cargo at the ports on the east coast has grown by a CAGR of 15% in the same period.

Operating Performance of Indian Ports

Major Ports have generally suffered from inadequate capacity and operating inefficiencies (resulting in poor utilisation of existing facilities). The Major Ports were also characterised by qualitative inadequacies. Outdated layout of berths, outmoded cargo handling equipment, insufficient maintenance and inadequate operational dredges rendered Indian ports operationally unsuitable for modern cargo handling. Attachments for handling specialised cargo as well as the number of technicians trained to handle modern equipment were in short supply. Moreover, in the logistic chain, land transport capacity was insufficient. Railways lacked the necessary equipment and structure to ensure a steady flow of container traffic and concentrated on mainly bulk transport instead. Poor road linkages with ports also impeded the flow of cargo. Apart from serious obstacles posed by inadequate capacity, Major Ports were also characterised by poor utilisation of existing facilities.

The consequence of the above constraints and inadequacies was poor operational efficiency of Indian ports. In terms of most performance indicators, Indian ports lag behind their foreign counterparts. Earlier, average ship turn around time ("ASTA") in India used to be exceptionally high (11.9 days in fiscal 1985), and despite having progressively declined, stood at approximately 3.5 days in fiscal 2007, which is amongst the highest among Asian ports which have an average turnaround time for container vessels of approximately 13 hours, and where ports such as Hong Kong have a turnaround average as low as 10 hours. Inefficiency of Indian ports resulted in higher through-port and sea transport costs, making cargo shipped from Indian ports cost-inefficient and non-competitive in international markets. Coupled with this, the long waiting time discouraged large cost efficient vessels and ship liners from touching the Indian ports. Consequently, Indian container cargo had to be transhipped in Colombo, Dubai or Singapore, resulting in additional costs and transit times.

The following table provides the key operating performance indicators for Major Ports for the period April 2006 to October 2006:

	Average Pre-berthing Time (hours)	Average Turnaround Time (days)
Kolkata (Kolkata Dock Systems)	0.04	3.98
Kolkata (Haldia Dock Complex)	27.60	4.02
Mumbai	5.06	4.70
Jawaharlal Nehru	6.24	1.85
Chennai	0.80	3.40
Cochin	0.44	2.18

	Average Pre-berthing Time (hours)	Average Turnaround Time (days)
Vizag	0.96	3.51
Kandla	36.00	5.49
Mormugao	19.52	4.88
Paradip	1.35	3.40
New Mangalore	1.92	3.30
Tuticorin	4.56	3.63
Ennore	0.32	1.93
All Major Ports	**9.96**	**3.63**

Growth Drivers and Industry Trends

Increasing efficiency, including larger vessels, deeper drafts at ports and improved equipment and technologies

The trend in global shipping has rapidly shifted towards deployment of large sized vessels, requiring deeper draft at ports and highly efficient modes of cargo discharge to minimise detention time. Recent advances in engine technology have made it possible to propel a 10,000 TEU ship with a single engine. Economies of scale can be gained by a port's ability to handle substantial cargo. This trend can be gauged by the fact that according to Institute of Shipping Economics and Logistics, Europe, over 141 ships with a capacity of 8,000 or more TEUs are on order books globally. Adapting to these technological changes, deploying modern handling equipment and establishing effective cargo handling methods are prerequisites for increasing the efficiency and effectiveness of Indian ports.

Growth in intermodal logistics and improved infrastructure

The development of intermodal routes has increased inter-port competition for ship calls and cargo. It has also reduced the relative importance of any one port in the logistics chain. As private transport companies integrate their services across modes and as shipping lines become more concerned with the landside delivery of cargo, a port's clientele base has expanded from individual shippers and consignees to include forwarder and transport companies. The modal options available at ports have become the unique selling proposition in attracting business.

A port's success is increasingly dependent upon the quality of infrastructure in and around the port, including road and rail connections, and on how well a port is able to handle the logistics of moving cargo from the port on to shore.

Consolidation to capture value chain and the addition of value-added services

Increasing competition is reducing margins of ports and affecting their ability to achieve economies of scale. Ports are beginning to consolidate their assets and acquire stakes in related businesses to be able to offer services across the entire line of value chain.

In addition to adding deep drafts at ports, installing the latest handling equipment and maintaining highly-trained manpower and value-added services are playing an increasingly important role in port development. Such value-added services include value-added logistics ("VALs"), comprising general warehousing, conditional warehousing, distribution centres, quality control and testing services, and value-added facilities ("VAFs") comprising weighbridges, truck maintenance and repair, cleaning facilities, information and communications, hotel and restaurants to serve port clientele.

Changes in types of cargos and customer needs, including increasing containerisation

Major global ports have increasingly had to adapt to a dramatic increase in containerised cargo trade. From a decent beginning in the late 1970s, the global containerised cargo trade has grown manifold. Indian container traffic has increased from 1.4 million TEUs in fiscal 1996 to 5.4 million TEUs in fiscal 2007, a CAGR of approximately 13.0% over the period. This growth has required a substantial increase of handling capacity at Indian ports and improvements to efficiency of logistical operations. An example is the decision to convert JNPT's bulk terminal into a third container terminal and its establishment of a marine chemical terminal.

Increased privatisation, regulatory reforms and other institutional dynamics

While regulatory reform in the global ports industry has generally led to the reworking of institutional governance arrangements, aggressive second generation regulatory reforms are still pending.

According to World Bank report, there has been a trend of privatisation of ports over the past years. Approximately 20% of ports globally have experienced significant changes in their institutional governance structures, particularly during the past two years. With increasing privatisation, there has also been a shift from the "service port" model to "landlord" model, under which port authorities continue to own the land and infrastructure assets, but have divested themselves of developing and operating the commercial facilities.

In addition, since September 11, 2001, there has been increasing concern over port security and safety. This has led to new stringent international laws and safety codes for cargo, personnel and port infrastructure. All ports have to be compliant with the International Ship and Port Facility Security Code that came into effect in July 2004.

Regulation of Indian Ports

Minor (Non-Major) Ports

Minor ports are governed by the Indian Concurrent list of the Constitution and are administered under the Indian Ports Act. At the state level, the department in charge of ports or the State Maritime board (created through State legislation as in case of Gujarat), is responsible for formulation of water front development policies and plans, regulating and overseeing the management of state ports, attracting private investment in the development of state ports, enforcing environmental protection standards. Maritime boards have so far been constituted only in Gujarat, Maharashtra and Tamil Nadu.

Major Ports

Major ports are regulated by the Government of India under the Union List of the Indian Constitution, and are governed by the Indian Ports Act and the Major Port Trust Act. Under the Major Port Trust Act, all administrative and financial matters of each Major Port are overseen by a Board of Trustees appointed by the Government of India. The board of trustees has effective ownership of and control over all port assets and liabilities and is empowered to handle all port administration and operations, including the power to enter into all contracts with respect to various works and services to be provided by the port and to control all financial matters, including manage budgets, revenues and investment-related activities of the port. The board of trustees must submit all port-related revenue and expenditures to the Government of India, which are subject to scrutiny of the Comptroller and Auditor General ("CAG") of India.

Despite the considerable control that the board of trustees has over a Major Port, the powers of the board of trustees are limited to those delineated in the Major Port Trust Act and the Indian Ports Act and such boards are bound by directions on policy matters and orders from the Government of India. All residual powers related to Major Ports not delegated to the board of trustees under the Indian Ports Act are vested with the Government of India. Because Major Ports are effectively under the control of the Government of India, the business of Major Ports tends to be dominated by public enterprises and government departments. Despite its salutary effects, the Major Ports Trust Act has been criticised for its limiting provisions in the post-liberalisation phase in the development of Indian ports due to the effective control that the Government of India still exercises over Major Ports, despite the establishment of independent boards of trustees to administer port operations. Criticisms include the board's relative lack of autonomy from the Government, the lack of commercial orientation, slow decision making processes and inherent conflicts of interest.

Reforms in the Indian Port Industry

The decline in trade barriers with the advent of globalisation has witnessed a boom in global trade. India's liberalisation policies have led to a volume growth of 8% per year in foreign trade and India is expected to sustain this growth rate in the coming decade as well. Ports in many countries, including in India are increasingly confronted with the need to expand their facilities and cargo handling capabilities. Continued growth of sea borne trade, and in particular growth of container traffic, is forcing port authorities to develop their facilities and capacities without further delay. The need for port expansion and modernisation is also driven by increasing deployment of large oil tankers and other mega-container ships (up to a capacity of 8,000 TEUs and more), which require deep draft facilities and sophisticated cargo equipment for handling containers. Port authorities are also under pressure to improve productivity of port services and to reduce handling charges from vessel operators and shippers, who are themselves operating in a highly competitive market.

The Indian ports industry has not been isolated from such international developments and there is a need to develop port facilities in India to service large container ships. The Ministry of Shipping, Road Transport and Highways has taken a number of steps in this direction.

Proposed National Maritime Policy

The policy aims to facilitate private investment, improve service quality, promote competitiveness and encourage more investment in the port sector. The key objectives of the draft policy with regard to ports are as follows:

- Promoting hinterland connectivity to ensure least-distance access of the country's cargo to the ports and also offer choice of ports in the region and terminals inside the ports to trade.
- Providing for institutional safeguards for the port infrastructure provider (public authorities/private sector – be it domestic or foreign/joint ventures) regarding investments and ensuring compliance of service standards to the users.
- Promoting multimodal transport in the interest of time and cost efficiency.
- Facilitating the acquisition of Indian tonnage for securing a significant share for India in terms of global tonnage and for increasing the share of Indian ships in the carriage of the country's overseas traffic through cargo support to Indian flag vessels.
- Promoting and strengthening shipbuilding, ship-repair and ship-breaking activities. Providing the necessary infrastructure for turning out qualified Indian maritime personnel of globally acknowledged excellence to benefit from the growing demand of both foreign and Indian flag vessels for such human capital.
- Developing and integrating inland waterways to the national transport network comprising of maritime outlets as well as other points of interface with other surface transport modes.
- Building appropriate institutions to support training, research and development and other activities necessary to serve and sustain the shipping and port sectors.
- Assuring the state of the art navigational aids on the country's coastline with a view to encourage increased flow of coastal and overseas maritime traffic at Indian ports.

National Maritime Development Programme

National Maritime Development Programme (the "NMDP") is a comprehensive programme to develop, strengthen and rejuvenate the maritime activities in India and encompasses all the related areas such as ports, shipping, dredging, inland transport, and personnel management. The port sector projects under the NMDP will involve a total investment of approximately Rs. 558,040 million.

The programme is proposed to be implemented through public/private partnership. Public investments will be primarily for common user infrastructure facilities in the ports such as dredging and maintenance of port channels, construction of breakwaters, internal circulation systems for cargo within the ports, rail and road connectivity from ports to hinterland. Private investments will be in the areas where operations are primarily commercial in nature such as construction, management and operation of berths and terminals.

- Measures to strengthen the regulatory structures of Major Ports have also been initiated. These pertain to tariff rationalisation and the establishment in a phased manner, of a corporate structure for the existing ports. Most of the Major Ports in India are in the public sector and currently lack commercial orientation due, in part, to a number of restrictions imposed by the central government. The Government of India has privatised some of the berths in Major Ports specifically to handle containers. Some of them are as follows:

Port	Company	Container Terminal Operator
Major Ports		
Jawaharlal Nehru Port (JNPT)		
Berth 1	NSICT	P&O Ports Australia
Berth 3	GTL	AP Moller Terminals, Denmark
Chennai Port Trust	CCTL	P&O Ports Australia
Tuticorin Port Trust	PSCTL	PSA International, Singapore
Vizag Port Trust	VGTPL	Dubai Ports International
Kochi Port Trust	IGTPL	Dubai Ports International
Minor Ports (both in Gujarat)		
Pipavav Port	GPPL	AP Moller Terminals, Denmark
Mundra Port	GAPL	MICT

- The Tariff Authority for Major Ports (the "TAMP"), an independent authority, is now responsible for determining and revising tariffs on Major Ports. The TAMP was constituted in April 1997 to provide for an independent Authority to regulate all tariffs, both vessel related and cargo related, and rates for lease of properties in respect of Major Port Trusts and the private operators located therein.
- The Government of India has announced a series of measures to promote foreign investment in the port sector, including:
  - guidelines for private/foreign participation that permit formation of joint ventures or foreign collaboration for setting up port facilities;
  - foreign investment of 100% is permitted for construction and maintenance of ports and harbours and in projects providing support services to water transport;
  - foreign direct investment of up to 100% is allowed on automatic basis in support services such as operation and maintenance of piers and loading and discharging of vessels; and
  - private sector entities are allowed to establish captive facilities.
- The government is offering various fiscal incentives to private investors such as a 10-year tax holiday in the port development, operation and maintenance. Investors in inland waterways and inland ports are also entitled to such incentives.

Competing Port's Performance

The major performance indicators that influence the shipping choice of port include:

Turn-around time

Total average turn around time is probably the most important because the cargo carriers should ideally spend the least time in port owing to high charter rates. It captures the inefficiencies of the system including those, not on account of the port. The congestion at JNP and Mumbai is due to marine and hinterland linkage issues, while that at Kandla is due to high occupancy at the berths, all of which are operating above 90% level.

It may be noted that while five berths at two terminals in JNP handled 1,678 vessels at an average of 335 vessels per berth per annum, in Mumbai five the container berths handled 298 vessels and the occupancy rate varied from 22% to 42%. This is partly due to inefficiency of handling at Mumbai but more importantly because shippers and carriers avoid Mumbai, as indicated by occupancy levels. However, the number of container vessels has increased at all ports. The increased container vessels at all ports and larger parcel sizes are indicative of an overall move towards containerisation and high growth in containerized cargo in the country.

Connectivity

Congestion in hinterland connectivity by road and rail is the principal factor responsible for decline in Mumbai's cargo volumes. In Mumbai, the Railways face problems in adding to its capacity primarily due to the lack of space and to a lesser extent due to priority given to passenger movement. To overcome road constraints, the port is focusing on rail based container movement.

Of the 12 Major Ports in India, Jawaharlal Nehru Port (JNPT) and Mumbai Port (MBP) have emerged as gateway ports for container traffic with a combined market share of around 58% of total container traffic. Lack of adequate infrastructure in form of container handling equipment, ICD/CFS and road-rail network in other ports have led to a concentration of container traffic at Mumbai Port and JNP.

The important emerging connectivity feature for ports handling crude oil / POL products is the availability of the pipeline network connecting the port to the hinterland. Over a period, crude oil pipeline and a POL product pipeline has been constructed connecting Mundra Port to Panipat and Delhi respectively.

Immediate hinterland

The engineering and manufacturing industries of Northern India also reside within Mundra's hinterland and once railway linkage to these areas is upgraded, diversion of containers from the congestion hit Mumbai/JNP ports is expected. The primary hinterland of Mundra comprises regions in Saurashtra and North Gujarat. Heavily industrialized South Gujarat enjoys better proximity and connectivity to Mumbai/JNP ports and since these ports offer more frequent ship-calls, shipping agents show inertia in changing the port of call. Pipavav enjoys better connectivity to Central Gujarat. Thus the focus area for cargo potential for Mundra is the North-Indian hinterland.

- The Northern Indian hinterland is closer by approximately 300 kilometers to Mundra than to Mumbai/JNP ports. This offers savings in rail/road movement offering a competitive advantage.
- The further gauge conversion in northern hinterland making the Mundra Port closer by approximately 450 kilometres from Upper Punjab area in the Northern hinterland.
- Severe congestion at the JNP/Mumbai ports offers opportunity to position Mundra Port as a viable alternative.
- Current shipping trend for bigger container vessels and problem of empties increases prospect of containerization of unconventional cargo, which is abundantly available in Mundra's hinterland.
- New trend of double stacking on the container trains possible only on non-electrified train routes, which is available connecting Mundra to its hinterland.
- Proposed Dedicated Freight Corridor between Delhi and Mumbai.

Special Economic Zones

The Government of India has recently taken a number of measures to encourage foreign investment into India, generally, with a particular focus on the export of goods and services out of India. These measures include the introduction in 2005 of a SEZ regime under which specified land is deemed to be "foreign territory" for the purposes of Indian customs controls, duties and tariffs. SEZs provide an internationally competitive and relatively unregulated environment for export-oriented activities. For further details, please see "Regulations and Policies – Port Related Regulations – SEZ Related Regulations" on page 98 of this Red Herring Prospectus.

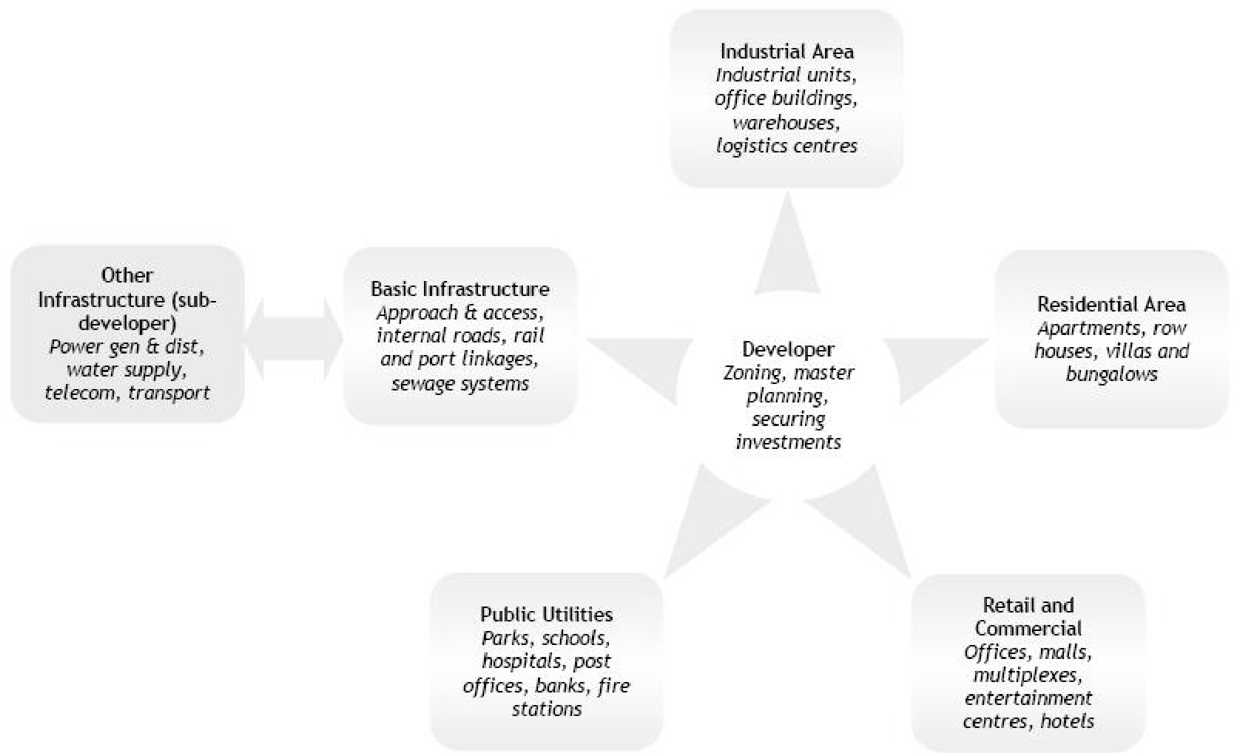
We believe that poor infrastructure is the single biggest obstacle to Indian companies' ability to scale up their presence. In addition, a complex administrative and tax law environment and unfavourable labour laws are some of the other factors affecting the global competitiveness of Indian companies. This is evidenced by India's ranking of 29 on the list of "world merchandise trade" in 2005 published by World Trade Organisation. India's share of world goods exports in 2005 was approximately 0.9%, which is lower than the exports of many other countries with much smaller economies, including Thailand. The Government of India has fixed an ambitious target of US$ 150 billion for exports by fiscal 2009 to double India's share in world exports to 1.5%.

The SEZ scheme has been designed to assist Indian companies overcome the various disadvantages and costs that may otherwise prevent investment and development. The rationale for SEZ in India includes:

- *Infrastructure* – According to industry estimates, it is estimated that the cost of infrastructure would be lower by approximately 20%, as materials and services purchased by the SEZ developer are exempted from customs, excise duty, service tax and central sales tax. Investments in SEZs are treated as infrastructure development and are thus eligible for exemption.
- *Financing* – The SEZ regime also provides for financing at international rates. It allows a company to establish offshore banking units ("OBUs") and international financing centres ("IFCs") in the SEZs. OBUs are entitled to an income-tax exemption for 10 years and they are exempt from the requirement of statutory liquidity ratio, which results in the availability of more sources of funds. Such OBUs and IFCs will be exempted from tax deducted at the source on its borrowings and deposits from Non-Resident Indians. These measures are intended to reduce the OBU's cost of credit for SEZ-approved institutions. The services provided by an SEZ-approved institution are free from service tax and income tax, dividend payments are also free in the hands of payer and payee and a stamp duty exemption has been provided for SEZ estate transactions.
- *Exports* – India's share in global trade is only 0.9% despite it being one of the fastest growing economies in the world. SEZ will help boost the exports of the country, particularly non-traditional ones, by making the same feasible and attractive. This will also in turn affect the foreign exchange earning capacity and contribute to the exchange rate stability.
- *Development* – Locations for SEZ plays a very important role in the development of backward regions. New industries are setup which creates jobs and raises the standard of living for the region.

Various parties are involved in the establishment, development and operation of a SEZ, including the following:

- government and related governmental authorities that grant development rights for an SEZ, establish policies and guidelines, assist with implementation and are empowered to provide financial support to an SEZ-approved institution. They are the most important parties as they forgo the direct revenues and provide incentives for the setting up of SEZ;
- developers, including co-developers, which are enterprises engaged in the establishment and development of the zone, including to provide infrastructure such as roads, water and drainage systems;
- operators, which are the enterprises engaged in the operation and/or maintenance of infrastructure facilities in the SEZ;
- tenants/units, which are the occupant enterprises within the SEZ and include enterprises engaged in a wide range of industries, including manufacturing, services and trading; and
- residents, who are people employed by enterprises located in the SEZ and who reside within the SEZ boundary.



Developer's Perspective

As of November 30, 2006, there were 14 SEZs in operation in India, seven of which were initiated by the government of India and the other seven of which were operated under a public-private participation model. The majority of SEZs are comprised of institutions providing multiple products and services. These SEZs contain developed plots as well as built-up factory space on a lease basis, with the size of developed plots ranging between approximately 1,000 to 40,000 square metres.

Following is the state-wise list of formal and in-principle approvals granted as on October 3, 2007:

	In-principle Approval	Formal Approval	Notified SEZs
Andhra Pradesh	8	61	42
Chattisgarh	2	1	—
Chandigarh	—	2	1
Dadra & Nagar Haveli	1	2	—
Delhi	—	2	—
Goa	—	7	2
Gujarat	9	29	11
Haryana	28	29	8
Himachal Pradesh	4	—	—
Jharkhand	—	1	1
Karnataka	17	36	17

	In-principle Approval	Formal Approval	Notified SEZs
Kerala	2	11	8
Madhya Pradesh	7	8	3
Maharashtra	37	75	19
Orissa	6	9	1
Pondicherry	—	1	-
Punjab	7	6	2
Rajasthan	10	5	1
Tamil Nadu	12	53	18
Uttaranchal	1	3	-
Uttar Pradesh	10	12	6
West Bengal	15	12	2
Total	**176**	**366**	**142**

Source: www.sezindia.nic.in

OUR BUSINESS

Overview

We are the developer and operator of the Mundra Port, one of the leading non-captive private sector ports in India based on volume of cargo during fiscal 2007. *Source: National Maritime Development Programme / Indian Ports Association.* Mundra Port is located in the Kutch District in the State of Gujarat on the northwest coast of India. We have the exclusive right to develop and operate Mundra Port and related facilities until February 2031 pursuant to the Concession Agreement entered into on February 17, 2001 with the GMB and the Government of Gujarat. Mundra Port is approximately 850 kilometres northwest of Mumbai, and it is well positioned to service the vast inland populations of northern and central India.

We received approval as a developer of a multi-product SEZ at Mundra and the surrounding areas from the Government of India on April 12, 2006, making us one of the first port-based multi-product SEZs in India. On June 23, 2006, we received notification from the Government of India with respect to land covering Mundra Port and the surrounding areas of 2,406.8 hectares (approximately 5,947 acres) and on July 3, 2007, we received a subsequent notification with respect to an additional 251.4 hectares of land, resulting in a total of 2,658.2 hectares (approximately 6,568 acres). Notification of the land is granted only when such land is in the possession of a developer, and as we further acquire land in and around Mundra, we will seek additional notifications in relation to such land. The SEZ designation provides considerable government incentives and benefits to SEZ developers, operators and other users, including exemptions from customs tax, income tax and other taxes, resulting in reduced costs for infrastructure, utilities, raw materials and other resources, which increases export competitiveness and benefits international trade.

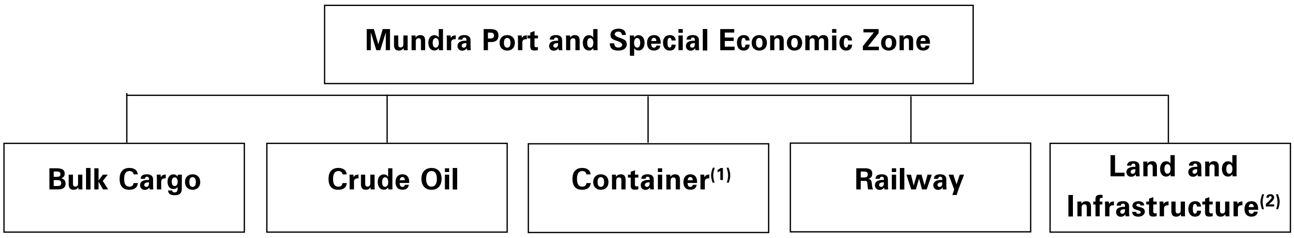
We are part of the Adani Group, which has interests in different industries including commodities trading, coal mining, power trading, power generation, real estate development, agro processing and logistics, shipping and port operations.

Our port is principally engaged in providing port services for: (i) bulk cargo, (ii) container cargo, (iii) crude oil cargo, and (iv) value-added port services, including railway services. In addition, we also generate income from land related and infrastructure activities. Container cargo handling and related operations are provided by the Container Sub-concessionaire on Container Terminal I and by us on Container Terminal II.

We commenced trial operations at Mundra Port in October 1998 and commercial operations in October 2001 as part of our phased operations plan, initially handling only bulk dry and liquid cargo. We have experienced growth in throughput at Mundra Port as a result of both increased volume of bulk cargo imports and exports and the addition of services, particularly container cargo and crude oil cargo capabilities and railway services. In July 2003, the Container Terminal I began operating at Mundra Port. In 2005 we commenced operations at our single point mooring and related facilities to handle crude oil as part of a long-term agreement with IOCL. We constructed the Mundra-Adipur railway which began trial operations in November 2000, and now transports bulk and container cargo from the Mundra Port to inland cargo centres via the Indian railway network. Between October 1, 1998 and June 30, 2007 Mundra Port has handled approximately 62.6 million tonnes of cargo comprised of approximately 42.2 million tonnes of bulk cargo, 5.6 million tonnes of crude oil cargo and 1,230,000 TEUs (approximately 14.8 million tonnes) of container cargo. A TEU is the standard container size, defined as a twenty-foot equivalent unit (“TEU”) with one TEU equal to approximately 12.0 tonnes. Total cargo volume at Mundra Port increased by 68.7% from 11.7 million tonnes in fiscal 2006 to 19.8 million tonnes in fiscal 2007, by 36.3% from 8.6 million tonnes in fiscal 2005 to 11.7 million tonnes in fiscal 2006 and by 66.9% from 5.2 million tonnes in fiscal 2004 to 8.6 million tonnes in fiscal 2005.

In 2006, we were awarded the title of “Best Port Authority” in the Middle East and Indian Subcontinent by Lloyd’s List for our leadership, quality of service and commitment to customers in the area of port operations.Our income from operations has grown at a CAGR of 51.2% from Rs. 1,676.7 million in fiscal 2004 to Rs. 5,797.4 million in fiscal 2007. Our income from operations was Rs. 5,797.4 million in fiscal 2007, a growth of 50.8% over fiscal 2006 and Rs. 3,845.3 million in fiscal 2006, a growth of 45.6% over fiscal 2005 and Rs. 2,640.9 million in fiscal 2005, a growth of 57.5% in fiscal 2004. Our Income from operations for the three months ended June 30, 2007 was Rs. 1,234.0 million. Our Company’s net loss in fiscal 2004 was Rs. 133.4 million, net profit in fiscal 2005 was Rs. 676.1 million, in fiscal 2006 was Rs. 740.9 million, in fiscal 2007 was Rs. 1,921.1 million and Rs. 201.3 million for the three months ended June 30, 2007.

Our services are depicted below:



(1) The container services at Mundra Port, which primarily include container handling and storage, are provided by the Container Sub-concessionaire in respect of Container Terminal I and by us in respect of Container Terminal II. For more details, see "– Port Services – Container Services"

(2) Effective from April 1, 2006, Mundra Port and the surrounding areas were approved as a multi-product SEZ. Historically, we generated some income from the lease of land and infrastructure fees, however, we believe that such land and infrastructure activity and the resulting income in the future will mainly be driven by our SEZ status.

The following table shows our income from operations for fiscal 2004, 2005, 2006 and 2007 and for the three months ended June 30, 2007:

	Fiscal Year									
	2004		2005		2006		2007		Three months ended June 30, 2007	
	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%
Bulk cargo[1]	1,108.0	66.1	1,697.3	64.3	2,253.7	58.6	3428.7	59.1	600.7	48.7
Container cargo	111.5	6.6	377.5	14.3	529.0	13.8	715.0	12.3	183.1	14.8
Crude oil cargo	—	—	—	—	331.7	8.6	742.0	12.8	259.5	21.0
Railway services	124.2	7.4	220.9	8.4	324.7	8.4	554.0	9.6	90.0	7.3
Land and deferred income	333.0	19.9	345.1	13.1	406.3	10.6	357.7	6.2	100.8	8.2
Total	**1,676.7**	**100.0**	**2,640.8**	**100.0**	**3,845.4**	**100.0**	**5,797.4**	**100.0**	**1,234.1**	**100.0**

(1) Bulk cargo comprises income from bulk cargo and others, other than income attributable to container cargo, crude oil cargo, railway services and land and deferred income.

We have a wide range of third parties and customers that operate at or use our port, including the Container Sub-concessionaire, IOCL, Indian Railways, Indian Farmers Fertilisers Cooperative Limited, Food Corporation of India and some of the Adani Group companies such as Adani Enterprises Limited and Adani Wilmar Limited.

History

We were incorporated as Gujarat Adani Port Limited on May 26, 1998, and commenced phased operations at Mundra Port in October 1998 with commercial operations beginning in October 2001. We were initially promoted by Adani Port Limited and Gujarat Port Infrastructure Development Company Limited, an undertaking of the Government of Gujarat.

We entered into a Concession Agreement with the GMB and the Government of Gujarat on February 17, 2001 pursuant to which we have been granted the right to develop and operate Mundra Port located at the Navinal Island in the Kutch region for a period of 30 years. For further details, see "History and Corporate Structure – Concession Agreement with Gujarat Maritime Board and Government of Gujarat" on page 104 of this Red Herring Prospectus.

Pursuant to an order of the High Court of Gujarat, Adani Port Limited merged with us with effect from April 1, 2003. Further, Mundra Special Economic Zone Limited ("MSEZ") and Adani Chemicals Limited ("ACL") were merged with us with effect from April 1, 2006.

We received approval as a developer of a multi-product SEZ at Mundra and the surrounding areas from the Government of India. On June 23, 2006, we received notification from the Government of India with respect to land covering Mundra Port and the surrounding areas of 2,406.8 hectares (approximately 5,947 acres) and on July 3, 2007, we received a subsequent notification with respect to an additional 251.4 hectares of land, resulting in a total of 2,658.2 hectares (approximately 6,568 acres). Notification is granted only once land is in the possession of a developer, and as we further acquire land in and around Mundra, we will seek additional notifications in relation to such land.

In order to reflect the significance of the SEZ status and the changing nature of our business, we changed our name from Gujarat Adani Port Limited to Mundra Port and Special Economic Zone Limited with effect from July 7, 2006.

Competitive Strengths

We believe that our historical success and future prospects are attributable to the following competitive strengths:

Natural and location advantages, including a deep water draft and protection from severe weather

Mundra Port has a deep water draft which ranges from approximately 15 metres to 32 metres in depth at a short distance from the shore. We believe that we have one of the deepest water draft depths on the west coast of India. We are able to accommodate larger vessels that require a deep water berth, including very large crude carriers and container vessels of over 8,000 TEUs. Currently, there is a trend in the shipping market to use larger vessels to accommodate the rapid growth in volume of global and domestic container and oil transportation and to reduce ocean transportation costs through economies of scale. We believe that deep water draft depths at our port will enable us to handle the future generation of large size vessels carrying bulk, container and crude oil cargo. We are also well positioned to leverage the natural deep water advantages of Mundra Port towards the development of our business.

Because of the natural protection provided by its location, Mundra Port is able to handle cargo throughout the year in all weather conditions, including during severe weather conditions of the monsoon season characterised by heavy rains, winds and waves, with minimal costs, delays and damages that often impact other more exposed ports.

Proximity to the northern interior of India and major maritime trade routes

Mundra Port is one of the leading commercial private sector ports in India based on volume of cargo during fiscal 2007, and we believe that a significant reason for this is the good proximity of our port to the northern inland regions of India as well as major maritime trade routes. Approximately half of India's trade in commodities, such as crude oil, coal, fertilisers, foodgrains and container cargo, is represented by the cargo centres in north and northwest India, including the National Capital Region, which includes Delhi, and the States of Gujarat, Rajasthan, Haryana, Punjab and West Uttar Pradesh. Mundra Port's location is in a strategic position to service the significant population of the landlocked north and northwest regions of India which generates significant port traffic. The proximity of Mundra Port to the hinterland of northern India makes it well positioned to handle the increased imports and exports for that region. Mundra Port's location near the entrance of the Gulf of Kutch on the northwest coast of India places it near major maritime trade routes and ideally positioned as an important hub for foreign trade to serve imports from and exports to the Middle East, Asia, Africa and other international destinations.

Land with port back-up area, infrastructure and SEZ advantages

We have been granted the right to use and develop 3,404 acres of land around Mundra Port for 30 years under the Concession Agreement, and pursuant to the merger with Adani Port Limited in 2003 and Mundra SEZ and ACL in 2006, we now have approximately 15,665 acres of land available to us. Our portfolio of land area includes approximately 4,000 metres of undeveloped waterfront land which we can utilise in growing our own port operations. We believe that our available land will help us further expand the market for our port services and provide sufficient resources for future expansion. In addition, we earn rental income from the sub-lease of land to third-parties, including those which are interested in establishing facilities that leverage the port, its infrastructure and related services.

We have developed back-up facilities and infrastructure on the available land at Mundra Port such as storage facilities for various types of dry bulk cargo and mechanised handling and storage systems for liquid bulk cargo. We also have rail sidings within our port limits to facilitate the loading and unloading of railway cars. Our back-up facilities and infrastructure allow us to provide handling, storage and transportation services to our customers.

With effect on April 1, 2006, we were approved as a developer of the SEZ at Mundra and the surrounding areas, making Mundra Port one of the first port-based multi-product SEZs in India. As the developer of a SEZ, we are eligible to claim certain tax exemptions, including a 100% income tax exemption of our profits from SEZ related income, which can be taken for 10 consecutive years out of a 15-year period commencing from notification of the land by the government pursuant to Section 80-I AB of the Income Tax Act, 1961. Both the developer and operators of industrial units within the SEZ receive various additional tax incentives, including exemption from indirect taxes such as customs, excise, and service taxes and from stamp duty and electricity duty, which we believe makes us more likely to attract additional industries and external investment in the Mundra area over time. See "Risk Factors – Our plans for a multi-product SEZ are subject to various contingencies, uncertainties and competition which may adversely impact our proposed development plans." on page xxii of this Red Herring Prospectus.

Access to rail, road and pipeline network

Mundra Port is connected by rail, road and pipeline to the transportation network of India, particularly the inland regions of western and northern India including Delhi. Railways and roadways are important links for the transportation of goods to and from any port to the cargo centres at Mundra Port.

Mundra Port is connected to the Indian Railways network through a broad gauge link, constructed by us, between Mundra and Adipur. The onward route through Gandhidham-Palanpur was converted to broad gauge track in 2006 which significantly reduces the railway distance between Mundra Port and Delhi. Such improvements result in freight savings for users of Mundra Port because there is a more direct route with broad gauge tracks which is capable of handling double-stack trains, and thus, more cargo. We also have a railway distance advantage, through the Gandhidham-Palanpur route, of approximately 218 kilometres over the ports in Mumbai for Delhi-bound cargo. In addition, there are certain gauge conversions being implemented by Indian Railways in north India which would enable the direct rail connectivity of Mundra Port to the upper Punjab regions resulting in a railway distance advantage of approximately 450 kilometres over the ports in Mumbai. Additionally, a dedicated freight corridor, a high speed exclusive railway track for freight trains, has been proposed to be set up by Indian Railways connecting Delhi to Mumbai with branch offs to ports in Gujarat including Mundra Port.

A four-lane approach road connects our port to Mundra, which is linked to national and state highways, including the Mundra-Anjar State Highway. Because of the road and highway network, transporting cargo and goods from Mundra Port to Delhi reduces the travel distance by approximately 206 kilometres over the Mumbai port and approximately 66 kilometres over the port at Pipavav.

A crude pipeline, owned and operated by IOCL, connects Mundra Port directly to IOCL's refinery in Panipat. There is another pipeline, owned and operated by HPCL, which is used to transport liquid petroleum products from Mundra Port to inland regions in northern India such as Delhi.

In addition, we have the rights to the Mundra-Adipur corridor as part of the total land granted to us pursuant to the Concession Agreement. We can develop, or grant third parties the right to develop, additional transportation infrastructure, including crude oil and petroleum product pipelines and additional roads and railways.

We believe that the existing rail, road and pipeline network from Mundra Port to inland regions, including Delhi and northern India, and the available land for future transportation initiatives provides us with a competitive advantage in attracting larger volumes of cargo.

Strategic arrangements and established customer relationships with certain companies

We benefit from certain strategic arrangements and customer relationships with certain companies, particularly with IOCL, Indian Railways and the Container Sub-concessionaire. We have entered into a long-term agreement with IOCL for crude oil cargo handled at Mundra Port, which established our first commercial operations for crude oil cargo and provided us with the experience to be used as a foothold with crude oil refiners. For the handling of container cargo at Mundra Port, we entered into the MICT Sub-concession Agreement for the same period as the Concession Agreement where the Container Sub-concessionaire has the right to operate a container terminal business at Mundra Port and we receive royalties from such operations. We have entered into an agreement with Indian Railways where we receive the portion of freight revenues generated by the cargo moving on the railway to and from Mundra Port to the final destination that represents the Mundra-Adipur rail link distance. With these and other strategic relationships, we have leveraged our experience and assets, including the available land at Mundra Port, to grow operations and diversify our sources of income.

We serve a range of customers at our port. A variety of bulk and crude oil vessels use Mundra Port, and a number of major container shipping lines currently call at our port. For more details, see "Our Business – Customers" on page 87 of this Red Herring Prospectus.

Experienced management team

We have been able to successfully attract and retain senior executives from top companies as well as retain key executives. Our management team has an average of over 15 years of experience in the port industry. Our management team has an established track record, knowledge in the industries we serve and relevant experience in India. In 2006, we were awarded the title of "Best Port Authority" in the Middle East and Indian Subcontinent by Lloyd's List for our leadership, quality of service and commitment to customers in the area of port operations. Our management has demonstrated the ability to manage significant expansion plans and capital expenditures while maintaining our recent income and profit growth.

Our Strategy

We intend to capitalise on our strategic location to develop into a world class port operator in India. In order grow our business volume and to strengthen our market position in India, we have in place the following strategies:

Expand Mundra Port and its services

We have developed back-up facilities and infrastructure on the available land at Mundra Port which enables us to provide handling, storage and transportation services to our customers. With additional available waterfront and back-up land to be used for additional terminals, back-up facilities and infrastructure, we plan to continue to expand our port services and to attract investment from other port-based industries in order to further develop Mundra Port into a total service provider. A key element to this strategy is to seek strategic relationships with partners, including industrial units, port operators and other third parties, and enter into long-term agreements, including setting up joint ventures, in order to expand our capabilities and gain a foothold in new markets. Relationships such as our partnership with IOCL and Guru Gobind Singh Refineries Limited ("GGSRL"), a subsidiary of Hindustan Petroleum Corporation Limited ("HPCL"), for the development of crude oil capabilities, including a single point mooring, can provide us with access to markets and services at the port that are otherwise difficult to establish. Further, a 4,000 megawatt UMPP is planned near Mundra Port, which Tata Power Company Limited has received approval to develop. We have entered into a port services agreement with Coastal Gujarat Power Limited, in order to capitalise on the resulting growth opportunity and increased cargo potential that such a project provides by establishing a new terminal at Mundra to be used for coal and other cargo handling facilities. See "Our Business - Recent Initiatives and Investments" on page 82 of this Red Herring Prospectus.

We plan to pursue and increase the number of long-term strategic arrangements for the use of Mundra Port, particularly in situations where we are able to gain specific industry expertise or capabilities, while seeking to increase our income share from existing customers, including through short-term contracts with bulk cargo customers. We believe that strategic relationships through long-term contractual agreements will enhance our business prospects by bringing stable and increased cargo traffic in the future while our continued use of short-term contracts will allow us to capitalise on market spot rates and take advantage of high growth markets.

Develop land as a source of operating income and driver of growth

We intend to develop and sub-lease portions of our considerable available land at Mundra Port which we believe will be a source of operating income and drive future growth at the port. Pursuant to the Concession Agreement, we have the exclusive right, until February 17, 2031, to develop, operate and maintain approximately 3,404 acres of land located at Mundra Port available to us, In addition, following our mergers with Adani Port Limited in 2003 and with MSEZ and ACL in 2006, we now have approximately 15,665 acres of land available to us while approximately 16,688 acres of additional land are at various stages of being transferred to us. We plan to utilise the approximately 4,000 metres of undeveloped waterfront land in growing our port operations including the addition of more berthing and cargo handling facilities. This may involve the development of additional bulk cargo berths, container berths, single point moorings for crude oil and berth for other types of cargo which we do not yet handle. In addition, we plan to sub-lease to partners interested in establishing facilities that utilises our port as we aggregate complimentary businesses at Mundra Port and the surrounding area. As we receive notification of additional land within the SEZ, we will look to develop basic infrastructure, such as roads, water supply and sewage disposal, while also facilitating the development of specialised infrastructure services such as power and telecommunications through co-developers/implementation partners. We believe that the SEZ status, with its various tax and other incentives, of Mundra and the surrounding area will help us in attracting industrial units to establish operations in the Mundra SEZ. Such growth in the Mundra SEZ would enable us to generate additional income directly from the lease of land and through increased traffic and use of our port. See “Our Business – Recent Initiatives and Investments” on page 82 of this Red Herring Prospectus.

Provide multi-modal services for our customers

We plan to further improve and add to our value-added port services. In particular, we intend to develop a set of logistics services and leverage the logistics business strengths of the Adani Group in order to provide our customers with comprehensive logistics solutions for cargo. We will look to leverage the logistics business strengths of the Adani Group, including in the areas of container rail operations and inland container depots. We intend to consolidate and streamline the existing port services that we currently provide, expand the scope of our value-added services and extend and improve the transportation network alternatives for our customers as we move towards becoming a multi-modal logistics provider.

In an effort to build upon our existing transportation and logistics options, we plan to invest in container train operations and inland container depots with the goal of providing better service to and from the landlocked north and northwest regions of India. We hold 50% of the share capital of Adani Logistics Limited (“Adani Logistics” or “ALL”), which has a license to operate container trains in India, enabling us to operate scheduled train services out of Mundra Port and to provide dependable, dedicated delivery services to container cargo customers and shipping lines. We also hold 50% of Inland Conware Private Limited (“ICPL”) as it plans to develop a network of rail-linked inland container depots throughout India which we believe will make Mundra Port more attractive to container cargo customers if we were able to provide, through our stake in ICPL, such inland container depots as part of our multi-modal services. See “Our Business – Recent Initiatives and Investments” on page 82 of this Red Herring Prospectus.

Invest in new locations and acquire new customers

We are considering growth opportunities outside of Mundra where we can utilise our expertise, benefit from increased cargo capacity and service other inland population areas. For example, we have commenced planning for a solid cargo port project at Dahej in a joint venture with Petronet LNG Limited (“PLL”). Dahej is strategically located along the Vadodara-Mumbai corridor which generally services cargo centres in south Gujarat, upper Maharashtra and parts of central India. We will consider other port opportunities that will further strengthen our position to capitalise on the projected cargo growth and demand for ports in India. We believe that expanding our operations at such a location complements the inland regions currently serviced by Mundra Port and further strengthens our position as a port operator on the western coast of India as we would be able to offer alternative shipping and cargo routes for our cargo customers.

We also intend to grow our business by acquiring new customers. We plan to do this by capitalising on our current capabilities and our reputation in the market. Our relationships with existing customers have been useful in showing our experience and credibility in the competitive market, helping us to attract new customers. Our customers have provided us with references in the past which have proven to be valuable for acquiring new work. In addition, our capabilities and experience enables us to offer expertise to service lines and customers.

Continue to improve our operating efficiency, quality of service and overall competitiveness

We will continue to strive to improve the operating efficiency and capacity of our existing facilities by continuing to invest in advanced handling equipment and improving the efficiency of our loading, unloading and stacking operations and marine services such as tugboat berthing. We intend to improve the quality and efficiency of the value-added port services while also increasing the services and logistics options that we currently provide to customers.

We believe our customers value our efficiency, high-quality services and responsiveness to changing vessel and trade patterns. Our aim is to be the preferred choice of terminal operators on the northwest coast of India for our core customers by offering timely, efficient and high quality services. We are committed to provide direct berthing facilities for large size bulk, container and crude oil vessels in line with the latest shipping industry standards, which result in savings to our customers through reduced ocean freight costs due to economies of scale.

Facilities

Our facilities are located at Mundra Port, which is 14 kilometres from Mundra Village, situated in the Kutch District of Gujarat located in the western part of India. Mundra Port is located approximately 73 kilometres to the west of the Kandla Port and approximately 70 kilometres away from the Bhuj Airport, which is the nearest commercial airport.

The following map shows the location of Mundra Port and highlights the regions and states within India for which our port usually handles cargo(1):

1) *The map is not to scale and is presented only for indicative purposes.*

Mundra Port is strategically located to service the landlocked populations of north and north-western India. In addition, our port enjoys other natural and location advantages, including a deep water draft that ranges from approximately 15 metres to 32 metres at a short distance from the shore.

Mundra Port is connected to transportation networks by roads, railways and pipelines. A four-lane approach road connects our port to Mundra Village, which is linked to national and state highways, including the Mundra-Anjar State Highway. Mundra Port is connected to the Indian Railways network through a broad gauge link, constructed by us, between Mundra and Adipur. We have leased the right of way along the Mundra-Adipur corridor to IOCL for the construction of a crude oil pipeline running from Mundra Port through Adipur to its refinery in Panipat, connecting our port to the existing crude and petroleum product pipeline network in India.

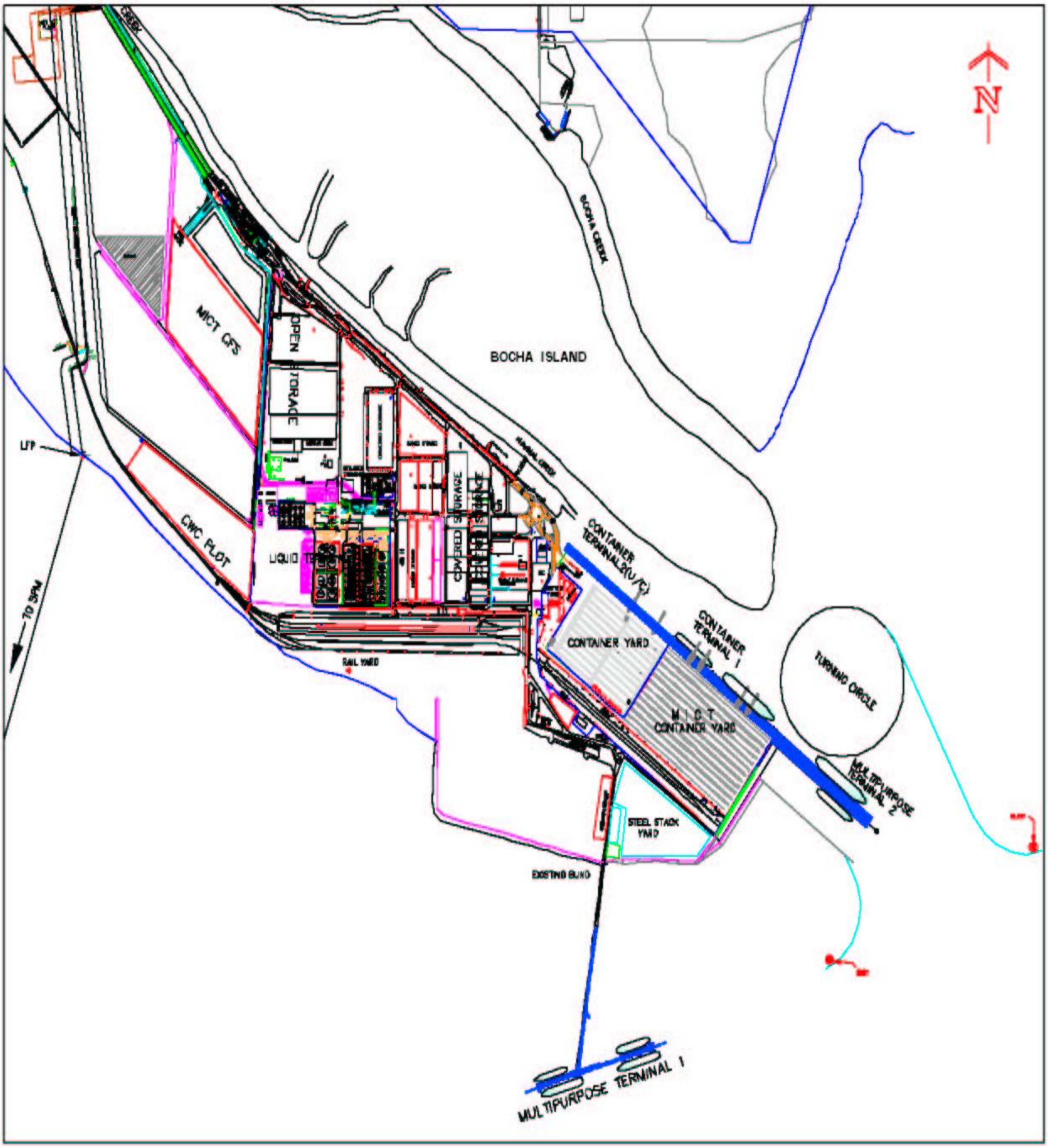
We operate a dedicated multi-purpose terminal ("Terminal I") at Mundra Port with a total of four berths and a barge berth. We have constructed a second multi-purpose terminal ("Terminal II"), which became fully operational in March 2007, with a length of 575 metres and a width of 47 metres. We have already commenced commercial operations from Terminal II. Mundra Port also has Container Terminal I, which is operated by the Container Sub-concessionaire pursuant to the MICT Sub-concession agreement and has been in operation since July 2003. We have commenced construction of Container Terminal II, whose 450 metres of berth length has been completed, deployed equipment and one berth has been operational since the end of August 2007, and the remaining berth length of 181 metres is expected to be completed in fiscal 2008. For further details, please see "Our Business – Long-term Contractual Arrangements – MICT Sub-concession Agreement" on page 89 of this Red Herring Prospectus. For the handling of crude oil, we constructed a single point mooring and a pipeline connecting it to the crude oil tanks at Mundra Port, which are being used by IOCL.

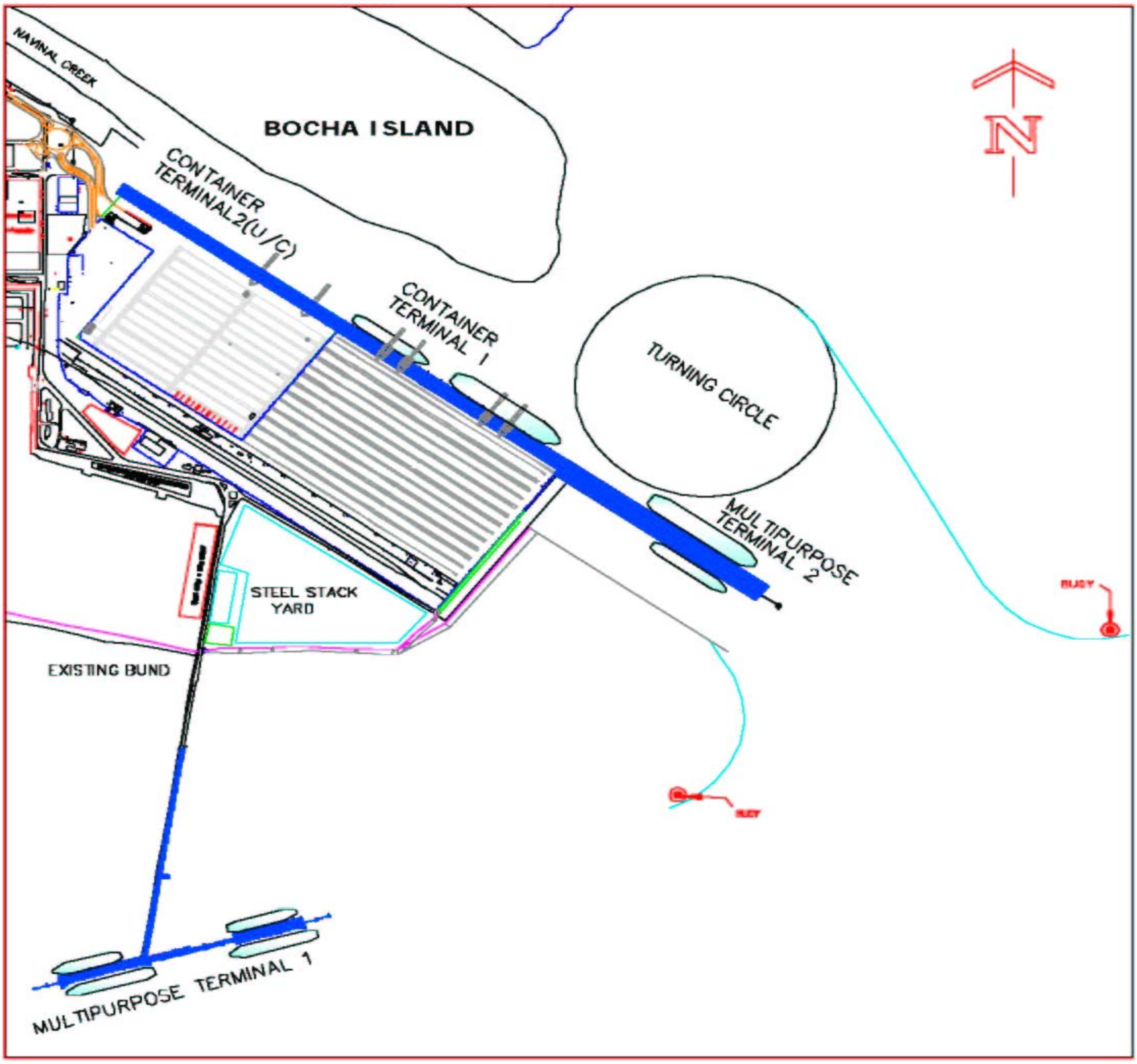
All of our berths are located in sufficiently deep water and have been designed and equipped to allow direct berthing of large size vessels carrying bulk, container and crude oil cargo.

We are equipped to provide marine and waterside services for the berthing of bulk cargo, container and crude oil vessels calling at Mundra Port, including tugs, navigation buoys and port utilities such as power, water and other infrastructure facilities. We have facilities for cargo handling at the terminals and the port back-up area. Our cargo handling system is highly mechanised and uses modern equipment such as mobile harbour cranes, export-import conveyor systems, ship loaders, bleeding conveyor lines, mobile bagging machines, wheat cleaning and rice grinding system machines. Mundra Port is equipped with a specialised equipment line for loading and unloading various bulk cargo, including coal, foodgrains, fertilisers and iron and steel.

We have storage facilities for bulk dry and liquid cargo at the port back-up area which includes open and closed storage areas and liquid storage tanks. The bulk cargo storage area covers approximately 800,000 square metres of open storage areas and approximately 137,000 square metres of covered or closed warehouses. For liquid bulk cargo, we have storage tanks with approximately 342,000 kilolitres of capacity. The tanks are connected to the berths by pipelines and are capable of storing edible oil, liquid chemicals and petroleum products, including bitumen.

The following maps shows the layout of Mundra Port and its facilities located in the surrounding area[1]:





(1) The maps above are not to scale and are presented only for indicative purposes.

Concession Agreement

Pursuant to the Concession Agreement we entered into with the GMB and the Government of Gujarat, we have the exclusive right, until February 17, 2031, to develop, operate and maintain approximately 3,404 acres of land located at Mundra Port, which includes a waterfront of approximately 5,000 metres in length, of which 4,000 metres remains undeveloped. On expiry of the Concession Agreement, all assets shall be transferred to the GMB for which we will receive compensation based on an independent valuation of such assets. In the case of early termination of the Concession Agreement due to an event of default by the GMB or us, the assets shall be transferred to the GMB for which we will receive compensation based on an independent valuation of such assets and discounted pursuant to the terms of the Concession Agreement depending on whether the termination was due to an event of default by the GMB or us.

For further details on the Concession Agreement, see "History and Corporate Structure – Material Agreements – Concession Agreement with Gujarat Maritime Board and the Government of Gujarat" on page 104 of this Red Herring Prospectus.

Bulk Cargo Facilities

Berthing and handling

The bulk cargo facilities at Mundra Port include the multi-purpose Terminal I berths and the berths at Terminal II, which are fully operational, with construction completed in March 2007.

Terminal I is a T-shaped jetty with four cargo berths and one barge berth capable of handling four bulk cargo vessels simultaneously. The two front bulk cargo berths face the open water and have deeper drafts of 15 metres, capable of handling both dry bulk and liquid bulk cargo vessels ranging from 225 metres to 270 metres in length, compared to the two rear berths. One of the rear berths can also handle both dry and liquid bulk cargo vessels. It has a draft of 11 metres and can berth vessels up to approximately 210 metres. The other rear berth, with 10 metres draft and a maximum length of 180 metres, can only handle liquid bulk cargo vessels. The barge berth has a draft of seven metres and can berth harbour crafts of length of approximately 80 metres.

We have completed construction of Terminal II in the Navinal Creek at Mundra Port, which is south of the existing container terminal. Terminal II comprises four berths used for bulk cargo. The quay length is 575 metres and the terminal has a dredged draft of 17.5 metres, making it capable of berthing four bulk cargo vessels, including front and rear side, simultaneously. The total cost of the Terminal II project inclusive of port back-up facilities was Rs. 8,220.7 million with the majority of the amount funded by debt and the remainder by internal accruals.

The berths on the multi-purpose terminals are equipped with state of the art mechanisation equipment for bulk dry cargo such as the crane-conveyor system for unloading cargo and the conveyor-shiploader system for loading of cargo. The equipment in the crane-conveyor system are comprised of two mobile harbour cranes having a handling capacity of 750 tonnes per hour, two mobile hoppers for direct discharge into the import conveyors and an import conveyor system which is approximately three kilometres long and has a capacity of 1,500 tonnes per hour. The conveyor ship loader system is comprised of a 1,000 tonnes per hour ship loader, an export conveyor system with bleeding line and related sub-equipment designed to handle a wide variety of bulk cargo. These conveyor systems are synchronised with the handling and storage equipment in the port back-up area. The berths at Terminal I are also equipped to receive bulk liquid cargo and they are connected to liquid storage tanks by five pipelines, each approximately 3.5 kilometres in length and 8 to 16 inches in diameter. The berths at Terminal II are equipped with two mobile harbour cranes for the loading and unloading of cargo.

The bulk cargo berths at Terminal I and Terminal II can be configured to have a maximum capacity of approximately 20 million tonnes per year. However, berthing and de-berthing, the flow of traffic at the port, and the capacity of equipment and storage facilities, impact the utilisation of the berths and total cargo throughput. As a result, the maximum designed utilisation for bulk cargo is approximately 60% to 75% of the maximum capacity of approximately 20 million tonnes per year, depending on the range and complexity of cargo types being handled.

Storage

We have storage facilities in the back-up area at Mundra Port of more than 800,000 square metres. This bulk cargo storage space includes approximately 137,000 square metres of covered warehouse space for commodities such as wheat, rice, sugar, de-oiled cakes, fertiliser and raw materials used for fertiliser and approximately 708,000 square metres of demarcated open storage space for commodities such as bentonite, bauxite, steel sheets, coils, pipes, scrap, clinkers, salt, coal and coke.

We have deployed various equipment as part of our storage facilities which provides value added services to the port users. These include a wheat cleaning facility, rice sorting and grading facility, a multiple bagging unit and two mobile bagging units for fertiliser and raw materials used for fertiliser. We have plans to add a stacker reclaimer system to the storage back-up area to further automate the bulk coal handling facilities.

The storage facilities, as well as the berths, are equipped with integrated port management software system which ensures tracking of cargo.

Mundra Port has considerable bulk liquid cargo storage capacity and our facilities are designed to handle both export and imports of bulk liquid cargo. The bulk liquid tank farm is comprised of 81 tanks with a combined capacity of approximately 342,000 kilolitres to store various liquids, such as petroleum products (Classes A, B, and C), bitumen, abrasive and normal chemicals and edible oils. There are seven pump houses and 64 loading bays with volume dispatch systems at the tank farm area, providing efficient evacuation of liquid cargo from the tanks for onward transportation.

The liquid tank farm has a modern tank gauging system for monitoring tanks. The tank farm storage area has a fire fighting and sprinkler system, nitrogen system, hot water circulation system, oil water separator system and an effluent treatment plant, all of which are value-added services that we make available to users of Mundra Port.

Container Cargo Facilities

The existing container berth facilities at Container Terminal I in the Navinal Creek at Mundra Port are designed to handle direct berthing of large container vessels with capacities of up to 8,000 TEUs. We developed the berth of Container Terminal I at Mundra Port and pursuant to the MICT Sub-concession Agreement transferred the container terminal berth to the Container Sub-concessionaire and granted the Container Sub-concessionaire the right to use our port infrastructure for a fee. The primary equipment at Container Terminal I was deployed by the Container Sub-Concessionaire. For details, please see "Long-term Contractual Arrangements – MICT Sub-concession Agreement" on page 89 of this Red Herring Prospectus. The berths at Container Terminal I have a length of 632 metres with a maintained depth alongside the berth of 17.5 metres. The depth is 14.5 metres for the vessel approach channel and turning circle.

We provide marine services for all container vessels berthing at Container Terminal I while the container cargo handling operations are done by the Container Sub-concessionaire pursuant to the MICT Sub-concession Agreement. Due to the time involved in the docking and undocking of container ships at a container terminal berth, as well as other factors such as the flow of shipping traffic in the port and the capacities of container stacking and warehousing facilities, the maximum utilisation for a container terminal is between 50% and 70%. We believe that the maximum utilisation rate possible for our container berths may reach approximately 70%, and with further improvements in the operational efficiency in container handling operations, we believe that we will be able to maintain a lower utilisation rate despite increasing throughput. The Container Terminal I is designed to handle approximately 1.25 million TEUs per year.

The Container Sub-concessionaire has equipped the berth at Container Terminal I with a crane-trailer system and post panamax and super post panamax rail mounted quay cranes. These cranes have twin lifting capabilities and an outreach that enables it to handle vessels of up to 22 containers wide. The container yard is located next to the berth and covers an area of approximately 38.4 hectares. The container yard is equipped with a number of rubber-tyred gantry cranes, reach stackers and forklifts. The yard has approximately 5,600 ground slots for container storage and approximately 240 ground slots for reefer container storage. The rail siding for the container trains are located behind the container yard, and rail mounted gantry cranes are installed for the loading and unloading of container cargo from the trains. The Container Sub-concessionaire has deployed a real-time online computer system to track the container movement at Mundra Port and it has also established a container freight station on 50 acres of land at Mundra Port equipped with reach stackers and forklifts. Inter-terminal vehicles are used for container movement in the yard and between yard and container freight station.

In August 2007, we completed construction of 450 metres of berth length at Container Terminal II which is located north of Container Terminal I. An additional 181 metres of berth length is expected to be constructed at Container Terminal II by fiscal 2008, for a total berth length of approximately 631 metres. Container Terminal II has a maintained depth alongside the berth of 17.5 metres, and a container yard adjacent to the berth of approximately 19.6 hectares. We have deployed equipment at Container Terminal II. Container Terminal II is designed to handle approximately 1.25 million TEUs per year. The total cost of the Container Terminal II project is estimated to be approximately Rs. 6,331.0 million with the majority of that amount funded by debt and the remainder by internal accruals. We have arranged funding of the project, including the loan funds which will be drawn upon through the completion of Container Terminal II For more details, see "Our Business – Port Services – Container Services" on page 80 of this Red Herring Prospectus.

Crude Oil Facilities

The crude oil facilities at Mundra Port are currently focused around the single point mooring terminal which was commissioned in May 2005 and began receiving commercial crude oil vessels in December 2005. We operate the single port mooring terminal pursuant to the port services agreement with IOCL (the "IOCL Port Services Agreement") which is designed to handle very large crude carriers of up to 360,000 deadweight tonnage ("DWT") with an overall capacity of 25 million tonnes per year. The single point mooring is located approximately six kilometres offshore from Mundra Port and has a water depth of 32 metres.

We have constructed a pipeline of 48 inches in diameter from the single point mooring to the tankage area at Mundra Port, which was constructed by IOCL for storing crude oil. The maximum capacity of the oil tank storage facility at Mundra Port is approximately 480,000 kilolitres, which can be transported by the crude oil pipeline, owned and operated by IOCL, along the Mundra-Adipur corridor to IOCL's refinery at Panipat. We provide marine services and related ancillary facilities, including fire fighting system, oil spill response equipment and navigational aids, for crude oil vessels berthing at the single point mooring terminal.

Marine Facilities

We have marine facilities and equipment to assist vessels carrying bulk, container and crude oil cargo arriving at and leaving Mundra Port. We provide 24-hour, daily water navigation services and are responsible for the port conservancy function, such maintenance dredging services.

We have comprehensive waterside facilities for vessels, including tugs, navigation buoys and port utilities such as power, water and other infrastructure facilities. Our tugs and harbour crafts are used to provide pilot services for the berthing and de-berthing of vessels at Mundra Port, and our port is equipped with modern communication and tracking equipment. We own seven tugs, each with a towing capacity of between 45 and 56 bollard pull ("BP"). Our tugs are fitted with fire-fighting capability with two remote controlled fire monitors and are also equipped with oil spill booms on both sides. Each tug has carrying capacity for six kilolitres of foam for fire-fighting and six kilolitres of oil spill dispersement liquid. All of our tugs are fitted with modern navigational equipment. We also own mooring boats for assisting vessels during the berthing operations. We expect to add to our marine facilities to handle the increased traffic from berths at Terminal II and Container Terminal II, including two additional tugs.

We provide additional marine services for vessels such as the provision of fresh water, ship chandelling and the supply of consumables.

Railway Facilities

Mundra Port is connected to an extensive rail network by the Mundra-Adipur broad gauge link which we constructed and Indian Railways operates pursuant to a long-term arrangement. The rail link was constructed on the corridor of land acquired by us and it extends 57 kilometres. There are two crossing stations along the entire link and it has the ability to run freight trains of speeds of up to 100 kilometres per hour. The current maximum capacity of the rail link is 22 trains per day in each direction which can be expanded by adding more stations on the rail link.

The rail link terminates at the receipt and dispatch yard near Mundra Port. The receipt and dispatch yard has five rail lines with full rake capacity and concrete platforms to facilitate the loading and unloading from wagons. There are seven sidings with full rake capacity inside the port area, including the rail sidings extending to the container terminal. The total track length of the railway link from Mundra-Adipur, including port cargo complex, is approximately 85 kilometres. In addition to the railway, we also own two locomotives to facilitate the shunting of the rail rakes within the Mundra Port area.

The onward route from Adipur through Gandhidham-Palanpur was converted to broad gauge track in 2006 by KRCL, a special purpose vehicle company promoted by Rail Vikas Nigam Limited an undertaking of Indian Railways in which we have a 20% shareholding. The conversion significantly reduces the railway distance between Mundra Port and Delhi. We also have a railway distance advantage, through the Gandhidham-Palanpur route, of approximately 218 kilometres over the ports in Mumbai for Delhi-bound cargo.

Port User Facilities

Mundra Port has facilities for port users, such as stevedoring agents, survey companies, truck drivers and custom agents, who visit and work at our port for short periods of time. These include commercial facilities that cater to the port users' intermediary requirements such as a customs office, banks, restaurants and two hotels. There is also telephone, postal and telegraph services available to such port users.

Land and SEZ Facilities

We have the rights to develop approximately 3,404 acres of land pursuant to the Concession Agreement. Under the Concession Agreement we have the ability to utilise the area for development of port-based commercial activities by us or through various port users. We have already established cargo handling and storage facilities for dry bulk and liquid bulk cargo on a portion of this land and entered into sub-lease agreements with the Container Sub-concessionaire, IOCL, GGSRL and container freight station operators permitting the use of land for their respective port-based commercial activity and related development.

We received approval as a developer of a multi-product SEZ at Mundra and surrounding areas from the Government of India on April 12, 2006, making us one of the first port-based multi-product SEZs in India. On June 23, 2006, we received notification from the Government of India with respect to land covering Mundra Port and the surrounding areas of 2,406.8 hectares (approximately 5,947 acres) and on July 3, 2007, we received a subsequent notification with respect to an additional 251.4 hectares of land, resulting in a total of 2,658.2 hectares (approximately 6,568 acres). Notification is granted only once land is in the possession of a developer, and as we further acquire land in and around Mundra, we will seek additional notifications in relation to such land. The SEZ designation provides considerable government incentives and benefits, including exemptions from customs tax, income tax and other taxes, resulting in reduced costs for infrastructure, utilities, raw materials and other resources, which increases export competitiveness and benefits international trade.

Port Services

Our port is principally engaged in providing port services for: (i) bulk cargo, (ii) container cargo, (iii) crude oil cargo, and (iv) value-added port services, including railway services. In addition, we also generate income from land related and infrastructure activities. Container cargo handling and related operations are provided by the Container Sub-concessionaire.

As of June 30, 2007, we handled a total of approximately 62.6 million tonnes of cargo at Mundra Port since the trial run operations commenced in October 1998. The majority of the cargo volume is from bulk cargo, of which we have handled a total of 42.2 million tonnes of bulk dry and liquid cargo at the multi-purpose berths at Terminal I and recently, some of the berths at Terminal II.

The container terminal began operations in July 2003 and it has since handled a total of approximately 1,230,000 TEUs, or approximately 14.8 million tonnes of container cargo.

Crude oil cargo commercial operations at our port commenced in December 2005 as the single point mooring and its related facilities were brought online pursuant to a long-term agreement with IOCL. We have since handled approximately 5.6 million tonnes of crude oil cargo.

The following table shows our cargo handling volume for fiscal 2004, 2005, 2006 and 2007 and the three months ended June 30, 2007:

	Fiscal Year									
	2004		**2005**		**2006**		**2007**		**Three months ended June 30, 2007**	
	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%
Bulk cargo	4.6	88.9	6.1	70.4	8.1	69.0	9.9	50.2	2.0	34.8
Dry cargo	3.5	67.5	5.2	60.1	7.0	60.1	9.2	46.4	1.7	29.1
Liquid cargo	1.1	21.4	0.9	10.3	1.1	8.9	0.7	3.8	0.3	5.8
Container	0.6	11.1	2.5	29.6	3.6	30.5	6.2	31.6	1.8	31.8
Crude oil	—	—	—	—	0.1	0.5	3.6	18.3	1.9	33.4
Total	**5.2**	**100.0%**	**8.6**	**100.0%**	**11.7**	**100.0%**	**19.8**	**100.0%**	**5.7**	**100.0**

Bulk Cargo Services

We provide handling and storage services for dry bulk and liquid bulk cargo, marine services to bulk cargo vessels, including piloting and wharfage services, and other related port services.

Bulk cargo activities include the piloting and berthing of vessels and the loading, unloading and storage of cargo. Intra-port transportation for dry bulk cargo from the berth to the storage areas is done by conveyor or truck. We provide storage for the dry bulk cargo and load and unload dry bulk cargo on trucks or railcars for transportation to and from Mundra Port. For bulk liquid cargo, we provide hose pipe connections to the vessels and intra-port transportation through pipelines from the jetty to the storage tank area. We have short-term and long-term storage services for liquid bulk cargo in the back-up area at Mundra Port and load and unload the liquid bulk cargo on trucks and railcars for transportation to and from our port. We provide additional value-added services to our dry and liquid bulk cargo customers. We offer cleaning, bagging and blending services for certain types of dry bulk cargo. For liquid bulk cargo, we provide heating and cooling services as well as blending for certain types of liquid bulk cargo.

The majority of the bulk cargo throughput at Mundra Port comes from international trade, and in particular, bulk cargo imports into India. The following table sets out the throughput volume for the principal types of bulk dry and liquid cargo for fiscal 2004, 2005, 2006, 2007 and three months ended June 30, 2007:

(million tonnes)

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**Three months ended June 30, 2007**
Bulk dry cargo					
Coal and coke	0.6	2.0	2.6	3.0	0.7
Fertiliser and raw materials	0.3	0.6	1.6	1.4	0.2
Minerals	0.7	0.6	0.5	0.5	0.2
Iron and steel	0.6	0.9	1.5	1.6	0.5
Foodgrains	0.7	0.6	0.1	2.7	0.0
Others	0.5	0.5	0.8	0.0	0.0
Bulk liquid cargo					
Edible oils	0.6	0.5	0.5	0.3	0.1
Petroleum products	0.2	0.2	0.2	0.2	0.2
Chemicals	0.2	0.2	0.3	0.3	0.1
Total	**4.6**	**6.1**	**8.1**	**9.9**	**2.0**

From fiscal 2004 through fiscal 2007, we have experienced a growth in bulk cargo volumes generally, and in particular, coal fertilisers, foodgrain and iron and steel cargo throughput at Mundra Port have grown at a CAGR of 72.4%, 67.0% 53.1% and 37.6%, respectively, over that period. Fertiliser cargo has continued to increase steadily largely due to the emergence of Mundra Port as an alternative for fertiliser handling on the west coast of India following the discontinuation of fertiliser handling at JNPT. The growth in iron and steel cargo has followed the general growth in the pipe coating industry in the vicinity of the port. With the anticipated development of coal power projects in the Mundra area, we expect to handle increasing amounts of coal cargo.

In comparison, foodgrains have been a volatile cargo, largely because of the government's import and export policy for foodgrains, and we have experienced significant volatility in throughput of foodgrains at Mundra Port.

We have continued to improve our productivity and efficiency in our bulk cargo operations. We continue to invest in equipment to improve our throughput capacity, which allows us to achieve high discharge rates for bulk cargo such as coal, fertiliser and foodgrains. Our discharge rates for coal cargo are approximately 28,000 tonnes per day for coal cargo compared against the contractual minimum rates of 20,000 tonnes per day. Our discharge rates for fertilisers and foodgrains cargo are approximately 18,000 tonnes per day for coal cargo compared against the contractual minimum rates of 10,000 tonnes per day. Higher discharge rates result in more vessels calling at our port and higher utilisation of the berths and facilities.

The berth occupancy at our bulk terminals was 68.9%, 73.4%, 62.7% and 40.8% in fiscal 2005, fiscal 2006, fiscal 2007 and for the three months ended June 30, 2007, respectively. Our port is receiving large bulk cargo vessels with vessels of more than 50,000 DWT accounting for 12.5% of the total bulk vessels visiting our port for the three months ended June 30, 2007 as compared to 30.9% in fiscal 2007, 15.7% in fiscal 2006 and 13.7% in fiscal 2005. The average ship turnaround time for such bulk cargo vessels at our port was approximately 4.1 days, 4.0 days, 4.9 days and 2.4 days in fiscal 2005, fiscal 2006, fiscal 2007 and for the three months ended June 30, 2007, respectively. Our overall bulk cargo capacity has increased with the addition of Terminal II, which we expect will handle more of our current cargo in addition to new types of cargo such as timber.

We receive income for our bulk cargo handling services through short-term spot contracts. We also receive fees for storage of bulk cargo, which is predominantly from unit period storage of liquid bulk cargo.

Income from bulk cargo services totalled Rs. 3,428.7 million, representing 59.1% of our income from operations, in fiscal 2007 and Rs. 600.7 million, representing 48.7% of our income from operations, in the three months ended June 30, 2007. Our income from bulk cargo includes marine services as well as handling, storage and value-added services.

Container Services

The container cargo activity at Mundra Port, for which we provide marine services such as the piloting and berthing of vessels, is currently centred at the 632 metres-long Container Terminal I located in the Navinal Creek area. The majority of container cargo activity is the result of international imports and exports, and a number of major container shipping lines with service within Asia and to the Middle East, Africa, Europe and the United States call at our port.

The container services at Mundra Port, which include the loading, unloading and storage of containers, are provided by the Container Sub-concessionaire for which we receive royalties pursuant to the MICT Sub-concession Agreement. For more details, see "Long-term Contractual Arrangements – MICT Sub-concession Agreement". The Container Sub-concessionaire operates out of Container Terminal I and its activities include putting containers on or taking them off vessels berthing at the terminal, opening and closing container hatches, intra-terminal transportation and storage and warehousing of containers and the container cargo. The Container Sub-concessionaire also provides additional services at its container freight station located at our port, including transporting cargo between the container terminal and the freight station.

We receive royalties in the amount of 10.0% of the Container Sub-concessionaire's gross operating income from the container services provided at Container Terminal I and the container freight station at Mundra Port, with a minimum guaranteed royalty of 40.0% of the cargo projections as set out in the MICT Sub-concession Agreement. If the Container Sub-concessionaire operates the Container Terminal II, the royalties will increase in accordance with the MICT Sub-concession Agreement. For details, please see "Long-term Contractual Arrangements – MICT Sub-concession Agreement" on page 89 of this Red Herring Prospectus. In addition to the royalties, we receive income for related marine services, including berth hire and pilotage charges.

Income from container cargo, including royalties and the income from related marine service totalled Rs. 111.5 million, Rs. 377.5 million, Rs. 529.0 million, Rs. 715.0 million and Rs. 183.1 million in fiscal 2004, 2005, 2006, 2007 and for the three months ended June 30, 2007, respectively, or 6.6%, 14.3%, 13.8%, 12.3% and 14.8% of our income from operations, respectively. The royalties accounted for Rs. 19.6 million, Rs. 91.9 million, Rs. 122.1 million, Rs. 176.0 million and Rs. 46.7 million in fiscal 2004, 2005, 2006, 2007 and for the three months ended June 30, 2007, respectively.

Mundra Port regularly receives container vessels with more than 4,000 TEUs cargo capacity, and we have experienced a continued increase in the amount of containers cargo exchanged per vessel calling at our port. We believe that the productivity and handling of container cargo at Mundra Port is in line with international standards. The average berth occupancy at Container Terminal I was 34.5% and 43.5% for fiscal 2007 and for the three months ended June 30, 2007, respectively, and the average vessel turnaround time has been approximately 14.5 hours for those periods. The container cargo volumes at Mundra Port was approximately 48,000 TEUs, 212,000 TEUs, 299,000 TEUs, 521,000 TEUs and 151,000 TEUs for fiscal 2004, 2005, 2006, 2007 and for the three months ended June 30, 2007, respectively. Mundra Port is one of the largest container ports in India in terms of container throughput for fiscal 2007. We are also one of the few ports in India that provides railway transportation commencing at the container terminal and as a result, approximately 40% to 45% of container cargo leaves Mundra Port by rail.

We also lease land to a number of container freight station operators that provide other services related to the container cargo such as stuffing and de-stuffing containers, cargo consolidation, packing and repackaging and cargo warehousing.

In 2006, we commenced construction of Container Terminal II located north of Container Terminal I, whose 450 metres of berth length has been constructed and one berth has been operational since end of August 2007 and the balance berth length of 181 metres is expected to be completed in fiscal 2008. We have deployed equipment at Container Terminal II. For details, please see "Long-term Contractual Arrangements – MICT Sub-concession Agreement" on page 89 of this Red Herring Prospectus.

Crude Oil Services

Our crude oil services include the handling of crude oil from the single point mooring through the pipeline to IOCL's storage tank area. In 2002, we entered into a strategic partnership with IOCL with respect to the development and exclusive use of a single point mooring and related facilities for crude oil. Pursuant to the IOCL Port Services Agreement, we constructed a single point mooring and the connecting pipeline to IOCL's storage tank area at Mundra Port, which was ready for operations in May 2005. We also agreed to sub-lease 152 acres of land to IOCL, which includes back-up land used for crude oil storage tanks. Crude oil commercial operations at the single point mooring commenced in December 2005.

Pursuant to the IOCL Port Services Agreement, we receive fixed annual payments from IOCL for developing and maintaining the single point mooring and pipeline at Mundra Port. The minimum annual payments are Rs. 350.0 million for 8.25 million tonnes or less of crude oil and increases up to Rs. 484.1 million for 11.0 million tonnes and above.

We also provide marine services for the crude oil vessels visiting Mundra Port, including the piloting and berthing of crude oil vessels at the single point mooring. For these services and the transportation of the crude oil to IOCL's storage tanks, we receive wharfage fees of Rs. 12.0 per tonne and royalty payments of Rs. 48.4 per tonne of crude oil handled at the single point mooring which increases each fiscal year according to the Wholesale Price Index ("WPI") in India.

We also have entered into a long-term agreement with GGSRL, a subsidiary of HPCL, for the single point mooring facilities and the allocation of 310 acres of back-up land at Mundra Port for the crude oil terminal for which we will receive royalty income of Rs. 63.0 per tonne of crude oil, inclusive of wharfage charges. Although commercial operations have not yet commenced, we currently receive rent from GGSRL and will receive royalty income once crude oil cargo operations come online in a few years.

Income from crude oil operations totalled Rs. 742.0 million, representing 12.8% of our income from operations, in fiscal 2007 and Rs. 259.5 million, representing 21.0% of our income from operations, in the three months ended June 30, 2007.

Railway Services

We provide services for rail movement of cargo on the rail sidings in the port area and on the Mundra-Adipur railway connecting our port to the Indian Railways network.

Railway transportation is used primarily by bulk cargo and container cargo customers, compared to crude oil and petroleum products which are generally transported through pipelines. Our railway activities include facilitating rail rake movements on the Mundra-Adipur rail link based on our operational arrangement with Indian Railways and providing railway haulage services within the port area. Pursuant to our arrangement with Indian Railways, we constructed the Mundra-Adipur railway and now receive the portion of freight revenues generated by the cargo moving on the railway to and from Mundra Port to the final destination that represents the Mundra-Adipur rail link distance. In addition, we provide rail haulage services within the Mundra Port area through the use of our own locomotives which facilitates efficient loading and unloading of cargo from train wagons closer to the storage area.

We have also entered into an arrangement with Container Corporation of India ("CONCOR") for it to provide railway haulage services for container cargo at Mundra Port. Pursuant to this arrangement, CONCOR currently operates the container cargo haulage services and we receive haulage income of approximately Rs. 575.0 per TEU from CONCOR, which is in addition to the freight income we receive from Indian Railways for the Mundra-Adipur link. The facilities at Mundra Port are able to handle the double stacking of containers on railway cars and scheduled rail services connect our port to key inland container depots in north and northwest India.

In fiscal 2007 and the three months ended June 30, 2007, approximately 6.8 million tonnes and 1.0 million tonnes, respectively, were moved in and out of Mundra Port through railways. Income from railway services totalled Rs. 554.0 million, or 9.6% of our income from operations, in fiscal 2007 and Rs. 90.0 million, or 7.3% of our income from operations, in the three months ended June 30, 2007.

Land and Infrastructure

Land-related income and development activity is strategically important as a source of current and future revenue because the development of future facilities on the leased land by the port users enhances the availability of ancillary facilities for customers of Mundra Port, and thereby, driving growth in port cargo volumes.

Pursuant to the Concession Agreement, we have the right to develop the land in our possession through sub-leases to various port users which generates income. We have been granted the right to use and develop approximately 3,404 acres of land located at Mundra Port for 30 years under the Concession Agreement. Following our merger with Adani Port Limited in 2003 and with MSEZ and ACL in 2006, we now have approximately 15,665 acres of land available to us while approximately 16,688 acres of additional land are at various stages of being transferred to us. On April 12, 2006, the Government of India declared us the developer of a multi-product SEZ at Mundra Port and the surrounding area, and on June 23, 2006, we received notification from the Government of India with respect to land covering Mundra Port and the surrounding areas of 2,406.8 hectares (approximately 5,947 acres) and on July 3, 2007, we received a subsequent notification with respect to an additional 251.4 hectares of land, resulting in a total of 2,658.2 hectares (approximately 6,568 acres). For more details, see "– Recent Initiatives and Investments – Mundra SEZ".

We generate land-related income through one-time charges and ongoing lease charges on the land allotted to the respective port users. We have already sub-leased and allotted approximately 452 acres of land to IOCL and GGSRL. We have sub-leased and allotted approximately 216 acres to various warehousing and container freight station operators and other port users. We have also generated some income from permitting use of our land and associated facilities to various port users on a short term basis.

Land-related income at the port totalled Rs. 357.7 million, representing 6.2% of our income from operations, in fiscal 2007 and Rs. 100.8 million, representing 8.2% of our income from operations, in the three months ended June 30, 2007.

Recent Initiatives and Investments

We are working on initiatives and making investments as part of our overall strategy to further grow and diversify our business. Our plans include the utilisation of the significant land area at Mundra, including waterfront land, available to us to facilitate the development of industrial units at Mundra by third parties and expansion of our port through construction of additional berths to handle the growth in cargo that we believe such industrial development will generate. In addition, we have plans to further improve the transportation infrastructure for our customers. Some of these key initiatives and investments are discussed below.

Mundra SEZ

We received approval as a developer of a multi-product SEZ at Mundra and the surrounding areas from the Government of India on April 12, 2006, making us one of the first port-based multi-product SEZ in India. On June 23, 2006, we received notification from the Government of India with respect to land covering Mundra Port and the surrounding areas of 2,406.8 hectares (approximately 5,947 acres) and subsequently another notification was issued by the Government of India in respect of additional land of 251.4 hectares on July 3, 2007 thereby aggregating 2,658.2 hectares (approximately 6,568 acres). Notification of the land is granted only when such land is in the possession of a developer, and as we further acquire land in and around Mundra, we will seek additional notifications in relation to such land. In general, SEZs are duty-free areas created to promote international trade and services. The SEZ designation provides developers and certain third-parties with industrial and commercial operations in the SEZ with various government incentives and benefits, including exemptions from income tax, central or sales tax, stamp duty, service tax, minimum alternate tax, dividend tax and indirect taxes such as customs and excise charges. These exemptions result in reduced costs for infrastructure, utilities, raw materials and other resources, which increases export competitiveness and benefits international trade. For further details of the fiscal benefits of SEZ status, see "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Following the mergers of ACL and MSEZ into our company, we now have approximately 15,665 acres of land available to us while approximately 16,688 acres of additional land are at various stages of being transferred to us. We believe that the SEZ status of Mundra Port and the surrounding areas combined with the land in our possession and available to us provides us with a significant foundation for the implementation of our SEZ strategy, which includes the growth of our integrated port with port-based industrial units generating increasing cargo volumes and utilisation of our port facilities.

We are the developer for the SEZ at Mundra Port, responsible for the planning, zoning, and development of the SEZ and its infrastructure as well as attracting investments in the industrial zones within the SEZ. As master developer, we plan to develop the basic infrastructure such as roads, water supply, sewage and sanitation after acquiring and consolidating the land. We will look to leverage upon our existing port, connectivity such as rail, road and pipeline, and expertise in developing the necessary infrastructure. Other capital intensive infrastructure services include power generation, distribution, water supply, and telecommunication services and we plan to work with third-party co-developers to develop such services.

We are working with external consultants in developing our master plan, development plan, infrastructure plans, detailed engineering plans, and urban and architectural designs. We have entered into arrangements with implementation partners for the infrastructure services, including with Veolia and Gujarat Water Infrastructure for waste water and water supply arrangements, with Bharti Airtel for information and communication solutions and Apollo Hospitals and Sterling Addlife India Limited for healthcare.

We expect that our integrated SEZ will be developed over multiple phases, involving investments by third parties in industrial, infrastructure and commercial developments as well as residential accommodations and commercial and retail facilities, as well as schools, hospitals and other support infrastructure. We have already constructed an airstrip to facilitate air connectivity for port users on non-commercial flights.

It is estimated that the total cost for the development of the approximately 5,947 acres of land, as planned for the initial development phase, will be approximately Rs. 7,000.0 million. The total estimated cost includes, among other expenditures, infrastructure development expenditures covering land filling, roads, landscaping along roads, storm water drains, sewerage network, water supply system, fire-fighting and public amenities.

For more details, see "Objects of the Issue – Construction and development of basic infrastructure and the allied facilities in the proposed SEZ at Mundra" on page 33 of this Red Herring Prospectus.

Terminal for Coal and Other Cargo

We signed the Port Services Agreement on April 22, 2007 with Coastal Gujarat Power Limited for the development of a 4,000 MW Ultra Mega Power project at Mundra using thermal coal feedstock for providing port and cargo handling services. This agreement envisages construction of a coal terminal and a mechanised handling system having minimum handling capacity of 12 million tonnes per annum and providing marine services and handling of coal for the UMPP. Under the agreement, we would receive marine charges comprising of port dues, pilotage, berth hire and wharfage. We would also receive a fixed annual payment and royalty payment for the coal which is handled at the port. For more details, see "Business – Long Term Contracts – Port Services Agreement" on Page 90 of the RHP.

Additionally, Adani Power Limited is also setting up a 2,640 MW imported coal based power project in the vicinity of Mundra and also would avail our port and cargo handling services to meet their coal import requirements of approximately 10 million tonnes per annum. We have accordingly entered into an arrangement with them to assist with the same. For more details, see "Business – Long Term Contracts – Port Services Agreement" on Page 90 of the RHP.

To meet the demands of the UMPP and the Adani Power Limited's power project at Mundra and our obligations under the Port Services Agreement, we plan to develop a terminal for coal and other cargo in the vicinity of the power project for coal and other cargo with an estimated capacity of 30 million tonnes per year. Based on our current project plans, the terminal for coal and other cargo would comprise of a jetty with an approach road from the shore ending into berths capable of berthing two vessels simultaneously. The project plan is for the berths to be constructed approximately 5.8 kilometres from the shore with 2.8 kilometres of rubble bund and a piled approach of approximately 3 kilometres. The planned depth is approximately 22 metres in the front of the berths, designed for vessels with a capacity of 220,000 DWT. The berths will be mechanised with an estimated designed cargo handling capacity of 40,000 tonnes per day at each berth simultaneously aggregating to 80,000 tonnes per day. The mechanised handling system would include a crane-conveyor system connecting the berth to the storage yard. Coal cargo will be transported through a conveyor belt to a coal stockyard where it will be stacked and reclaimed.

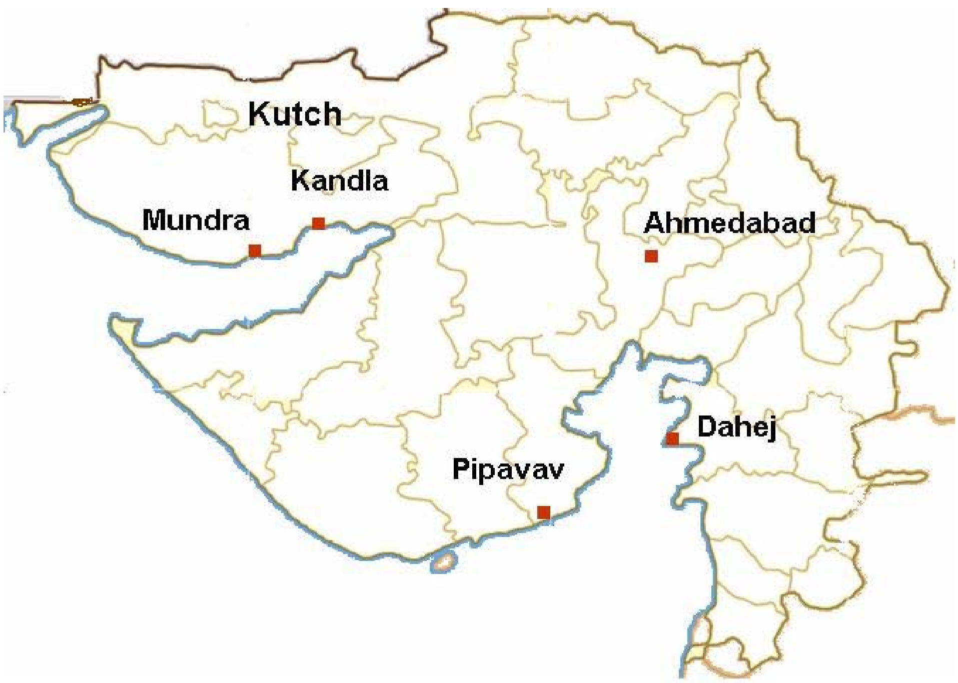
The estimated project cost of the terminal for coal and other cargo is approximately Rs. 20,000.0 million and, based on current plans and assumptions, the construction period is expected to be approximately three years.

For more details, see "Objects of the Issue – Construction and development of a terminal for coal and other cargo in the vicinity of power projects at Mundra Port" on page 35 of this Red Herring Prospectus.

Solid Cargo Port Terminal at Dahej

We intend to acquire a 74% equity stake in Adani Petronet (Dahej) Port Private Limited ("APPPL"), a joint venture company with PLL to develop a solid cargo port terminal at Dahej which is located on the eastern coast of the Gulf of Khambat in south of Gujarat. The same is subject to approval from regulators as may be necessary. The Dahej port site is located in the Bharuch district and it is strategically situated along the Vadodara-Mumbai corridor which services cargo centres in south Gujarat, upper Maharashtra and parts of central India. We believe the location of Dahej and the inland regions it would serve complements those inland regions already covered by Mundra Port, further expanding our reach and strengthening our overall position as a bulk cargo port operator on the western coast of India. Dahej is connected to the Delhi-Mumbai national highway through a state highway and it is also linked by a narrow gauge railway via Bharuch. Both the state highway and rail link are being upgraded under the development programmes taken up by the state road department and Rail Vikas Nigam Limited, respectively.

The following map of the State of Gujarat shows the location of Dahej in relation to Mundra and Ahmedabad[1]:



(1) The map above is not to scale and is presented only for indicative purposes.

The primary inland regions that would be serviced by a solid cargo port terminal at Dahej are the centres in south Gujarat, upper Maharashtra and parts of Madhya Pradesh in central India. The secondary target inland regions are the landlocked area in northern India. The cargo profile would comprise of coal, cement/clinker, fertiliser and fertiliser-related materials and others such as foodgrains, steel products, iron-ore, copper, bauxite, minerals and oil cakes. Being located in the Delhi-Mumbai route, the solid cargo port terminal at Dahej would also attract cargo presently being catered to by Mumbai Port Trust which has encountered port side congestion and evacuation problems. The port would also benefit from the proposed development of a SEZ by the Gujarat Industrial Development Board and the proposed power project in the vicinity of the port.

The GMB granted a concession to PLL for developing a liquid natural gas import and re-gasification terminal and to develop a solid cargo port terminal through a joint venture on a "build, own, operate and transfer" ("BOOT") basis under a 30-year concession period at Dahej which expires in December 2035. PLL had selected the Adani Group as the joint venture partner for the solid cargo port terminal. PLL and the Adani Group entered into a joint venture agreement dated September 1, 2006. Accordingly, APPPL, a special purpose joint venture company, has been promoted to finance, develop, operate and maintain a solid cargo port terminal at Dahej. On January 3, 2007, the GMB, PLL and APPPL executed a sub-concession agreement for the development of the solid cargo port terminal. See "Risk Factors – Our investments in developing additional services, facilities and sources of income for our port business may not be successful" on page xx of this Red Herring Prospectus.

The solid cargo port terminal project would comprise of a development of a T-shaped jetty having two berths to be developed in a phased manner. Phase I envisages development of a cargo handling berth of 260 metres ("Berth-1"), 2,410 metres of approach bund and bridge, development area, four kilometres of railway line and other administrative buildings and installation of equipment such as mobile harbour cranes. Phase I of the solid cargo port terminal project has been designed to handle coal, steel and foodgrains and will be implemented within a period of approximately three years. Phase I-A envisages extension of Phase I berth by 180 metres ("Berth-2"), mechanisation of Phase I berth to have cargo handling capacity of 40,000 tonnes per day by using equipment such as grab unloaders, stacker reclaimers and wagon loaders development of open storage area and administrative building. On completion of construction of both phases the planned combined capacity of these facilities will be approximately 15 million tonnes of cargo annually.

The appraised estimated project cost is Rs. 11,471.7 million which is expected to be funded through a mixture of debt and equity in the ratio of 70:30. We plan to invest Rs. 2,547.0 million for our 74% stake in the company and Rs. 890.0 million will be contributed by PLL.

For more details, see "Objects of the Issue – Contribution towards investment in Adani Petronet (Dahej) Port Private Limited" on page 37 of this Red Herring Prospectus.

Container Rail Operations

In our pursuit of having a presence in the entire logistics chain of the cargo movements and furthering the multi-modal movement of cargo, we intend to have strategic investments in the business of running container trains which has been opened for private sector participation by the Indian Railways.

We hold a 50% equity stake in Adani Logistics, a company which has the license to run container trains. This will enable us to invest in the business of operating container rail operations across India for both international and domestic trade.

CONCOR, an Indian Railways undertaking, was the only container train operator in India that provided rail based transit of containerised cargo from and to the various ports to inland container depots and also provided rail transit for the domestic cargo. Presently, only approximately 22% of containerised cargo moves by rail. With a view to increase the rail movement share of the container cargo and address the infrastructure inadequacies, Indian Railways permitted competition in the container train operations business by announcing policy guidelines permitting private agencies to run container trains for movement of international and domestic cargo. The policy guidelines envisaged granting of licenses for running container train operations for Category-I routes (JNPT/Mumbai ports to the National Capital Region ("NCR") and consequently all over India) and Category-II routes (connecting ports to specific destinations excluding JNPT/Mumbai to NCR). The license fees for the Category-I route and the Category-II route are Rs. 500.0 million and Rs. 100.0 million, respectively. Adani Logistics has obtained the license for carrying out container train operations on Category-I routes. Adani Logistics will be signing the concession agreement with Indian railways for the same. The concession agreement envisages that container trains of operators shall be hauled with locomotives provided by Indian Railways in a non-discriminating manner on "first come first serve basis".

The business model envisages generating revenue from customers by transporting their containers through the container trains and will involve payments to Indian Railways for use of its locomotives and Indian Railway network for hauling of the container trains. The commercial terms between the operator and Indian Railways would follow the existing arrangement between CONCOR and Indian Railways.

Adani Logistics proposes to initially procure 20 rakes for its operations. The estimated project cost comprising of procurement of rakes and license fees is Rs. 3,219.6 million which is expected to be funded through a mixture of debt and equity in the ratio of 2.3:1. The total equity commitment in the project is Rs. 980.0 million. Adani Logistics has already placed orders for the procurement of wheel/axle sets required for fabrication of wagons. The rakes would be available in phased manner beginning in the second quarter of fiscal 2008. ALL has presently deployed one rake and has commenced container train operations since the end of September 2007.

Our investment in a 50% stake in Adani Logistics is estimated to be Rs. 490.0 million and this would enable us to operate scheduled train services out of Mundra Port and provide assured timely delivery services to the container shipping lines and container port users.

For more details, see “Objects of the Issue – Contribution towards investment in Adani Logistics Limited” on page 38 of this Red Herring Prospectus.

Inland Container Depots

We plan to invest in the business of developing, operating and maintaining rail-linked inland container depots spread across India catering to international trade as well as domestic trade cargo movement.

We hold a 50% equity stake in ICPL, a company to be involved in the business of developing, operating and maintaining a network of rail-linked inland container depots. ICPL will be developing a network of rail-linked inland container depots spread across India to handle international trade as well as domestic trade.

Inland container depots are one of the key customs authority approved infrastructure facilities of the container cargo logistics chain connected by predominantly rail network to ports and destination centres and which act as the cargo consolidation centres away from the port and thereby facilitates the door to door transportation and the multi-modal movement of the containerised cargo. The cargo movement in containers has inherent benefits such as amenability to standardisation, no pilferage, quality maintenance, increase in productivity, seamless multi-modal movement and amenability to door-to-door transport.

The advantages of the containerisation of cargo has resulted in the steady growth of container cargo at ports internationally and in India. According to the Government of India’s Committee on Infrastructure, container cargo at Major Ports in India has been growing at a rate of approximately 14% per year over the past five years. We believe that there is significant potential for domestic cargo to move in containers within India. Historically, the inland container depots business in Indian has been dominated by CONCOR as it has the majority of running container trains and there are limited public sector entities that manage road-connected inland container depots as an alternative to rail. Few private sector players are in the inland container depots business and those that do predominantly have a rail linkage tie up with CONCOR. With the opening up of container rail operations to the private sector by Indian Railways, there has been a structural shift in the inland container depots business because companies do not have to depend on CONCOR for such rail operations. All these factors offer a significant opportunity for the inland container depots business in India.

We believe our investment in this inland container depots venture would help us to attract more container cargo customers to use Mundra Port if the port had direct connections with inland container depots and scheduled train services, enabling us to provide guaranteed time delivery services to the container shipping lines and container port users.

ICPL’s project will involve development of approximately 14 inland container depots to handle international and domestic originated trade. The initial phase of development would create a network of inland container depots including seven in the northern hinterland of the upper west coast ports of India, Patli, Palwal and Noli in the National Capital Region, Chawapail and Kila Raipur in Punjab and Kishangarh in Rajasthan. The next development phase would involve development of additional inland container depots in important cargo centres such as Ahmedabad, Mumbai, Kolkata, Chennai, Bangalore, Coimbatore and Nagpur in India. Each inland container depot would be an enclosed area comprising of rail siding, container stacking area, warehouses, container handling equipment such as reach stackers and fork lifts, administrative buildings and a gatehouse. All the inland container depots are planned to be located in close proximity to the existing broad gauge rail network.

ICPL's business model envisages developing and operating an inland container depot as logistics hub for international and domestic cargo providing handling, transportation and logistics facilities under one roof unlike the existing typical inland container depots. Each inland container depot will have three sections comprising of non-bonded rail side area, bonded area housing warehouses and open stuffing and de-stuffing areas, and a non-bonded area having warehouses for providing value-added services and third-party logistics solutions. The operations would be aided by the information technology system providing seamless interface amongst operations, customs, ports and customer, such as shipping lines and custom house agents ("CHAs"), for efficient management. Value-added services and third-party logistics solutions will be provided to the customers. The inland container depots in National Capital Region, Punjab and Rajasthan would also run double stack trains connecting to ports of Mundra and Pipavav. The inland container depots would function as common user terminals with strategic tie ups with interested shipping lines and would benefit from its association with Mundra Port and the Adani Logistics' Container rail operation business.

The total investment in developing 14 inland container depots will be Rs. 9,380.2 million which is expected to be funded through a mixture of debt and equity in the ratio of 2:1, requiring total equity investment of Rs. 3,126.6 million. We plan to invest Rs. 1,563.3 million in a 50% ownership stake in ICPL.

For more details, see "Objects of the Issue – Contribution towards investment in Inland Conware Private Limited" on page 39 of this Red Herring Prospectus.

Customers

Our customers comprise primarily of bulk cargo, container cargo and crude oil cargo customers. Because the trade characteristics and port services vary depending on the type of cargo, our customer contracts and relationships are driven by the cargo. For example, contracts with bulk cargo users are generally short term while container cargo, crude oil cargo and railway service tend to be based on long-term contractual arrangements with our customers. The mix of the short-term and long-term contracts across a diverse set of customers and types of cargos helps us to maintain consistent cargo volumes and utilise our assets efficiently.

We have a diverse range of customers comprising terminal operators, shipping lines and agents, exporters and importers and other port users. Duringthe three months ended June 30, 2007, our four largest customers were IOCL, Adani Enterprises Limited, Food Corporation of India and Indian Railways, which together accounted for 37.8% of our income from operations .

The table below sets forth the number of our customers by income from operations for fiscal 2004, 2005, 2006, 2007 and the three months ended June 30, 2007:

(Number of customers)

	Fiscal Year				
	2004	**2005**	**2006**	**2007**	**Three months ended June 30, 2007**
Income from operations					
Less than Rs. 50.0 million *	195	211	285	257	147
Between Rs. 50.0 million to Rs. 250.0 million *	5	9	11	15	19
Greater than Rs. 250.0 million *	1	1	3	4	5
Total number of customers	**202**	**222**	**300**	**276**	**171**

** Reduced proportionately for the three months ended June 30, 2007*

Of our contracts with our four largest customers as of, June 30, 2007 two are long-term contractual arrangements which run until the expiry of the Concession Agreement. Many of our bulk cargo customers have their industrial units situated near our port and have been regular customers of Mundra Port, importing and/or exporting products for their industrial units. The establishment of such industrial units have been encouraged over the past few years by government incentives following the major earthquake in 2001 centred in the Kutch region. Nearby industrial units include iron and steel companies, including pipe coating and sponge iron, coal and coke companies, bentonite and bauxite mining and processing companies, and edible oil refining companies. Our other key bulk cargo customers are merchant exporters/importers. The majority of the contracts with the bulk cargo customers are non-exclusive, short term and renewable upon negotiation. The contracts provide for agreed productivity parameters, permissible transit losses, non-performance damages and performance-linked incentives.

Our bulk cargo customers include some of the Adani Group companies, namely Adani Enterprises Limited and Adani Wilmar Limited, which has accounted for 30.0% of our bulk cargo volumes over the past three years. Adani Enterprises Limited is a trading house dealing with various commodities and it uses our port services as well as other Indian ports in conducting its business. Out of the total bulk cargo handled at Mundra Port, Adani Enterprises Limited contributed approximately 27.0%, 34.0%, 29.0%, 26.0% and 29.8% of bulk cargo volumes in fiscal 2004, 2005, 2006, 2007 and the three months ended June 30, 2007, respectively. Adani Wilmar Limited is engaged in the edible oil refining business and has its oil refinery of 2,200 tonnes per day located near Mundra Port. Adani Wilmar Limited, contributed approximately 9.0%, 6.0%, 5.0%, 2.1% and 9.1% of cargo volumes in fiscal 2004, 2005, 2006, 2007 and the three months ended June 30, 2007, respectively.

Indian Farmers Fertiliser Cooperative Limited, with its primary cargo of fertilisers and fertiliser raw materials, and Food Corporation of India, with its primary cargo of foodgrains, also accounted for a significant portion of our bulk cargo volumes over the same periods. See "Risk Factors – We have in the past entered into related party transactions and will continue to do so in the future." on page xvi and "Risk Factors – We rely on a small number of customers for a large proportion of our income." on page xxi of this Red Herring Prospectus.

Long-term Contractual Arrangements

We have entered into strategic long-term contractual arrangements in order to grow operations and diversify our revenue by leveraging our experience and resources, including the available land in our possession and the SEZ status at Mundra Port. Some of these long-term agreements run through to the end of our concession period of February 17, 2031 and if the Concession Agreement is renewed or extended, many of our agreements include provisions allowing the agreement to be renewed or extended for the same period as the Concession Agreement. These long-term agreements provide us with guaranteed cargo volumes and income for our operations at Mundra Port, including cargo handling and storage fees, associated marine services, royalties, infrastructure usage charges, and railway usage income, all of which contribute to growing our income and providing consistent cash flows. For example, we have entered into long-term arrangements with MICT, as the Container Sub-concessionaire for its container operations at Mundra Port and IOCL for its crude oil cargo operations at our port. We also receive regular cargo throughput from customers with industrial units near Mundra Port such as edible oil cargo from Adani Wilmar Limited, mineral cargo from Ashapura which is involved in the export of mineral resources, steel plates and pipes products from Jindal's saw pipes unit which is located near Mundra Port, and clinker and cement cargo from Sanghi Cements which exports clinker and cement produced at its plant located in the Kutch region.

We have also entered into agreements with Central Warehousing Corporation, Mundra CFS Private Limited, Forbes Gokak, Saurashtra Containers Limited, Meridian Shipping Agency, Seabird Marine and Parekh Marine Agency for the sub-lease of land for the development and operation of container freight stations and warehouses. As of June 30, 2007, we have allocated approximately 216 acres of land for warehouses and container freight stations to be operated by third parties.

We enter into long-term lease arrangements with our partners as part of long-term contractual arrangements and with other port users for purposes such as terminal operations, warehousing/storage and container freight stations. We generally receive an initial payment in consideration for us making our port infrastructure available to the counterparty and we will also receive lease rents payable annually. The lease rents usually increase every three to five years as per the terms of the agreement. We believe that such lease and land-related activities will continue to grow, becoming a more significant part of our business, particularly with the recent notification of SEZ status for the area at Mundra Port and the accompanying government incentives and benefits for operators in the SEZ.

Some of the key long-term contractual arrangements relating to our business are described below.

MICT Sub-concession Agreement

We entered into the MICT Sub-concession Agreement with the Container Sub-concessionaire, which grants it the right to carry out container cargo operations at Mundra Port until February 17, 2031, including terminal operations at the container berth and the provision of other services in the container freight stations. We developed the berth of Container Terminal I at Mundra Port and pursuant to the MICT Sub-concession Agreement transferred the container terminal berth to the Container Sub-Concessionaire and granted the Container Sub-Concessionaire the right to use our port infrastructure for a fee. The primary equipment on the Container Terminal I was deployed by the Container Sub-concessionaire. We also provide marine services for the container vessels berthing at this terminal and are responsible for maintaining the dredged depth and existing port infrastructure facilities necessary for the container operations. MICT currently pays us royalties of 10.0% of the gross income earned from its operations at the container terminal and container freight station at Mundra Port. In addition, MICT collects waterfront royalties with respect to the cargo handled at Container Terminal I payable to us which we are required to then pay to the GMB pursuant to the Concession Agreement.

As per the MICT Sub-concession Agreement, upon the occurrence of the earlier of (i) container traffic handled at Container Terminal I reaching 700,000 TEUs per year, or (ii) eight years from commencement of operations under the MICT Sub-concession Agreement which will be February 17, 2009, MICT shall be entitled, but not required, to provide us written notice of 30 months requesting the hand over of the Second Stage Assets, which are the assets related to Container Terminal II. The Second Stage Assets include the 618 metres quay wall in Navinal Creek and 19.633 hectares of back-up area for container storage. We must provide MICT with 30% of the back-up area within 18 months from the issue of MICT's written notice, and once the 30-month notice period has elapsed, we must provide MICT with the balance of the Second Stage Assets, subject to mutually agreed terms between MICT and us. MICT handled about 521,000 TEUs in fiscal 2007 at Container Terminal I.

The MICT Sub-concession Agreement provides for construction, or procuring construction, of the Second Stage Assets by us for the purpose of handling cargo, ect. The technical specifications of the Second Stage Assets are to be consistent with specifications applied for construction of the first stage assets. We commenced construction of Container Terminal II in 2006. Once construction is complete and if the relevant terms of the MICT Sub-concession Agreement are satisfied, and subject to mutually agreed terms between the parties, including the provision of written notice by MICT, we would be required to hand over the Second Stage Assets and MICT would have the right to operate a Container Terminal on the Second Stage Assets, which shall be co-terminus with the MICT Sub-concession Agreement.

From the date of the hand over of the Second Stage Assets, the royalty payable by MICT shall increase to 20% of its gross income earned from its operations at all of the container terminals and the container freight station at Mundra Port. Until the time we are required to hand over the Second Stage Assets, MICT must use all commercially reasonable endeavours to achieve at least 40% of the traffic projections. In the event MICT fails to achieve these traffic projections, MICT shall pay a guaranteed royalty on 40% of the projected cargo traffic, not including income generated from the container freight station, until the hand over of the Second Stage Assets is completed.

If MICT does not exercise its right to the Second Stage Assets, the minimum volume of cargo traffic for the calculation of guaranteed royalty for the remaining term of the MICT Sub-concession Agreement shall be 40% of the volume of cargo traffic during the tenth year of operation.

Pursuant to the MICT Sub-concession Agreement we shall not develop, or permit the development of any other container handling facility at Mundra Port, except in accordance with the agreement's provisions. However, we are entitled to permit operation of another container terminal at Mundra Port when the throughput reaches 2.5 million TEUs in a calendar year, or 12 years from the date of commencement of operations under the MICT Sub-concession Agreement, whichever is earlier. In the event we intend to permit operations of a new container handling facility, MICT has a right of first refusal to match the finalised terms offered for the operations such facility. However, MICT does not have a right of first refusal if it does not exercise its right for the Second Stage Assets.

The Company has entered into a Dredging Agreement with MICT on April 25, 2005 wherein the Company is required to carry out widening of the entrance channel and turning circle of the Container Terminal I. MICT is required to pay a sum of Rs.440 million to the Company and has advanced a sum of Rs. 352 million as advance to the Company. The advance is required to be set off and adjusted against the amounts due from MICT to the Company, when MICT gives the Company notice, in the manner prescribed under the SCA. The DA prescribes that in the event MICT does not give notice within the period stipulated under the SCA, the Company would refund the advance to MICT within two years.

IOCL Port Services Agreement

We entered into a long-term agreement with IOCL on October 9, 2002 for the development and operations of crude oil facilities at Mundra Port under which we provide the handling and transportation of crude oil from our port to IOCL's oil refinery at Panipat. The term of the IOCL Port Services Agreement will terminate upon the termination of the Concession Agreement in February 2031. Pursuant to the arrangement with IOCL we constructed and operate a single point mooring at Mundra Port and transport the oil to storage tanks on the back-up area at our port and provide rights to IOCL to run a pipeline along the Mundra-Adipur rail corridor. We are required to provide immediate berthing at the single point mooring to vessels carrying crude oil for IOCL and provide exclusivity to IOCL until it achieves agreed volumes.

IOCL pays us rental fees for the leased land used for its crude oil storage tanks, which it constructed and operates, as set out in a lease agreement. We receive an annual fixed charge from IOCL of Rs. 350.0 million per year for up to 8.25 million tonnes of crude oil volume which increases to a maximum Rs. 484.1 million for crude oil cargo volume of greater than 11.0 million tonnes per year. This charge will increase each fiscal year according to the Wholesale Price Index ("WPI") in India. IOCL also pays us a throughput payment of Rs. 48.4 per tonne and wharfage charges of Rs. 12.0 per tonne of crude oil cargo handled at our port in addition to other marine service charges such as port dues and pilotage and berth hire charges. The arrangement with IOCL also provides for agreed productivity parameters and damages for non-performance.

GGSRL Sub-concession Agreement

We entered into a sub-concession agreement with GGSRL (the "GGSRL Sub-concession Agreement"), a subsidiary company of HPCL on May 31, 2002, granting it the right to develop, operate and maintain single point mooring and related handling, storage and transportation facilities at Mundra Port required for the refinery at GGSRL is building at Bhatinda. GGSRL has agreed to construct a single point mooring at our port, which is scheduled to be completed in 2011 at the same time as GGSRL's oil refinery. Pursuant to the GGSRL Sub-concession Agreement, we have sub-leased land to GGSRL for the construction and operation of crude oil storage tanks. We will receive a royalty payment, inclusive of wharfage chares, of either Rs. 67.0 per tonne for the crude oil cargo handled at the port or Rs. 63.0 per tonne if GGSRL provides a guaranteed volume. As set out in the GGSRL Sub-concession Agreement, this royalty charge will increase in the future according to a formula linked to the WPI and CPI in India subject to maximum increase of no more than 17% for every three years.

Railway operation agreements

We entered into a long-term agreement with Indian Railways in November 2001 through its sub-division Western Railways for the operation and maintenance of the Mundra-Adipur rail link, which was constructed by us and completed in November 2000. Pursuant to the agreement with Indian Railways, we constructed and manage the rail link and Indian Railways runs the freight and passenger trains along the rail link, which is connected to its national train network. We receive a portion of the rail income, adjusted for operating expenses, for cargo leaving or entering our port based on the pro rata portion of the travel distance of the Mundra-Adipur rail link compared to the entire train journey. We are required to pay 2% of our pro rata portion of rail income to Indian Railways.

Port Services Agreement

We have entered into a long-term Port Services Agreement ("PSA") on April 22, 2007 with Coastal Gujarat Power Limited ("CGPL"), which has pursuant to a bidding process permitted Tata Power Company to build, own, operate and maintain the Ultra Mega Power Project ("UMPP") being set up at Mundra. Under the terms of the PSA we will develop and operate a terminal for handling coal cargo at Mundra Port where we will provide cargo handling facilities for the coal to be imported by CGPL for its UMPP. The PSA is valid upto the 25th anniversary of the commencement of commercial operations of the power station, but no later than March 31, 2040. Additionally, the PSA can be extended in blocks of five years, at the option of CGPL for a maximum continuous period of 15 years. However, the PSA would terminate immediately without any liability to either parties if the power purchase agreement that CGPL has entered into with the procurers, terminates. Pursuant to the arrangement with CGPL, we shall construct a terminal of minimum capacity of 12 MTPA for handling coal cargo along a with coal stockyard at the port. We are required to provide berthing at the terminal to vessels carrying coal cargo for CGPL as per the agreed binding schedule.

CGPL shall pay us for our ship related services and cargo handling services at the terminal as per the charges specified in the agreement. The PSA provides that we shall receive an annual fixed payment from CGPL of Rs. 1,380.0 million based on cargo handling of upto 12.0 million tonnes per year. CGPL is also required to pay us a variable payment of Rs. 68 per tonne. These charges are for the base year 2009-2010 and thereafter both these charges will increase each fiscal year according to the 70% of the Central Electricity Regulatory Commission ("CERC") escalation index as per CERC notification dated October 26, 2006. CGPL is also required to pay wharfage charges of Rs. 43.2 per tonne (base year 2009-2010) of coal cargo handled at the terminal, which shall be escalated by 20% every 3 years, in addition to other marine service charges such as port dues and pilotage and berth hire charges. In the event we provide transportation for the coal cargo to the power plant, we shall receive additional transportation charges of Rs. 70 per metric tonne of cargo handled which shall be escalated by 50% of WPI in India. The arrangement with CGPL also provides for agreed productivity parameters and damages for non-performance.

Additionally, we are required to issue an irrevocable unconditional bank guarantee of Rs. 350.0 million in relation to our performance. CGPL is also required to provide a similar guarantee of Rs. 200.0 million. Both guarantees, under the PSA, will be valid for a period of 18 months from the date of commission of the facilities.

Port Services and Cargo Handling Agreement

We entered into a Port Services and Cargo Handling Agreement ("PSCHA") with Adani Power Private Limited ("APPL") on December 8, 2006, for providing cargo handling and port services to APPL in relation to the unloading of imported coal and transporting the same. The agreement is valid for a period of 15 years after the commencement of commercial operations, subject to mutually agreed extensions.

If APPL intimates us about the arrival of vessels in advance, then we will give priority to vessels carrying coal for APPL for berthing at the delivery port. For the port services provided by us to APPL, for the pilotage and berth hire services we will receive USD 0.57 per gross registered tonnage ("GRT") for port dues, USD 0.15 per GRT per day for berth hire charges and a waterfront royalty of Rs. 30 per tonne of cargo. For cargo services rendered by us to APPL, we will receive charges for wharfage, stevedoring, customs documentation, staking and rake loading. We would also receive Rs. 300 per tonne (subject to inflationary change) of coal.

Under the terms of PSCHA, either party, after giving a notice of 30 days, may terminate the PSCHA, (i) if the suspension of services by us continues for a period of 180 business day or; (ii) the damages payable by us to APPL remain due for a period of 180 days; or (iii) the force majeure event continues for 12 months continuously.

Non-binding term sheet for a joint venture

On April 6, 2007, we entered into a non-binding term sheet with another entity in relation to the establishment of a joint venture, for the ownership and operation of an existing liquid cargo facility on 60 acres of land at Mundra Port. We plan to enter into a long-term contractual arrangement with such entity, whereby the liquid cargo facility would be transferred to the joint venture company and we will receive compensation for the facility along with future periodic payments from the joint venture company for infrastructure usage and other port services.

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;
- global port operators with a presence in India, such as the Port of Singapore Authority, Stevedoring Services of America and AP Moller;
- port service providers and intermediaries that operate at existing ports such as handling, stevedoring, clearing and forwarding agents; and
- we also face competition from MICT in relation to our operation of Container Terminal II.

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.

One of our key competitive advantages has been our cost advantage relative to other ports in the region because of the location of our port, with good proximity and connectivity to inland cargo centres, particularly in north and north western India, and its natural characteristics such as deep drafts capable of handling large vessels. We are a private enterprise compared to the government-operated major ports. We believe this is another advantage as well as our ability to attract and retain highly experienced and skilled employees. We expect that competition may increase through the development of new ports that may compete with us and port operator companies from other countries that are more efficient and have lower cost structures through savings such as better or cheaper access to skilled manpower. See "Risk Factors – We operate in a highly competitive environment and if we are not able to compete effectively, our income and profitability will be adversely affected" on page xxv of this Red Herring Prospectus.

Sales and Marketing

We prepare a comprehensive annual sales and marketing plan to implement our growth strategy. The primary purpose of our sales and marketing campaign is to promote our port services business, including bulk cargo, container and crude oil, together with our port value-added services, and to develop a better understanding of the needs and requirements of our customers and explore long-term contractual arrangements and strategic relationships.

Our sales and marketing teams are organised to handle existing customer relationships, new customer sales, corporate marketing and strategic partnerships. These teams are based at the port and at important business centres such as Mumbai and Delhi where port user's decision makers are based. These teams are supported by service or cargo experts who create or customise service offerings to address specific customer needs, as well as a team of sales support professionals. Our sales teams work together with the relevant service or cargo experts and our sales support team to pursue prospective customers. As of June 30, 2007, we had 13 in-market sales and account management professionals. As a result of the merger of MSEZ into our company, we now have a dedicated business development team which is focused on attracting industrial units to Mundra SEZ.

For the last three fiscal years and the three months ended June 30, 2007, the fees and charges for cargo handling, storage, marine and related services accounted for nearly all of our income from operations. These fees and charges are set by us based on the market conditions and the service package each customer chooses. Fees and charges vary according to the type of cargo being handled as well as service being provided, such as loading and unloading, storage, and other marine services such as the piloting and berthing of ships at our port. Our fees and charges take into account the total logistics cost, including the ocean freight advantage and the inland transportation freight advantage of using Mundra Port as well as the charges at the port, and are adjusted in accordance with market conditions. We do not have a fixed schedule for the adjustment of fees and charges. We generally collect our fees from customers at the time that we perform our services or, in many cases such as marine services, in advance. For customers with good credit and long-term customers, we generally collect our fees within ten days from the completion of each transaction. For some of our larger customers we provide them with credit terms of 30 days and, in some cases, credit terms of 60 days to 90 days.

We attend trade fairs in India and internationally which provide us with up-to-date market information. We also compile and distribute business reports and newsletters, host industry seminars and business promotion conferences in order to foster closer relations and strengthen business ties with existing and potential customers. Our goal is to maintain and generate increasing volumes of business from our existing customer base while also developing new customers.

Service Delivery

Service delivery is a critical part of our offering. We have a customer-focused service delivery approach which is built around the following key elements: efficiency, technology and process excellence. In order to achieve and maintain our service delivery goals, we have a port operation centre at Mundra Port to monitor our performance and overall service delivery.

In 2006, we were awarded the title of "Best Port Authority" in the Middle East and Indian Subcontinent by Lloyd's List for our leadership, quality of service and commitment to customers in the area of port operations. We are one of the leading non-captive private sector ports in India based on volume of cargo during fiscal 2007 and rank amongst the top 12 ports in India in fiscal 2007 with 19.8 million tonnes cargo handled in fiscal 2007.

We believe that our efficiency rate for the unloading, handling and transportation of cargo at Mundra Port is comparable to our competitor ports in India, particularly on the western coast of India. We are capable of unloading bulk cargo vessels in approximately 4.3 days with average discharge rates of approximately 20,000 tonnes of bulk cargo per day. The average berthing time for container cargo vessels at our port was approximately 14.5 hours, with the size of the container cargo vessels ranging from 2,000 to 4,000 TEUs.

Most of our contracts have agreed terms for discharge rates and permissible limits for handling and transit losses. We have various processes and methodologies to monitor our performance against such terms and guaranteed levels of performance in our customer agreements, identify any problems and take necessary corrective and preventive actions for achieving ongoing adherence to guaranteed service levels. We have a dedicated resource planning and workforce management team that, on a daily basis, analyses the cargo volume to be performed by us and provides feedback to operations managers for corrective actions where required such as effectively scheduling vessels and achieving specific handling rates and other parameters to effectively meet the commitments in our customer agreements.

Technology and Equipment

We believe that one of the key factors to the success of our port operation is efficiency in the overall operations at Mundra Port, which can be achieved by good planning of inflow and outflow of bulk cargo, containers, crude oil and other cargo. Planning involves coordination throughout the operating procedure from the berthing to the departure of vessels. Efficiency is enhanced by a well-designed terminal layout plan, an advanced information technology (“IT”) system, modern equipment and machinery and well-trained staff.

IT and Computer Systems

We update our technology and migrate to more advanced platforms as well as invest in the development of new technology with the aim of improving our operational capabilities. We believe that our IT systems are comparable to those used in other modern port terminals in India.

Our technology operations practice is aligned with ISO 9001:2000 standards. The alignment with this framework has allowed us to scale rapidly without sacrificing quality and enables us to selectively outsource pieces of our technical support to third-party partners.

The majority of IT systems used in our port operations are provided by third-party suppliers. We have deployed an Integrated Port Management System (“IPMS”) for our bulk cargo operations. This system plays an important role in the management of our bulk cargo terminals. We intend to further improve our IPMS in the future by adding functionality that will allow customers, including cargo owners and shipping companies, to book space at our port through the internet, track cargo, review charges, and receive and exchange electronic data and transaction services.

The key software systems used for our marine operations include weather forecasting software for hourly data of wind speed, wind direction, wind atmosphere, wind pressure, humidity and tide calculation software for tidal prediction to aid the port in taking vessel-berthing decisions. We are in the process of implementing an additional computer system to enhance our operational capability and integrate our financial and billing system.

Other IT systems used at Mundra Port include a maintenance management and asset management system, an inventory and purchase planning system named Maximo, a human resource management system for job recruitment, organisation management, performance management system, and a payroll and executive information system. Our port has a dedicated optical fibre network providing it the state of the art internet and telecommunication connectivity.

Equipment

We use a wide variety of equipment in our bulk cargo operations, including cranes, forklifts, tow trucks, loading machines and door type cranes, and in providing marine services, including tugs and mooring and survey boats.

The primary equipment used in our bulk cargo operations includes conveyor systems, ship loaders and mobile harbour cranes. The mobile harbour cranes we used are sourced from established manufacturers such as Mannesman Demag and Liebher, and they include different attachments such as grabs and spreaders. We also have foodgrains cleaning systems and bagging units in the storage area for bulk dry cargo. We have seven tugs to use in providing marine services such as the piloting and berthing of vessels and we have mooring and survey boats which are used to berth and de-berth vessels. The tugs and boats are equipped with navigational and hydrography equipment. In addition, we have access to dredging equipment to use in port maintenance and conservancy.

The primary equipment at Container Terminal I, has been deployed by the Container Sub-Concessionaire and includes rail mounted quay cranes, rubber tyred gantry cranes, rail mounted gantry cranes. The cranes are located next to container berths and are used to load and unload containers from shipping vessels. Rubber tyred gantry cranes and reach stackers are used to move containers within the stacking yards. The rail mounted quay cranes have a maximum outreach of more than 45 metres.

At Container Terminal II, we have deployed the primary equipment including four super post panamax rail mounted quay cranes at the berth and twelve rubber tyred gantry cranes in the yard. We have also deployed reach stackers in the yard.

Equipment purchase contracts for mobile harbour cranes typically provide a two-year guarantee for the equipment and we also generally purchase a two-year guarantee for spare parts. We are generally required to order principal equipment about one year in advance of the proposed delivery time, and make an upfront payment of approximately 15.0% of the cost. Our current mobile harbour cranes have been in use for periods ranging from one to three years and they generally have useful lives of 25 years. Similarly, rail mounted quay cranes, rubber tyred gantry cranes and reach stackers have useful lives of 25 years.

Our port equipment also includes forklifts and inter-terminal vehicles. We own two locomotives for rake movements along the railways at Mundra Port.

We have internal regulations and procedures with respect to the maintenance of our equipment. We have workshop facilities at Mundra Port. Our technical department is responsible for the maintenance of our principal cargo handling equipment. The technical department carries out monthly inspections of our equipment to assess whether the equipment is in good working order. The daily operational staff are also responsible for undertaking ongoing inspections during the course of their day-to-day work and to report any maintenance issues. We also outsource equipment maintenance and repair services to independent third parties.

Employees

We had approximately 380, 462, 481, 665 and 740 full-time employees as of fiscal 2004, 2005, 2006, 2007 and the three months ended June 30, 2007, respectively, all of which were based in India. Our employees have a wide rage of experience and skills, including in areas such as port planning, marine operations, stevedoring, logistics services and port information systems. Of our full-time employees, approximately 90.0% were employed at Mundra Port and 10.0% were employed at our offices in Ahmedabad, Mumbai and Delhi combined.

In addition to our full-time employees, we also employ temporary contract workers provided to us by employment agencies as and when needed. The number of contract workers vary from time to time based on the nature and extent of work at Mundra Port contracted to independent contractors. We enter into contracts with independent contractors to complete specified assignments. All contract workers engaged at Mundra Port are assured minimum wages that are fixed by the Government of Gujarat. Any upward revision of wages required by the government to be paid to such contract workers, or offer of permanent employment or the unavailability of the required number of contract workers, may adversely affect our business and results of operations. See “Risk Factors – Our performance depends on our sub-contractors and contract workers and the inability to attract such persons or any shortage of labour could adversely affect our business”.

We provide an integrated accommodation facility to our employees located approximately 10 kilometres from Mundra Port. The accommodation facility is a “mini-township” complex with its own schools, shops and supermarket, medical facilities (including a charitable hospital) and recreational facilities (including a park and community centre) for our employees. In the event that we are unable to provide some employees with accommodation at Mundra Port, we make efforts to provide suitable accommodation in the vicinity.

In addition, we provide a number of other benefits to our employees and members of their immediate family, such as subsidised work clothing, canteen facilities, annual leave and travel allowance, provident fund, health insurance (including on-site medical clinics), available schooling options up to the high school level and subsidised electricity. We also offer retirement plans for managerial staff, and certain Government welfare schemes for non-managerial employees.

The total personnel expenditure, including paid compensation and benefits to our employees, for fiscal 2007 and for the three months ended June 30, 2007 was Rs. 147.9 million and Rs. 61.0 million, respectively.

Our employees and contract workers are also covered under specific insurance schemes. These insurance schemes provide coverage in the event of injuries or death sustained in the course of employment.

Our operations require highly skilled and experienced port management personnel. To meet our needs, we recruit professionals in and outside of India. We offer our employees comprehensive on-going training in order to raise their competence and capability with respect to port operations. We have recently agreed to collaborate with the Antwerp Port in Belgium for the provision of additional training of our port management, some of which involves on-site training at the Antwerp Port. We also have regular staff training sessions and performance enhancement programs at Mundra Port to develop and improve competencies in our general workforce, particularly with respect to functional skills for our port services such as pilotage, crane operation and fire-fighting. We have also implemented a performance appraisal system which allows the performance of our employees to be assessed through an objective and transparent process.

We believe that our employees relations at Mundra Port are good and we have not experienced any significant industrial unrest, major strikes, lockouts or other disruptive labour disputes or work stoppages during the past five years. Our employees are not unionised.

Intellectual Property

We use third-party software platforms and systems for our port operations and corporate offices. We generally enter into licensing agreements with respect to the use of such software systems and platforms. The contracts typically provide that all intellectual property created for the use of our customers will automatically be assigned to our customers; however, intellectual property created with respect to the process and methodology of delivery of services is retained by us. Our employees are also required to sign a confidentiality agreement as a condition of their employment.

We have not yet registered, but have filed trademark applications in India for registration of our name and logo as trademarks. For further details, see "Risk Factors – We have limited protection of our intellectual property." on page xxix of this Red Herring Prospectus.

Properties

Our registered and corporate office is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009. We have entered into a leave and license agreement on February 2, 2007 with Adani Enterprises Limited for a period of three years for the right to occupy and use Adani House as our corporate office.

The majority of our properties and assets, including leasehold land and rights within port limits and along the railroad corridor, are located at Mundra, including the port and the surrounding area.

We have leasehold rights over 3,404.4 acres at Mundra pursuant to a lease and possession agreement with the GMB dated September 28, 2000. The lease is for a period of 30 years and we are presently using the land for the Mundra Port. The initial lease rent payable was Rs. 2,380,182.3 per year, which shall increase by 20.0% every three years For further details, see "History and Corporate Structure – Lease and Possession Agreement with GMB" on page 105 of this Red Herring Prospectus. We have also acquired other lands in and around the Mundra Port from different parties such as the Government of Gujarat and other individuals. We may use some of these lands for our SEZ activities. In addition, we also have leased office space for our offices in Ahmedabad, Mumbai and Delhi.

Insurance

We are covered by insurance policies for loss caused by accident, fire, flood, riot, strike and malicious damage, for liability to our customers and third parties and for anticipated loss of profit. We believe that our properties are covered with adequate insurance and with commercially reasonable deductibles and limits on coverage, which are normal for the type and location of the assets and properties to which they relate.

Notwithstanding our insurance coverage, damage to our port, facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, telecommunications failure, intentional unlawful act, human error or natural disaster or terrorism, or any decline in our business as a result of any threat of war, outbreak of disease or epidemic could nevertheless have a material adverse effect on the our financial condition and results of operations to the extent such occurrences disrupt the normal operation of our business. See "Risk Factors – We may not have adequate insurance to cover all losses we may incur in our business operations or otherwise." on page xxvii and "Risk Factors – "Our business and facilities may be adversely affected by severe weather conditions or natural disasters in Gujarat or elsewhere." on page xxvi of this Red Herring Prospectus.

Safety, Risk Management and Controls

We are dedicated to the implementation of work safety measures and standards to ensure a safe working environment at the Mundra Port and that the work undertaken by us does not pose any danger to workers, employees and the general public. Each terminal at Mundra Port has its own work safety management department which ensures compliance with the safety measures and standards.

We have established a committee for work safety which sets safety measures and standards in accordance with the relevant safety laws and regulations in India. We oversee the implementation and compliance of these safety measures and standards. Our safety measures and standards include equipment operation procedures for loading and unloading of cargo and containers, dangerous cargo/container handling procedures, fire-fighting measures, warehousing procedures, vessel berthing and de-berthing procedures. We have fire-fighting equipment, including two mobile fire-fighting units and ambulances, and an experienced fire-fighting crew located at Mundra Port, which carry out periodic safety drills.

Our marine and cargo handling operations at Mundra Port, including the provision of in-transit storage and multi-modal transportation, were certified as being in compliance with the quality management systems standards as set out in ISO9001:2000. The occupational health and safety management system of our cargo operations has also been also been certified as in conformity with international standard requirements.

Our port has received certification under the International Code for the Security of Ships and Port Facilities ("ISPS") for our deployment of security measures at Mundra Port, including measures for preventing terrorist attacks. The ISPS certification gives us security clearance for the United States and other countries for cargo leaving our port. The day-to-day security operations at Mundra Port have been outsourced to private security agency which is responsible for cargo movement to, from and within our port.

We have a dedicated risk and compliance team who determines and design systems or internal control procedures to adhere to compliance with statutory regulations and our contracts. The internal control procedures cover the supervision of the management and operations, production process, procurement of major equipment and machinery, contracts formation and execution and financial management.

While some of our risk and compliance team members are embedded within the service delivery teams, other team members are positioned at the corporate level. We conduct periodic internal audits to test our compliance with these requirements. In addition, we conduct periodic internal and external audits on physical security at our port, on customer processes and over our information networks. These periodic audits, include, among others, checks on our physical inventory, security systems and billing systems.

We have adopted a series of internal control measures including the segregation of powers between our Board of Directors and our senior management, strengthening of reporting lines of senior management, and imposition and clarification of authorisation powers of senior management. Segregation of powers is designed to ensure that decision-making powers will not be vested with one person. Strengthening of reporting lines is designed to ensure that there is a defined accountability of the management and to facilitate proper flow of information within the management structure. Imposition and clarification of authorisation power will minimise abuse of power by the management. We also have an audit committee with powers of, inter alia, monitoring internal compliance matters. Through the imposition of the internal control measures, we strive to be a corporation which practices systematic and modern corporate governance.

REGULATIONS AND POLICIES

Port Related Regulations

The Mundra port is not a "major port" under the Indian Ports Act, 1908. The port-related regulations relevant to our Company and the Mundra Port are discussed below.

The Indian Ports Act, 1908

The Indian Ports Act, 1908 consolidates the enactments relating to ports and port charges. State Governments have been given power to make rules with respect to regulating the time, hours, speed, manner and conditions in which vessels may enter, leave or move in the port; berths, stations and anchorages to be occupied by vessels in a port; the anchoring, fastening, mooring and un-mooring of vessels in any such port; regulating the moving and warping of all vessels; removal or proper hanging or placing of anchors, spars and other things being in or attached to vessels etc. The Government of India can make rules for the prevention of danger arising to the public health by the spread of any infectious or contagious disease from vessels arriving at or sailing from any such port. The State Governments can alter the limits of a port.

The Indian Ports Act also lays down the rules for the safety of shipping and the conservation of ports. It also provides for port dues, fees and other charges. State Governments in consultation with the relevant authority can exempt and extend/cancel the exemption to any vessel(s) from payment of port-related dues. The State Government can also vary the rates at which port dues are to be fixed. However, the rates should not exceed the amount authorised to be levied under the Act. State Governments are entitled to charge fees for pilotage, hauling, mooring, re-mooring, hooking and other services rendered to vessels.

Any disobedience of the rule/order under the Act for which no express penalty has been provided is punishable with a fine extending to Rs. 100.

The Dock Workers (Regulation of Employment) Act, 1948

This Act regulates the employment of dock workers. It provides that a scheme may provide for the registration of dock workers and employers to ensure greater regularity of employment. Such a scheme may provide for the following:

- classes of dock workers and employers to be covered under the scheme;
- obligations of dock workers and employers; and
- regulation of the employment of dock workers (whether registered or not) including their remuneration and working hours.

The scheme may also provide for penalty and/or imprisonment in case of contravention of any provision of the scheme.

Port Policy of the Government of Gujarat

The port policy formulated in 1995 is an integrated approach of the Government of Gujarat ("GoG") covering port development, industrial development, power generation and infrastructure development. GMB is the co-ordinating agency for procuring infrastructure and other facilities such as rail, road and power and any other clearances from the GoG or Government of India.

Some of the objectives of the port policy are:

- decongestion of the existing major ports of western India;
- cater to the needs of increasing traffic of western and northern states;
- provide port facilities to promote export-oriented industries and port-based industries; and
- attract private sector investment in the existing minor and intermediate ports and in the new port locations.

The port policy envisages a master plan for each of the new port locations.

General guidelines for private investment as outlined in the port policy are as follows:

- construction of new wharves/jetties in selected sites and incomplete works of wharf/jetty/quay of GMB will be privatised; and
- private entrepreneurs will be permitted to install modern mechanical handling equipments on the wharf/jetty/quay.

The entrepreneurs making investment in these locations will be given ousting priority for a period of 5 years from the date on which it is awarded. The entrepreneurs in turn have to assure a minimum cargo handling from the said landing place.

GMB has identified 10 green field sites for development as deep water ports, one of which is Mundra. The port policy outlines that the Mundra Port will be developed by GMB along with a consortium of public sector undertakings and/or a consortium of private sector companies.

The Gujarat Infrastructure Development Act, 1999

The Act provides a framework for participation by persons other than the State Government and Government agencies in financing, construction, maintenance and operation of infrastructure projects. The Act provides that any person may participate in financing, construction, maintenance and operation of a project and may enter into a concession agreement with the State Government or its specified agency. No concession agreement shall provide for transfer of a project by a developer to the State Government or its specified agency later than 35 years from the date of agreement. A concession agreement for undertaking a project may be entered into with a person through competitive public bidding or by direct negotiation.

Build-Own-Operate-Transfer (BOOT) Principles under Port Policy, 1995 of the Government of Gujarat

The BOOT principles serve as a framework for involvement of private sector in the construction and operation of new private and joint sector ports in Gujarat as announced in the Port Policy, 1995. It provides that GoG will grant license/concession to private developers to build, own, operate and manage port facilities for a specific period. After expiry of the BOOT period, the assets will be transferred back to GoG. The ownership of the land and waterfront will always vest with the GoG.

As per the BOOT principles, the acquisition of land for the project will be the responsibility of the GoG/GMB and the land will be allotted on lease to the private developer for a term concurrent with the term of the concession agreement. Under the BOOT package, the private developer will be responsible for creation of the port infrastructure. The developer would be free to finalise the means of finance for the project and to structure the financing for the project.

The BOOT principles state that the relevant member(s) forming the bidding consortium of the project company must retain their financial commitment to the project for a minimum period of five years from the commercial operations. However, without the GoG consent, they may reduce their equity participation in the project to up to 51% during the first five years.

The GoG would specify from time to time, a list of the essential services that the developer would be obliged to render. The broad areas of service in this respect would be stipulated in the concession agreement. The duration of the BOOT package would be 30 years. The BOOT period would commence after three years or the period mentioned in the document whichever is earlier. The BOOT period greater than 30 years could be considered for projects which entail sizeable capital investment on account of site specific marine conditions and backup infrastructure such as road/rail linkages.

At the time of the transfer, the GoG could choose any of the following options: offer the developer a roll-over option, take over the port and offer it to another developer, take over the port as a landlord and farm out services to the private sector on lease or management on contract basis and to take over the port and operate as a full service port itself.

SEZ Related Regulations

Special Economic Zones Act, 2005

The Parliament has enacted the Special Economic Zone, Act, 2005 (the "SEZ Act") for the regulation and development of SEZ. The SEZ Act has been enacted for the establishment, development and management of the SEZs for the promotion of exports. An SEZ is a specifically delineated duty free enclave, deemed to be a foreign territory for the purposes of trade as well as duties and tariffs. A Board of Approval ("SEZ Board") has been set up under the SEZ Act, which is responsible for promoting the SEZ and ensuring its orderly development. BOA has a number of powers including the authority to approve proposals for the establishment of the SEZ, the operations to be carried out in the SEZ by the developer, the foreign collaborations and foreign direct investments.

Procedure for setting up an SEZ

SEZs may be established under the SEZ Act, either jointly or severally by the central government, state government or any other person. As per the provisions of the SEZ Act, any person, who intends to set up an SEZ may, after identifying the area, make an application in Form-A read with Rule 3 of the SEZ Rules, 2006 to the respective state government of the state where the land is located, giving details of the said proposal. State Government may approve the said proposal within a period of 45 days from the date of receipt of such an application in terms of Section 3 of the SEZ Act, 2005, read with sub-rule 1 of Rule 4 of the SEZ Rules, 2006. Alternatively, an application may also be made directly to the BOA and the NOC from the state government may be obtained subsequently.

On receipt of such an application, the BOA may subject to certain conditions approve the proposal in terms of Section 9 of the SEZ Act, 2005 read with Rule 6 of the SEZ Rules, 2006 and communicate it to the central government. Upon receipt of the communication from the BOA, the central government under Rule 6 of the SEZ Rules, within 30 days grants the letter of Approval. The central government may prescribe certain additional conditions.

The approvals granted for setting up a SEZ under the erstwhile scheme were referred to as 'in-principle approvals'. Subsequent to the passing of the SEZ Act, However, currently, the central government initially grants the letter of approval to the proposals for setting up of SEZs which as per the old practice continues to be referred to as the 'in-principle approval'. The in-principle approval is valid for a period of one year or three years (as the case may be). The validity period may be extended by the central government, on a case to case basis. Normally, in-principle approval is granted when the Developer is yet to acquire land for the purpose of development of SEZ. In case the Developer already possesses required land for the development of SEZ, the BOA normally grants formal approval. Such formal approval shall be valid for a period of three years within which time effective steps shall be taken by the Developer to implement the SEZ project. The validity period may be extended by the central government, on a case to case basis.

The Developer is then required to furnish intimation to Department of Commerce, Ministry of Commerce and Industry, Government of India. giving details of the SEZ as required in terms of Rule 7 of the SEZ Rules 2006 and the Department of Commerce, Ministry of Commerce and Industry, Government of India on being satisfied with the proposal and compliance of the developer with the terms of the approval, issues a notification declaring the specified area as an SEZ under Rule 8 of the SEZ Rules, 2006.

Apart from the letter of approval from the central government for setting up of the SEZ, no other governmental license is required. Once an area is declared to be an SEZ, the central government appoints a Development Commissioner under Section 11 of the SEZ, Act who is responsible for monitoring and ensuring strict adherence to the legal framework and the day-to-day operations of the SEZ.

The Special Economic Zone, Rules 2006 (the "SEZ Rules")

The SEZ Rules, 2006 have been enacted to effectively implement the provisions of the SEZ Act. The SEZ Rules provide for a simplified procedure for a single window clearance from central and state governments for setting up of SEZs and a 'unit' in SEZ. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, for setting up and conducting business therein with an emphasis on 'self certification' and the terms and conditions subject to which entrepreneur and Developer shall be entitled to exemptions, drawbacks and concessions etc. The SEZ Rules also provide for the minimum area requirement for various categories of SEZs.

The Developer and/or a Co-developer as the case may be is required to have at least 26% of the equity in the entity proposing to create business, residential or recreational facilities in a SEZ in case such development is proposed to be carried out through a separate entity or special purpose vehicle being a company formed and registered under the Companies Act.

Gujarat Special Economic Zone Act, 2004 ("Gujarat SEZ Act")

The Gujarat SEZ Act has been passed by the State of Gujarat legislature and it provides for the operation, maintenance, management and administration of a special economic zone in the State of Gujarat. Any person desirous of establishing the SEZ must make an application to the Government of Gujarat in the prescribed form. The State Government might modify the application and make a recommendation to the Government of India. The Gujarat SEZ Act establishes the Special Economic Zone Development Authority. The Gujarat SEZ Act provides for the constitution and functions of the Unit Approval Committee.

In addition to the functions entrusted by the Government of India, the Unit Approval Committee grants necessary local and state level clearances, approvals, licenses or, registrations under the state acts for setting up a SEZ.

The Gujarat SEZ Act provides that every SEZ shall be deemed to be an industrial township area. The area of the SEZ shall cease to be under the jurisdiction of any municipal corporation, municipal council, nagar panchayat or gram panchayat or the notified area constituted under the state laws. The Gujarat SEZ Act establishes a Special Economic Zone Development Committee. Some of the functions of the said Committee are to prepare a plan for the development of the SEZ in conformity with the guidelines prepared by the authority; to demarcate and develop sites for industrial, commercial, residential and for other purposes according to the plan; to provide infrastructure facilities and amenities; to allocate and transfer, either by way of sale or lease or otherwise, plots of land for industrial commercial, residential or other purposes; and to regulate the construction of buildings, etc.

The developer of the SEZ has to provide various facilities such as electricity, water, waste distribution and management, minor port and related services, roads and bridges, gas distribution, communication and data network transmission and any other services as may be prescribed. The developer may levy user charges or fees as may be approved by the Special Economic Zone Development Committee for providing infrastructural facilities.

The Gujarat SEZ Act provides that all sales and transactions within the processing area of the SEZ shall be exempt from all taxes, cess, duties, duties or fees levied under any law of the state of Gujarat to the extent of stamp duty and registration fees payable on transfer of land meant for approved units in the SEZ and on loan agreements, credit deeds and mortgages executed by a unit, industry or establishment established in the processing area of the SEZ; sales tax; purchase tax; motor spirit tax; luxury tax; entertainment tax and other taxes and cess payable on sales and transactions. Goods and services purchased by units in the SEZ from the domestic tariff area as input for any product have also been exempted from sales tax and other taxes levied under the laws of the state of Gujarat.

Other Laws

The Gujarat Maritime Board Act, 1981 ("GMB Act")

The GMB Act provides for the constitution of a maritime Board for minor ports in Gujarat and vests the administration, control and management of such ports in the Board, including the right to levy rates. The GMB Act provides that the GMB shall not lease the waterfront, jetty, waterway and corresponding infrastructural facilities for a term exceeding five years without the prior approval of the GoG. Similarly, no contract for acquisition or sale of immovable property or for the lease of any such property for a term exceeding thirty years shall be made without the prior approval of the GoG.

Labour laws

India has extensive labour related legislation. The Industrial Disputes Act, 1947 (the "IDA") distinguishes between (i) employees who are 'workmen' and (ii) employees who are not 'workmen'.

Workmen have been provided several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond a prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872.

Termination of a non-workman is governed by the terms of the relevant employment contract and applicable labour laws. As regards a 'workman', the IDA sets out certain requirements in relation to the termination of the services of the workman's services. This includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The state-specific shops and establishments act also provides for certain notice and/or compensation requirements in the event of termination of service by the company.

Preliminary information on some of the labour laws that may be applicable has been provided below. This list is incomplete and does not cover all provisions of the law specified nor covers other applicable labour laws.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the "ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury. Employees drawing wages up to a certain limit in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register himself under the ESI Act and maintain prescribed records and registers in addition to filing of forms with the concerned authorities.

Payment of Gratuity Act, 1961

The Payment of Gratuity Act, 1961 (the "POG Act") provides for payment of gratuity to employees employed in factories, shops and establishments who have put in a continuous service of 5 years, in the event of their superannuation, retirement, resignation, death or disablement. The rule of '5 year continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Under the POG Act, an employer is obliged for a maximum gratuity payout of Rs. 350,000 for an employee. The POG Act also requires the employer to obtain and maintain an insurance policy for the employer's obligation towards payment of gratuity.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 provides for the institution of compulsory Provident Fund, Pension Fund and Deposit Linked Insurance Funds for the benefit of eligible employees in factories and establishments as may be specified. A liability is placed on the employer and employee to make certain contributions to the funds mentioned above after obtaining the necessary registrations. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities.

The Maternity Benefits Act, 1961

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 ("Standing Orders Act") requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by him in the prescribed manner. However until the draft standing orders are certified, the prescribed standing orders given in the Standing Orders Act must be followed.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 ("MWA") came into force with the objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA.

Environmental Legislations

The three major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (PCBs), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

Water (Prevention and Control of Pollution) Act, 1981

The Water (Prevention and Control of Pollution) Act, 1981(Water Act) prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board ("SPCB"). The Water Act also provides that the consent of the SPCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent. In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 (Water Cess Act) requires a person carrying on any industry to pay a cess in this regard. The person in charge is to affix meters of prescribed standards to measure and record the quantity of water consumed. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

Air (Prevention and Control of Pollution) Act, 1981

Under the Air (Prevention and Control of Pollution) Act, 1981 (Air Act) any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any mining activity. The SPCB is required to grant consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989 (Rules) fix the responsibility of the occupier and the operator of the facility that treats hazardous wastes to properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. They must take steps to ensure that persons working on the site are given adequate training and equipment for performing their work. When an accident occurs at a hazardous site or during transportation of hazardous wastes, the SPCB has to be immediately alerted. If, due to improper handling of hazardous waste, any damage is caused to the environment, the occupier or the operator of the facility will have to pay for the necessary remedial and restoration expenses.

The Explosives Act, 1884 and The Explosive Rules, 1983

The Explosives Act, 1884 is an Act to regulate the manufacture, possession, use, sale, transport, import and export of explosives. It providers that no person shall possess, sell or use any explosive except under the license granted the Explosives Rules, 1983.

HISTORY AND CORPORATE STRUCTURE

We were incorporated as Gujarat Adani Port Limited on May 26, 1998, and commenced phased operations at Mundra Port in October 1998 with commercial operations beginning in October 2001. We were initially promoted by Adani Port Limited and Gujarat Port Infrastructure Development Company Limited, an undertaking of the Government of Gujarat.

We entered into a Concession Agreement with the GMB and the Government of Gujarat on February 17, 2001 pursuant to which we have been granted the right to develop and operate Mundra Port located at the Navinal Island in the Kutch region for a period of 30 years.

Pursuant to an order of the High Court of Gujarat, Adani Port Limited merged with us with effect from April 1, 2003. Further, MSEZ and ACL were merged with us with effect from April 1, 2006.

We received approval as a developer of a multi-product SEZ at Mundra and the surrounding areas from the Government of India on April 12, 2006. We have already received notification from the Government of India with respect to land covering 2,406.8 hectares (approximately 5,947 acres) on June 23, 2006. On July 3, 2007, we received a subsequent notification with respect to an additional 251.4 hectares of land, resulting in a total of 2,658.2 hectares (approximately 6,568 acres). Such notification is granted only once land is in the possession of a developer, and as we further acquire land in and around Mundra, we will look to receive additional notifications in relation to such further acquired land.

In order to reflect the significance of the SEZ status and the changing nature of our business, we changed our name from Gujarat Adani Port Limited to Mundra Port and Special Economic Zone Limited with effect from July 7, 2006.

Key Events and Milestones

Year	Month	Key Events and Milestones
1998	October	Berths 1 and 2 become operational
1999	October	Berths 3 and 4 become operational
2001	February	Concession Agreement signed with GMB
2001	October	All 4 berths and mechanisation become fully operational. Trial rail operations commenced
2002	May	Agreements signed with GGSRL to set up SPM
2002	October	Agreements signed with IOC to set up SPM
2002	November	Railway agreements signed.
2003	January	Sub-concession agreement signed with MICT
2003	July	Container terminal becomes operational
2004	April	Shareholders agreement with Kutch Railway Company Limited
2005	June	Merger of Adani Port Limited (with effect from April 1, 2003) with us
2005	December	SPM becomes operational
2006	April	Notification as a SEZ
2006	May	Additional 10 bulk berths operational
2006	June	Double stack train operations
2006	April	Merger of MSEZ and ACL with us
2007	March	Operation started at Terminal II
2007	August	Operation started at Container Terminal II

Awards and Certifications

Year	Month	Award and Certification
2004	June	ISPS Code
2005	November	ISO 9001:2000
2006	November	Lloyd's Award for Best Port Authority

Material Agreements

Concession Agreement with Gujarat Maritime Board and the Government of Gujarat

Our Company entered into a concession agreement on February 17, 2001 (Concession Agreement) with the GMB and the Government of Gujarat (acting as a confirming party). The Concession Agreement grants us the right to develop, operate and maintain a port at Mundra and supersedes all previous permissions granted in this regard. The Concession Agreement is valid for 30 years and upon its expiry, we shall transfer the port to GMB. We have also entered into a separate Lease and Possession Agreement whereby requisite land necessary for the port has been leased to us. For further details, see the section "History and Corporate Structure – Lease and Possession Agreement with Gujarat Maritime Board" on page 105 of this Red Herring Prospectus.

We have been granted the following rights and entitlements under the Concession Agreement:

- Develop both 'Core Assets' such as multi purpose jetty, jetty approach head and dry bulk/container jetty and 'Contracted Assets' such as a multi purpose terminal, container/dry bulk, shared services, liquid and other terminal and other intangible assets for the port;
- Grant sub-concessions for all assets except core assets. However, all sub-concessions shall be consistent with the Concession Agreement and shall automatically terminate upon termination or expiry of the Concession Agreement.
- Sub-contract with any other party and mortgage our leasehold interest in the land and the waterfront. However, we cannot create any charge on the Core Assets; and
- Collect fees for services rendered at the port.

In terms of the Concession Agreement, we have to pay the GMB a waterfront royalty of Rs. 10 per tonne for solid cargo and Rs. 20 per tonne for liquid cargo. The royalty shall be increased by 20% every three years. However, as permitted by the Concession Agreement, we are currently paying concessional waterfront royalty of Rs. 5 per tonne for solid cargo and Rs. 10 per tonne for liquid cargo, until the time the approved capital cost for the port is set off against the difference between the waterfront royalty and the concessional waterfront royalty.

The Concession Agreement may be terminated in case of expiry of the Lease and Possession Agreement. For a description of the Lease and Possession Agreement, please see below on page 105 of this Red Herring Prospectus. We may serve a notice for termination if a change in law makes it impossible for us to fulfil our obligations under the Concession Agreement. However, both the GMB and our Company shall consult for 180 days prior to sending such notice to mitigate the impact of such change in law. The GMB and our Company may also serve a notice of intent to terminate in case of an Event of Default ("EoD") by the counterparty. Subsequently, the defaulting party shall have 90 days to rectify such default failing which, the non-defaulting party may terminate the Concession Agreement by giving 90 days notice. If any notice of intent to terminate is on account of our failure to pay any dues, our lenders have the right to rectify such default.

Our EoD under the Concession Agreement includes the following:

- Any material breach of a material provision or repudiation of the Concession Agreement;
- Appointment of a liquidator, abandonment of construction or operation of the port continuously for 45 days; and
- Failure to pay waterfront royalty consecutively for six months and a persistent failure to promote activities at the port and provide port users with services.

The GMB's EoD include the following:

- Any material breach of a material provision or repudiation of the Concession Agreement,
- Dissolution or any structural change of the GMB which will have a material effect on its rights and obligations under the Concession Agreement; and
- Other changes including withdrawal of applicability of the Indian Ports Act.

If a termination notice has been issued by the GMB to our Company, our lenders have the right to approach the GMB seeking to appoint a new licensee and the Concession Agreement may be novated in favour of the new licensee if the GMB approves as such.

Other salient features of the Concession Agreement are as follows:

- Upon expiry of the Concession Agreement, all assets shall be transferred to the GMB based on the valuation provided by an independent appraisal team. In the case of early termination, the value of the assets to be transferred shall be discounted depending on whether the termination was on account of an EOD of the GMB or us;
- We are not entitled to transfer any of the rights or obligations under the Concession Agreement or any interest in Core Assets without the prior approval of the GMB, except any transfer to our lenders. Further, the right of our lenders to substitute us shall be subject to the approval of the GMB;
- The Government of Gujarat or the GMB shall not allow the development of any captive jetties within 150 kilometres on either side of the Mundra Port until 2013 without our consent. However, the Government of Gujarat or the GMB may allow such jetty to develop if it feels that such development is significant for the economic development of such region, is based on local resources and is vital for the economic viability of such project;
- The key promoters, such as the Government of Gujarat, our Promoters and their associates, shall have a minimum shareholding of 51% in us for at least seven years after the signing of the Concession Agreement. Further, any acquisition of 10% or more shareholding in us shall require the prior approval of the GMB. The GMB also has the right to nominate one director on our Board of Directors; and
- The Government of India or the Government of Gujarat or the GMB has the right to manage Mundra port and its facilities in the case of any EOD on our part, or any national emergency. The port shall revert back to us after one year and the Concession Agreement shall be extended for the time that the government was managing Mundra Port.

Lease and Possession Agreement with GMB

We have entered into a lease and possession agreement ("LPA") on September 28, 2000 with the GMB for the lease of 3,404.37 acres at Navinal Island and village Dhrub, Taluka Mundra, Kutch, along with a right to use the foreshore land and water front for 30 years. The lease has been granted for the development and operation of a port and our Company has been granted exclusive rights. The lease rent payable is Rs. 2,380,182.3 per annum, payable by April 30 every year. The rent shall increase by 20% every three years.

The LPA shall be concurrent with the Concession Agreement and shall terminate in case of termination of the Concession Agreement. Our Company is entitled to sub-lease the land and such sub-lessees shall be bound by the terms of the LPA. All such sub-leases shall also expire with the expiry of the LPA. Our Company and all sub-lessees are entitled to mortgage all assets (except Core Assets) for payment of dues to a bank or financial institution without the prior permission of the GMB.

Share Purchase and Shareholders Agreement with Project Monitoring and Construction Limited (PMC)

Paras Tradelinks Private Limited and Amerzinc Products Private Limited (Purchasers) had purchased 15 million Equity Shares of our Company from Adani Port Infrastructure Limited and Adani Properties Private Limited (Sellers) for Rs. 1,200 million. The Equity Shares sold to the Purchasers comprise 14 million Equity Shares sold by APIPL and 1 million Equity Shares sold by Adani Properties Private Limited. The Purchasers had also entered into a Share Purchase and Shareholders Agreement ("PMC SPSA") dated October 14, 2005 with the Sellers, our Company and the Promoters (Adani Infrastructure Services Limited), to evidence the share purchase and to determine the rights and obligations of the Purchasers within our Company.

Subsequently, the above Purchasers have, through a Share Purchase Agreement ("PMC SPA") dated January 27, 2006 sold the 15 million Equity Shares held by them to PMC for Rs. 1,200 million. All the rights and obligations of the Purchasers under the PMC SPSA have also been assigned in favour of PMC. PMC has signed a deed of adherence along with the Purchasers, Sellers and the Company on January 27, 2006 whereby all the said parties have agreed that the PMC SPSA is valid and subsisting and that all rights and obligations thereunder have been transferred in favour of PMC.

The PMC SPSA shall terminate upon PMC or any of its assignees not having any Equity Shares. Except for the tag-along rights granted to PMC, the other rights and obligations of the parties under the PMC SPSA shall also terminate upon the listing of our Equity Shares.

The PMC SPSA provides that PMC shall be entitled to appoint one director on the Company once Government of Gujarat is no longer a shareholder. However, if Government of Gujarat does not cease to be a shareholder on or before August 31, 2006, then PMC shall be entitled to appoint a special observer who shall attend all Board meetings. The consent of PMC is also required for the following:

(a) Amendment of Memorandum or Articles of Association of the Company or any additional borrowings resulting in a change in debt: equity ratio from 2.5:1;

(b) Related party transactions in excess of Rs. 25 million;

(c) Any sale/merger/acquisition/joint venture/subsidiary having an aggregate value in excess of Rs. 2,500 million per fiscal year or any capital investment of more than Rs. 25,000 million in a fiscal year except for the Terminal 2 and Second Stage Assets; and

(d) Dividend of more than Rs. 1,500 million in any fiscal year or amendment/ termination of agreement with key partners.

As per the PMC SPSA, our Company was required to inform PMC 45 days prior to filing of any offer document for an initial public offering. Our Company was also required to inform PMC of the price band for such initial public offering 30 days prior to filing of the offer document. The said clauses have been amended vide an amendment letter dated February 16, 2007 and PMC has waived its right to receive prior information in relation to filing of the offer document and the price band for the initial public offering. Pursuant to the amendment letter dated February 16, 2007, our Company is required to inform the Purchasers of the filing of the DRHP within three days of such filing. Further, the Sellers and our Company are also required to inform PMC of the indicative price band for the initial public offering simultaneously along with the intimation of the filing of the DRHP. Prior to the listing of the Equity Shares, PMC also has a right of first refusal, in proportion to its shareholding, with respect to any fresh shares issued by the Company.

PMC has a tag-along right for any transfer of Equity Shares by the Sellers, if such transfer is (a) more than 5% of our Company's issued, subscribed and paid up equity capital in one transaction or series of transactions within 12 months, or (b) in excess of aggregate of 10% of share capital of our Company held by the Sellers for a pre IPO placement. No transfer of Equity Shares by the Sellers shall take place if such transferee refuses to purchase the Equity Shares offered by PMC. This tag-along right shall survive the initial public offering of Equity Shares of our Company. Any transfer of Equity Shares in violation of such tag-along right shall be treated as a breach of the PMC SPSA and will be void.

Any dispute in relation to the PMC SPSA, including in relation to any alleged breach or termination of the PMC SPSA will be resolved by arbitration in accordance with the Arbitration and Conciliation Act, 1996.

The Sellers, PMC, Purchasers and our Company have also entered into a Representation and Warranty Agreement dated January 27, 2006 whereby our Company and the Sellers have confirmed their representations and warranties under the PMC SPSA and PMC SPA. The parties have also agreed that in case of default in payment due on any bonds or other instruments by PMC, all its rights and obligations under the PMC SPA and PMC SPSA shall be transferred in favour of the bondholder and/or lender. PMC has currently issued bonds to Indivest Pte Ltd.

PMC has transferred its entire shareholding in the Company to Indivest PTE Limited, Radiant Trade and Investment Private Limited and Pride Trade and Investments Private Limited. We have entered into a Deed of Adherence dated October 16, 2007 with Indivest PTE Limited, whereby, Indivest PTE Limited has the same rights under the PMC SPA and PMC SPSA, as PMC did.

Share Purchase and Shareholders Agreement with Kudos International (Kudos)

Media Data Processing Computer and Research Private Limited and Amerzinc Products Private Limited (Purchasers) had purchased 15 million Equity Shares of our Company from Adani Port Infrastructure Limited and Adani Properties Private Limited (Sellers) for Rs. 1,200 million. The Equity Shares sold to the Purchasers comprise 14 million Equity Shares sold by APIPL and 1 million Equity Shares sold by Adani Properties Private Limited. The Purchasers had also entered into a Share Purchase and Shareholders Agreement (Kudos SPSA) dated October 14, 2005 with the Sellers, our Company and the Promoters (Adani Infrastructure Services Limited), to evidence the share purchase and to determine the rights and obligations of the Purchasers within our Company.

Subsequently, the Purchasers have, through a Share Purchase Agreement ("Kudos SPA") dated January 27, 2006 sold the 15 million Equity Shares held by them to Kudos for Rs. 1,200 million. All the rights and obligations of the Purchasers under the Kudos SPSA have also been assigned in favour of Kudos. Kudos has signed a deed of adherence along with the Purchasers, Sellers and the Company on January 27, 2006 whereby all parties have agreed that the Kudos SPSA is valid and subsisting and that all rights and obligations thereunder have been transferred in favour of Kudos.

The Kudos SPSA shall terminate upon Kudos or any of its assignees not having any Equity Shares. Except for the tag-along rights granted to Kudos, the other rights and obligations of the parties under the Kudos SPSA shall also terminate upon the listing of our Equity Shares.

Kudos has been granted the same rights and is subject to the same obligations under the Kudos SPSA as have been granted to PMC under the PMC SPSA. For further details of these rights and obligations, see the section "History and Corporate Structure – Share Purchase and Shareholders Agreement with Project Monitoring and Construction Limited" on page 105 of this Red Herring Prospectus.

Kudos has, vide an amendment letter dated February 16, 2007, waived its right to receive prior information in relation to filing of the offer document and the price band for the initial public offering. Pursuant to the amendment letter dated February 16, 2007, our Company is required to inform the Purchasers of the filing of the DRHP within three days of such filing. Further, the Sellers and our Company are also required to inform Kudos of the indicative price band for the initial public offering simultaneously along with the intimation of the filing of the DRHP.

Any dispute in relation to the Kudos SPSA, including in relation to any alleged breach or termination of the Kudos SPSA will be resolved by arbitration in accordance with the Arbitration and Conciliation Act, 1996.

The Sellers, Kudos, Purchasers and our Company have also entered into a Representation and Warranty Agreement dated January 27, 2006 whereby our Company and the Sellers have confirmed their representations and warranties under the Kudos SPSA and the Kudos SPA. The parties have also agreed that in case of default in payment on any bonds or other instruments by Kudos, all its rights and obligations under the Kudos SPA and Kudos SPSA shall be transferred in favour of the bondholder and/ or lender. Kudos has currently issued bonds to 3i Group Plc.

Kudos has transferred its entire shareholding in the Company to 3i Vehicles (Mauritius) Limited, Trident Trade and Investment Private Limited, Pride Trade and Investment Private Limited. We have entered into a Deed of Adherence dated October 16, 2007 with 3i Vehicles (Mauritius) Limited, whereby, 3i Vehicles (Mauritius) Limited has the same rights under the Kudos SPA and Kudos SPSA, as Kudos had.

Shareholding in Kutch Railway Company Limited

We have entered into a shareholders agreement ("Kutch SHA") on April 22, 2004 with the Rail Vikas Nigam Limited ("RVNL"), Government of Gujarat ("GoG"), Kandla Port Trust ("KPT") (RVNL, GoG, KPT and our Company collectively referred to as "Investors") and the Kutch Railway Company Limited ("KRC") to regulate the mutual rights and obligations of RVNL, GoG, KPT and our Company in KRC, a special purpose vehicle incorporated for implementation of the gauge conversion of the railway line between Gandhidham and Palanpur stations.

KRC has entered into a concession agreement with the Ministry of Railways, Government of India for implementing the gauge conversion. We have a 20% shareholding in KRC whereas RVNL, GoG and KPT have 50%, 4% and 26% shareholding, respectively, in KRC.

Each Investor is subject to a lock in whereby it cannot transfer any of its shares within one year after the date which KRC begins commercial operations of its railway line. Any transfer during the lock-in period can only be done to other Investors in proportion of their shareholding. After the lock-in period, the other Investors have the first right to acquire the shareholding of the proposed transferor. In case the other Investors do not acquire the shares within 14 days of the offer, the proposed transferor can sell the shares to a third party at no more favourable terms.

RVNL has the right to nominate six directors of KRC whereas KPT, GoG and our Company can nominate three, one and two directors, respectively. The non-executive Chairman shall be a nominee of the Ministry of Railways, Government of India whereas the Managing Director shall be appointed by the Board of Directors of KRC.

Matters such as (i) merger or acquisition of any other company by KRC or change in capital structure or amendment of memorandum or articles of association of KRC; (ii) declaration of dividend; (iii) proposal for listing of shares; or (iv) establishment of subsidiaries or joint ventures or diversification into new businesses, shall require a super majority resolution of both the Board of Directors of KRC and at shareholder meetings. Super majority resolution means the approval of all directors present at such board meeting or in the case of shareholders meeting, three fourths of shareholders present and voting.

The Kutch SHA may be terminated upon the listing of the shares on a stock exchange, winding up or any other event which may result in termination.

Shareholding in Adinath Polyfills Private Limited

We have entered into a Shareholders Agreement with Mr. Madanlal Nahta and Mr. Javerilal Nahta (collectively, the "Nahtas") and Adinath Polyifills Private Limited ("Adinath") on June 6, 2006. Adinath is engaged in salt manufacturing and holds 2,200 acres of land on leasehold basis from the Government of Gujarat.

As per the Adinath SHA, we have agreed to acquire 100% shareholding of Adinath from the Nahtas for Rs. 359.10 million subject to the following terms and conditions described belowi): 15% of the shareholding shall be acquired by April/May 2006 for a proportionate consideration. In return, Adinath and Nahtas shall issue a no objection letter to the District Collector, Kutch giving consent to surrender the 2,200 acres of the lease land for allotment to our Company for the SEZ project; ii) The 85% shareholding balance shall be transferred to us as per the following schedule:

Date	Percentage of shareholding
Upon receipt of In-Principle sanction from Government of Gujarat for allotment of the leased land to our Company	9
On 60th day from above order	25
On 120th day from above order	25
On 180th day from above order	26

The Adinath SHA was amended on May 14, 2007 and according to amended agreement the total consideration payable is Rs. 385.10 million, instead of Rs. 359.10 million, for 11,850 Equity Shares. The Company has paid Rs. 120.05 million as of June 30, 2007 for 3,550 Equity Shares and the balance amount of Rs. 265.05 million is payable against 8,300 Equity Shares.

Up to the date of filing of this Red Herring Prospectus, the in-principle sanction from the Government of Gujarat has not been received. As of September 30, 2007 we have a 35.9% stake in Adinath, or 4,260 of its equity shares.

However, the Adinath SHA does not envisage the transfer of other lands held by Adinath at Gandhidham and Mundra to our Company. The Adinath SHA further stipulates that if the Government of Gujarat does not allot the land to our Company, we may terminate the Adinath SHA. It shall be terminated once the Nahtas repay the amount paid by us for the 15% shareholding and we transfer the shares back to the Nahtas.

We have the right to nominate one and two directors upon the acquisition of 15% and 50% shareholding, respectively in Adinath. Further, once we acquire 100% shareholding, we shall have the right to nominate all directors including the Chairman and Managing Director. The Nahtas shall also liquidate all current liabilities and long term loans of Adinath before transferring the last part of 26% equity shares to us.

Shared Services Agreement

We have entered into a Shared Services Agreement ("SSA") with Adani Enterprises Limited and Adani Power Private Limited on January 1, 2007. The entities belong to the Adani Group share common expenses including for office rentals, transport (including the aircraft owned by AEL), guest houses, car hiring and hotel bookings. The SSA is valid for a term of one year and can be terminated by giving one month's prior written notice. Under the SSA the parties have agreed to utilize and share the services as described in the agreement and make payment for the same by the 15th of every immediate month. The parties have also agreed to share the common expenses in relation to the services availed by the parties. Each party's share of the common expenses shall be decided by a committee consisting of the chief financial officers or in absence thereof such person in charge of financial functions of such party (the Committee). The Committee shall allocate the share of common expenses payable by each party on the basis of utilisation of services by such party. In the event of any irregularity the same shall be referred to a committee consisting of the Chairman of the Audit Committee of each of the parties (Chairman Committee). The decision of the Chairman Committee is final and binding. In the event this committee is unable to resolve the dispute parties can opt to resolve the dispute through arbitration.

Our Subsidiary

Mundra SEZ Textile and Apparel Park Limited

Corporate Information

Mundra SEZ Textile and Apparel Park Limited was incorporated under the Companies Act on October 25, 2005 in Ahmedabad. Its registered office is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380009, Gujarat. The business of the company is to undertake, develop and operate infrastructure projects in textile and other sectors. Mundra SEZ Textile and Apparel Park Limited was a subsidiary of MSEZ and pursuant to the amalgamation of MSEZ with us, it became our subsidiary with effect from April 2006.

Shareholding Pattern as of September 15, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1.	Mundra Port And Special Economic Zone Ltd.	2,445,995	79.74
2.	Adani Enterprises Ltd. (Nominee of Mundra Port And Special Economic Zone Limited)	4,000	0.13
3.	Rajesh S. Adani (Nominee of Mundra Port And Special Economic Zone Limited)	1	0.00
4.	Pranav V. Adani (Nominee of Mundra Port And Special Economic Zone Limited)	1	0.00
5.	Priti G. Adani (Nominee of Mundra Port And Special Economic Zone Limited)	1	0.00
6.	Shilin R. Adani (Nominee of Mundra Port And Special Economic Zone Limited)	1	0.00
7.	Namrata P. Adani (Nominee of Mundra Port And Special Economic Zone Limited)	1	0.00
8.	Adani Enterprises Limited	352,000	11.48
9.	Adani Logistics Limited	265,400	8.65
	Total	**3,067,400**	**100**

Board of Directors

As of September 15, 2007, the board of directors of Mundra SEZ Textile and Apparel Park Limited consisted of:

1. Mr. Sanjay Gupta;
2. Mr. Ameet H. Desai;
3. Mr. Samir Vora;
4. Mr. Bharat C. Vedant;
5. Mr. Ravi Raman; and
6. Mr. A. N. Sharan.

Financial Performance

(Rs. In million)

	For the year ended	
	March 31, 2007	**March 31, 2006**
Equity Capital	30.7	30.7
Reserves and surplus	40.0	Nil
Income	NIL	Nil
Profit After Tax	NIL	Nil
Earning Per Share (face value Rs. 10)* (in Rs.)	NIL	Nil
Net asset value per share (in Rs.)	22.9	9.9

Gujarat Adani Aviation Private Limited

Corporate Information

Gujarat Adani Aviation Private Limited was incorporated under the Companies Act, 1956 on July 11, 2007 in Ahmedabad. Its registered office is located at Adani House, Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009, Gujarat, India. The business of the company is to plan, promote, develop, organize, operate and carry on the business of air charter, air taxi and air transport services scheduled and non scheduled, for the carriage of passengers and to import, export, own, buy or sell, let or hire or hire purchase or lease or charter aircrafts, component parts, tools, equipment and to deal in aerial conveyance.

Shareholding pattern as on September 15, 2007

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Mundra Port and Special Economic Zone Limited	999,900	99.99
2	Rajesh S. Adani (Nominee of Mundra Port And Special Economic Zone Limited)	100	0.01
	Total	**1,000,000**	**100.00**

Board of Directors

As onSeptember 15, 2007, the board of directors of Gujarat Adani Aviation Private Limited consisted of:

1. Satwinder Singh Bhatti
2. K. Venugopal

Financial Performance

Since Gujarat Adani Aviation Private Limited was incorporated on July 11, 2007, the audited financial statements of the company have not been prepared yet.

MPSEZ Utilities Private Limited

Corporate Information

MSPEZ Utilities Private Limited was incorporated under the Companies Act, 1956 on July 13, 2007 in Ahmedabad. Its registered office is located at Adani House, Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009, Gujarat, India. The business the company is to plan, execute, operate and maintain and carry on business of utility services of water supply, waste water management, electrical power distribution, natural gas distribution, telecom services, bus transportation services, transportation infrastructure, rail transportation and other utility services to be provided to incumbents in the procession as well as non-processing area of the SEZ

Shareholding pattern (as on September 15, 2007)

Sr. No.	Name of the shareholder	No. of equity shares	Percentage of total equity holding
1	Mundra Port and Special Economic Zone Limited	9,900	99.00
2	Rajesh S. Adani (Nominee of Mundra Port And Special Economic Zone Limited)	100	1.00
	Total	**10,000**	**100.00**

Board of Directors

As onSeptember 15, 2007, the board of directors of MPSEZ Utilities Private Limited consisted of:

1. Ameet H. Desai
2. Malay Mahadevia

Financial Performance

Since MPSEZ Utilities Private Limited was incorporated on July 13, 2007, the audited financial statements of the company have not been prepared yet.

Mundra Aviation Limited

Corporate Information

Mundra Aviation Limited was incorporated as per the laws of the Cayman Islands on May 15, 2007 in Cayman Islands. The registered office of the company is located at PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. The object for which the company is established are unrestricted and the company shall have full power and authority to carry out any object not prohibited by the Companies Law (2004 revision) or as the case may be revised from time to time, or any other law of the Cayman Islands. The company currently carries on the business of Civil Aviation.

Shareholding pattern as onSeptember 15, 2007

Sr. No.	Name of the shareholder	No. of equity shares (US$ 100 Per Shares)	Percentage of total equity holding
1	Mundra Port and Special Economic Zone Limited	10	100.00
	Total	**10**	**100.00**

Board of Directors

As on September 15, 2007, the board of directors of Mundra Aviation Limited consisted of Mr. Pranav Vora.

Financial Performance

Since Mundra Aviation Limited was incorporated on May 15, 2007, the audited financial statements of the company have not been prepared yet.

Main Objects of our Company

The main objects of our Company as contained in the Memorandum of Association are as follows:

1. To construct, develop, maintain, build, equip, hire or otherwise deal with ports, shipyard, jetties, harbours, docks, ship breaking, ship repair, ship building at any port in India or elsewhere.
2. To carry on business of inland and sea transport including goods, passengers and mail, shippers, ship agents, ship underwriters, ship managers, tug owners, barge owners, loading brokers, freight brokers, freight contractors, stevedores, warehouseman, Wharfingers and building, assembling, fitting, constructing, repairing, servicing and managing ships, seagoing vessels for inland waterways.
3. To carry on in India and in any part of the world the business to construct, erect, build, buy, sell, give or take on lease or license, repair, remodel, demolish, develop, improve, own, equip, operate and maintain, ports and port approaches, breakwaters for protection of port or on the fore shore of the port or port approaches with all such convenient arches, drains, lending places, hard jetties, floating barges or pontoons, stairs, fences, roads, railways, sidings, bridges, tunnels and approaches and widening, deepening and improving any portion of the port or port approaches, light houses, light ships, beacons, pilot boats or other appliances necessary for the safe navigation of the ports and the port approaches and to build highways, roads, parks, streets, sideways, building structure, building and ware houses and to construct and establish, dry docks, shipways and boat basins and workshops to carry out repairs or overwhelming of vessels, tugs, boats, machinery or appliances.
4. To establish and develop Special Economic Zones and Industrial Estates/Parks and to carry on the business of properties developers, builders, creators, operators, owners, contractors of all and any kind of Infrastructure facilities and services including cities, towns, roads, seaports, airports, airways, railways, tramways, mass rapid transport system, cargo movement and cargo handling including mechanised handling system and equipment, shipyard, land development, water desalination plant, water treatment & recycling facilities, water supply & distribution system, solid waste management, effluent treatment facilities, power generation, transmission, distribution, power trading, generation and supply of gas or any other form of energy, environmental protection and pollution control, public utilities, security services, municipal services, clearing house agency and stevedoring services and of such as infrastructure facilities and services viz., telecommunication, cell services, cable and satellite communication networking, data transmission network, information technology network, agriculture and food processing zone, textile & apparel park, automobile & auto ancillaries park, chemical park, drugs & pharmaceuticals parks, light & heavy engineering park, trading & warehousing zone, gem and jewellery and other industrial parks, factory buildings, warehouses, internal container depots, container freight station, clearing houses, research centre, trading centers, school and educational institutions, hospitals, community centre, training centers, hostels, places of worship, courts, markets, canteen, restaurants, residential complexes, commercial complexes and other social infrastructures and equip the same with all or any amenities, other facilities and infrastructure required by the various industries and people, entertainment centers, amusement park, green park, recreational zone, import & export house, to purchase, acquire, take on lease or in exchange or in any other lawful manner land, building, structures to promote industrial, commercial activity for inland and foreign trade, to carry on the business of international financial services centers, banks, insurance, postal services, courier services and to purchase plant & machineries, tools and equipment and to carry on business of import and export, buying, selling, marketing and to do government liaison work and other work.

Change in the Registered Office

There has been no change in the registered office of our Company since incorporation.

Amendments to our Memorandum of Association

Since incorporation, the following amendments have been made to our Memorandum of Association:

Date of shareholder resolution	Nature of amendment
January 28, 1999	The authorised capital was increased from Rs. 100,000,000 divided into 10,000,000 equity shares of Rs. 10 each to Rs. 1,400,000,000 divided into 140,000,000 equity shares of Rs. 10 each.
March 25, 2004	The authorised capital was increased from Rs. 1,400,000,000 divided into 140,000,000 equity shares of Rs. 10 each to Rs. 2,100,000,000 divided into 205,000,000 equity shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each.
June 23, 2006	The main object of our Company was amended to include the business of developing Special Economic Zones. Further, the name of our Company was changed from Gujarat Adani Port Limited to Mundra Port and Special Economic Zone Limited. The authorised capital was reclassified from Rs. 2,100,000,000 divided into 205,000,000 equity shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each to Rs. 2,100,000,000 divided into Rs. 1,025,000,000 equity shares of Rs. 2 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each.
January 31, 2007	The authorised capital was reclassified from Rs. 2,100,000,000 divided into 1,025,000,000 equity shares of Rs. 2 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each to Rs. 2,100,000,000 divided into 205,000,000 equity shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each.
January 31, 2007	The authorised capital was increased from Rs. 2,100,000,000 divided into 205,000,000 equity shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each to Rs. 10,000,000,000 divided into 995,000,000 equity shares of Rs. 10 each and 5,000,000 0.01% non cumulative redeemable preference shares of Rs. 10 each.

OUR MANAGEMENT

Board of Directors

The following table sets forth details regarding our Board of Directors as on the date of this Red Herring Prospectus:

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
Mr. Gautam S. Adani **Chairman and Managing Director and Chief Executive Officer** S/o Mr. Shantilal B. Adani Shantivan Farm House B/h Karnavati Club Mohemadpura Village Ahmedabad 380 057 **Non Independent Executive Director** Date of Appointment: May 26, 1998 (as director) Term: Up to April 29, 2008 *Industrialist*	Indian	45	• Adani Enterprises Limited • Adani Wilmar Limited • Adani Energy Limited • Adani Logistics Limited • Adani Agri Logistics Limited • Adani Power Limited • Adani Petronet (Dahej) Port Private Limited. • Dahej Power Private Limited. • Shantigram Estate Management Private Limited • Adani Shipyard Private Limited • Adani Estates Private Limited • Dholera Port and Special Economic Zone Limited • Adani Power Maharashtra Private Limited • Adani Welspun Exploration Limited *Partnerships* • Adani Investments
Mr. Rajesh S. Adani S/o Mr. Shantilal B. Adani 14, Suryaja Bungalow Behind Sarathi Restaurant Vastrapur Ahmedabad 380 054 **Non Independent Non Executive Director** Date of Appointment: May 26, 1998 Term: Liable to retire by rotation *Industrialist*	Indian	42	• Adani Enterprises Limited • Adani Wilmar Limited • Adani Energy Limited • Adani Agri Fresh Limited • Adani Energy (U.P.) Limited • Inland Conware (Ludhiana) Private Limited • Adani Shipyard Private Limited. • Dahej Power Private Limited • Dholera Infrastructure Private Limited • Adani Developers Private Limited • Adani Power Maharashtra Private Limited • Adani Power Limited • Swayam Realtors and Traders Limited • Columbia Chrome (India) Private Limited • Adani Mining Limited *Partnerships* • Crown International • Adani Investment
Mr. H. K. Dash, IAS GPIDCL Nominee Director S/o Mr. Bipin Bihari Dash K – 517, Sector 20 Gandhinagar 380 020	Indian	52	· Gujarat Port Infrastructure & Development Company Limited · Gujarat State Petronet Limited · Gujarat Chemical Port Terminal Co. Limited · Gujarat Pipavav Port Limited · Alcock Ashdown Gujarat Limited

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
GPIDCL Nominee Date of Appointment: March 12, 2004 Term: As per nomination by GPIDCL *Service*			
Mr. S. Venkiteswaran S/o Mr. P. V. Subramanian A/7-1 & 2, Lloyds Garden, 7th Floor Appasaheb Marathe Marg, Prabhadevi Worli, Mumbai 400 025 **Independent Director** Date of Appointment: April 30, 2003 Term: Liable to retire by rotation *Lawyer*	Indian	66	• Dolphin Offshore Enterprises (India) Limited • National Securities Clearing Corp. Limited • The Clearing Corporation of India Limited • Indian Register of Shipping • Procyon Offshore Services Private Limited • Lotus India Asset Management Co. Private Limited • Pandi Correspondents Private Limited • Mahagujarat Chamunda Cements Company Private Limited • Pipavav Shipyard Limited
Mr. K. N. Venkatasubramanian S/o Mr. Kuthoore Ramanathan Natarajan D4/D5 Ashok Swetha, 101/102, Llyods Road, Royapettah Chennai 600 014 **Independent Director** Date of Appointment: September 28, 1999 Term: Liable to retire by rotation *Consultant*	Indian	69	• Gulf Oil Corporation Limited • Time Technoplast Limited. • Essar Oil Limited • E-Cube India Solutions Limited • Gulf Carrosserie India Limited • Meghmani Organics Limited • Royal Chemie Corporation Limited • Rajula Limited • Imperial Corporate Finance & Services Private Limited
Mr. Ameet H. Desai **Chief Financial Officer** S/o Mr. Hirnyakumar Desai A/403, Pratishtha Apartment Bodakdev Ahmedabad 380 054 **Executive Director** Date of Appointment: September 1, 2005 Term: Up to August 30, 2010 *Service*	Indian	43	• Adani Logistics Limited • Adani Power Limited • Inland Conware (Ludhiana) Private Limited • Mundra SEZ Textile and Apparel Park Private Limited. • MPSEZ Utilities Private Limited • Inland Conware Private Limited • RFCL Limited

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
Mr. Surendra Kumar Tuteja S/o Mr. Lekh Raj Tuteja S-307, 2nd Floor Panchsheel Park New Delhi 110 001 Date of Appointment: January 30, 2007 Term: Liable to retire by rotation **Independent Director** *Retired Indian Administrative Service Official*	Indian	62	• Swaraj Mazda Limited • Abhishek Industries Limited • Central Warehousing Cold Chain (Private) Limited • Lotus Integrated Tex Park Limited • Shree Renuka Sugar Limited • HMT Limited • Small Industries Development Bank of India (SIDBI) • Central Warehousing Corporation • Shri Renuka Infraprojects Limited • Precision Pipes and Profiles Company Limited • Central Railside Warehousing Company Limited • Abhishek Global Ventures Limited • Adani Power Limited
Mr. Arun Duggal S/o Mr. Sardarilal 106, Ashoka Estate, 24 Barakhamba Road New Delhi – 110 001 India Date of Appointment: June 27, 2007 Term: Liable to retire by rotation **Independent Director** *Financial Advisor*	Indian	60	• Zuari Industries Limited • Patni Computer Systems Limited • Petronet LNG Limited • Shriram Transport Finance Limited • Manipal AcuNova Limited • Info Edge (India) Limited • Shriram Properties Limited Pragati Capfin Limited • Jubilant Energy Ltd, Canada • Fidelity Fund Management Private. Limited • Carzonrent (India) Private Limited • The Bellwether Mircrofinance Fund • International Asset Reconstruction Company Private Limited • Blackstone Investment Company Private Limited. • Tanglewood Financial Advisors Private Limited • Dish TV India Limited • Shriram City Union Finance Limited • Shriram EPC Limited
Mr. D. T. Joseph s/o Mr. Paul Samuel Joseph 52, Jasmine Co-operative Housing Society, M. K. Marg, Bandra (East), Mumbai 400 051 **Independent Director** *Retired Indian Administrative Service Official*	Indian	61	• Shreyas Shipping and Logistics Limited • Wartsila India Limited

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
Mr. Rajeev Ranjan Sinha s/o Mr. J. P. Sinha Palm Court, 3rd Floor, 152, Maharshi Karve Road, Mumbai 400 020 ***Wholetime Director*** *Service*	Indian	57	• Inland Conware Private Limited • Adani Logistics Limited • Dholera Port and Special Economic Zone Limited

Brief Biographies of our Directors

Mr. Gautam S. Adani, Chairman and Managing Director and Chief Executive Officer is the founder of the Adani Group. Under his leadership, Adani Group has emerged as a diversified conglomerate with interests in international trading, infrastructure development, power generation and distribution, development of special economic zones, gas distribution, trading and business process outsourcing. He has been instrumental in the diversification of the Adani Group into the port sector. He has been associated with our Company as the Managing Director since January 28, 1999 and as the Chairman and Managing Director thereafter. He has also been the Chief Executive Officer of our Company since January 30, 2007. He is responsible for our overall business and future growth.

Mr. Rajesh S. Adani is a non-executive director of our Company. He is currently involved in the management of Adani Enterprises Limited and is the brother of Mr. Gautam S. Adani. He has been associated with Adani Exports Limited (presently Adani Enterprises Limited) since its inception in 1988. He handles the marketing and finance aspects of Adani Enterprises Limited and has been responsible for developing the business relationships and contacts of Adani Enterprises Limited. He has a Bachelor of Commerce degree from the Gujarat University.

Mr. H. K. Dash, IAS is a nominee of GPIDCL on the Board of Directors of our Company. He has more than 23 years of experience as part of the Indian Administrative Service. Mr. Dash is currently Vice Chairman and Chief Executive Officer of GMB and heads the Port & Transport Department, Government of Gujarat in the capacity of Principal Secretary and the Gujarat Energy Development Agency as Chairman. He is also on the Board of Directors of several other companies such as Gujarat Pipavav Port Limited, Gujarat Chemical Port Terminal Limited, Gujarat Port Infrastructure Development Co. Limited, Gujarat State Petronet Limited and Alcock Ashdown (Guj) Limited. Mr. Dash has a MBA degree from the University of Hull in the United Kingdom.

Mr. S. Venkiteswaran is a Senior Advocate at the High Court of Bombay and an independent director of our Company. He is a specialist in commercial disputes related to international trade, shipping and aviation. He was conferred the Varuna Award in 2004 by the Government of India for his services to the Indian shipping industry. He is also on the Board of several banks and government bodies such as Centurion Bank Limited, Indian Registrar of Shipping, National Securities Clearing Corporation Limited, National Securities Depositories Limited and the National Stock Exchange Limited. He has a Bachelor of Science degree in physics and mathematics and a LLB from Bombay University.

Mr. K. N. Venkatasubramanian is an independent director of our Company. He had worked as independent project consultant to many companies after retiring as Chairman of IOCL. He is a chemical engineering graduate from Madras, and a post graduate from IIT, Kharagpur. He has more than 45 years of experience in the industry. Having worked initially with international oil companies such as Standard Vaccum, Exxon, Philips Petroleum, he joined Indian Petrochemicals Corporation Limited (IPCL) in 1973 where he held several positions, including that of Director (Operations), wherein he handled production, engineering, materials and employee relations and also as an Executive Director. He was also on the Board of Directors of the State Trading Corporation of India Limited for two years from May 1982 and was also the Chairman cum Managing Director of Engineers India Limited. He was the chairman of IOC from 1991 to 1996. He has also served as a convener of the plastics working group on petrochemicals established by the Department of Petroleum, Government of India for formulating the policy framework for petrochemicals during the 7th five year plan. He is also the Chairman of the sub-committee on Petrochemicals constituted by the

Department of Chemicals and Petrochemicals, Government of India, for formulating the perspective plan for petrochemicals during the 8th and 9th plan five year plan periods.

Mr. Ameet H. Desai, Executive Director and Chief Financial Officer, is an executive director of our Company. He has more than 20 years of experience in the field of corporate finance, projects and mergers and acquisitions. Prior to joining Mundra Port and Special Economic Zone Limited in 2005, he was Vice President – Mergers & Acquisitions and Business Planning for Ranbaxy Laboratories Limited. He established the merger and acquisition team at Ranbaxy Laboratories Limited and led and completed four cross border acquisitions. He was a team member for a global licensing transaction and led the divestment of allied business of Ranbaxy Laboratories Limited. He also had the responsibility for business planning function at Ranbaxy Laboratories Limited besides being a member of various committees including the executive committee. He has also worked at Core Healthcare Limited where he was involved in corporate finance, restructuring and operations. He has a Bachelor degree in business administration where he stood first and a MBA in finance from the B.K. School of Management, Ahmedabad, where he was a national merit scholarship holder.

Mr. Surendra Kumar Tuteja is an independent director of our Company. He is a retired Indian Administrative Service official belonging to the Punjab cadre and has served the Government of India and the Government of Punjab in various capacities. He was the Principal Secretary, Industries and Commerce and Principal Secretary, Finance with the Government of Punjab. He retired as Secretary, Department of Food and Public Distribution, Government of India in 2005. He is presently the Chairman of Central Warehousing Corporation, Swaraj Mazda Limited and Abhishek Industries Limited. He was awarded the Dayanand Munjal award in 1992 as "Manager of the Year" by the Ludhiana Management Association. He has a Masters degree in commerce from the Shriram College of Commerce, Delhi and is a qualified company secretary.

Mr. Arun Duggal is an independent director of our Company. He is an experienced international banker advising Corporations on financial strategy, mergers and acquisitions and in capital raising. He has been an advisor to a number of corporations, major financial institutions and private equity firms such as Macquarie Bank, TPG NewBridge, General Atlantic etc. Mr. Duggal is involved in several initiatives in the social sector such as the Bellwether Microfinance Fund which provides equity capital to promising Micro Finance organizations and helps them in capacity building and Transparency International Berlin, which is undertaking a number of initiatives to combat corruption around the world. He also teaches banking and finance at the Indian Institute of Management, Ahmedabad as a visiting Professor. Mr. Duggal is mechanical engineer from the Indian Institute of Technology, Delhi and holds an MBA degree from the Indian Institute of Management, Ahmedabad.

Mr. Daniel Trevelyn Joseph, is an independent director of the Company. He is a retired Indian Administrative Service official belonging to the Maharashtra cadre. He has served the Government of India and the Government of Maharashtra in various capacities, including as Secretary, Government of Maharashtra, Public Health Department and Urban Development Department; the first Chief Executive Officer of the Slum Rehabilitation Authority; the Managing Director of the Development Corporation of Konkan Limited; the Managing Director of SICOM; the Director-General of Shipping, Government of India, Secretary (Co-ordination), Cabinet Secretariat, Rashtrapati Bhavan and the Secretary, Department of Shipping, Ministry of Shipping, Road Transport and Highways, Government of India. He has also worked as Adviser to the Department of Shipping, Ministry of Shipping, Road Transport and Highways, Government of India. Mr. D.T. Joseph was elected President at the International Maritime Organization Plenary Conference in February 2004. In June 2007, he was appointed as the Chairman of Pay Revision Committee for Class I and Class II officers in Major Port Trusts and Dock Labour Boards of India. He has Masters Degrees in English Literature and Economics from Madras University and Manchester University, respectively.

Mr. Rajeev Ranjan Sinha, Wholetime Director, age 57 years has more than 31 years of experience. He is a retired Indian Administrative Services officer of 1976 batch. He is a fellow of the Institute of Chartered Ship Brokers United Kingdom and received a Master of Science in Shipping Management from the World Maritime University in Sweden in 1994. He also has a Master of Business Administration degree from Jamnalal Bajaj Institute of Management Studies, Mumbai in 1999. Prior to joining us, he was associated with Gujarat Pipavav Port Limited as Managing Director. He spent a decade in the port sector of Maharashtra and was the Deputy Chairman of the Mumbai Port Trust for six years from September 1997 to August 2003. He also headed the Maharashtra Maritime Board. He retired as the Principal Secretary, Government of Maharashtra in September 2003. He was responsible for general management, port management, shipping management, port commercial, legal and labour laws and regulations, international and national maritime law, personnel and financial management.

Borrowing powers of the Board

Our Articles, subject to the provisions of the Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Our Members, have pursuant to a resolution passed at the EGM dated January 31, 2007 authorised our Board to borrow monies not exceeding Rs. 50,000 million at any time.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to broad basing of our board, constitution of committees. Our Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our board has ten Directors, of which the Chairman of the Board is an executive director, and in compliance with the requirements of Clause 49 of the Listing Agreement, we have three executive Directors, seven non-executive directors and five independent directors on our Board.

Audit Committee

The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The audit committee consists of the following:

(i) Mr. K. N. Venkatasubramanian, Chairman;

(ii) Mr. Rajesh S. Adani;

(iii) Mr. S. K. Tuteja; and

(iv) Mr. S. Venkiteswaran.

The terms of reference of the audit committee are as follows:

(i) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(ii) Recommending the appointment and re-appointment of the statutory auditor and the fixation of their remuneration;

(iii) 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;

   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; and

   g. Qualifications in the draft audit report.

(iv) Reviewing the quarterly and half yearly financial results and the annual financial statements before they are submitted to board;

(v) Reviewing and discussing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

(vi) 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;

(vii) 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;

(viii) 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;

(ix) 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;

(x) Reviewing the management discussion and analysis of financial condition and results of operations;

(xi) Reviewing and discussing the statement of significant related party transactions (as defined by the audit committee), submitted by management;

(xii) Reviewing and discussing the management letters/letters of internal control weaknesses issued by the statutory auditors;

(xiii) Reviewing the Internal audit reports relating to internal control weaknesses; and

(xiv) Reviewing and discussing the appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Remuneration Committee

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

This Committee consists of:

(i) Mr. S. Venkiteswaran, Chairman;

(ii) Mr. K. N. Venkatasubramanian; and

(iii) Mr. Rajesh S. Adani.

Shareholder/Investor Grievance Committee

This Committee is responsible for the redressal of shareholder grievances. This Committee consists of:

(i) Mr. K. N. Venkatasubramanian;

(ii) Mr. S. K. Tuteja; and

(iii) Mr. Rajesh S. Adani.

The terms of reference of the Investor Grievance Committee are as follows:

- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non-receipt of balance sheet etc in particular.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Share Transfer Committee

This Committee is responsible for looking into all matters in relation to transfer of our Equity Shares. This Committee consists of:

- Mr. K. N. Venkatasubramanian;
- Mr. Rajesh S. Adani; and
- Mr. Ameet H. Desai.

IPO Committee

This Committee is responsible for dealing with all matters in relation to the initial public offering of the Company. This committee was set up by the Board of Directors at their meeting dated January 30, 2007 and this committee consists of:

1. Mr. Rajesh S. Adani;
2. Mr. K. N. Venkatasubramanian; and
3. Mr. Ameet H. Desai.

Shareholding of Directors in our Company

Except as provided below, our Directors do not hold any Equity Shares in our Company:

S. No.	Name of Director	No. of Equity Shares held
1.	Mr. Ameet H. Desai	150,000*
2.	Mr. S. Venkiteswaran	9,500
3.	Mr. K. N. Venkatasubramanian	5,700
4.	Mr. Gautam S. Adani	1,000,000
	Total	**1,165,200**

** Additionally, the wife of Mr. Ameet H. Desai, Ms. Deepali A. Desai has 50,000 Equity Shares.*

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares held by them, if any, or that may be subscribed by or allotted to their relatives or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in the section titled "Related Party Transactions" on page 159 of this Red Herring Prospectus, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Red Herring Prospectus.

Remuneration of our Directors

Mr. Gautam S. Adani

Our Company has entered into a Managing Director Agreement ("MDA") dated July 30, 2007 with Mr. Gautam S. Adani whereby he has been re-appointed as Managing Director for five years with effect from July 1, 2007, for the next 5 years. He was appointed as the Chief Executive Officer pursuant to the Board meeting dated January 30, 2007. The MDA prescribes for the remuneration of Mr. Adani to continue on the terms as approved by the members in the AGM dated September 29, 2005. Subsequent to the said AGM, a supplemental agreement dated September 30, 2005 was entered into, where it was decided that he would be given a remuneration of Rs. 1 million per month along with a commission which shall be up to 2% of our Company's net profit. The gross remuneration, including commission, paid to him during fiscal 2006 was Rs. 33.4 million and during fiscal 2007 is 48.5 million.

Further, under the agreement dated July 30, 2007, Mr. Gautam S. Adani has, subject to the superintendence, control and directions of the Board of Directors of our Company, also been given other powers, some of which are as follows:

- To manage, conduct and transact all the business of the Company including power to enter into contracts and vary and rescind them;
- To sign on behalf of the Company all cheques, bills of exchanges, drafts, hundis. etc;
- To institute, defend, prosecute, compound legal and arbitration proceedings;
- To convene meetings of the Board of Directors or any Committees constituted thereof;
- Borrow sums for the purpose of the business of the Company within the limits specified by the Board of Directors of the Company;
- To invest in securities of any entity up to a maximum limit of Rs. 3,000 million per entity; and
- Make and pay donations within the limits set by the Board of Directors of the Company.

Mr. Ameet H. Desai

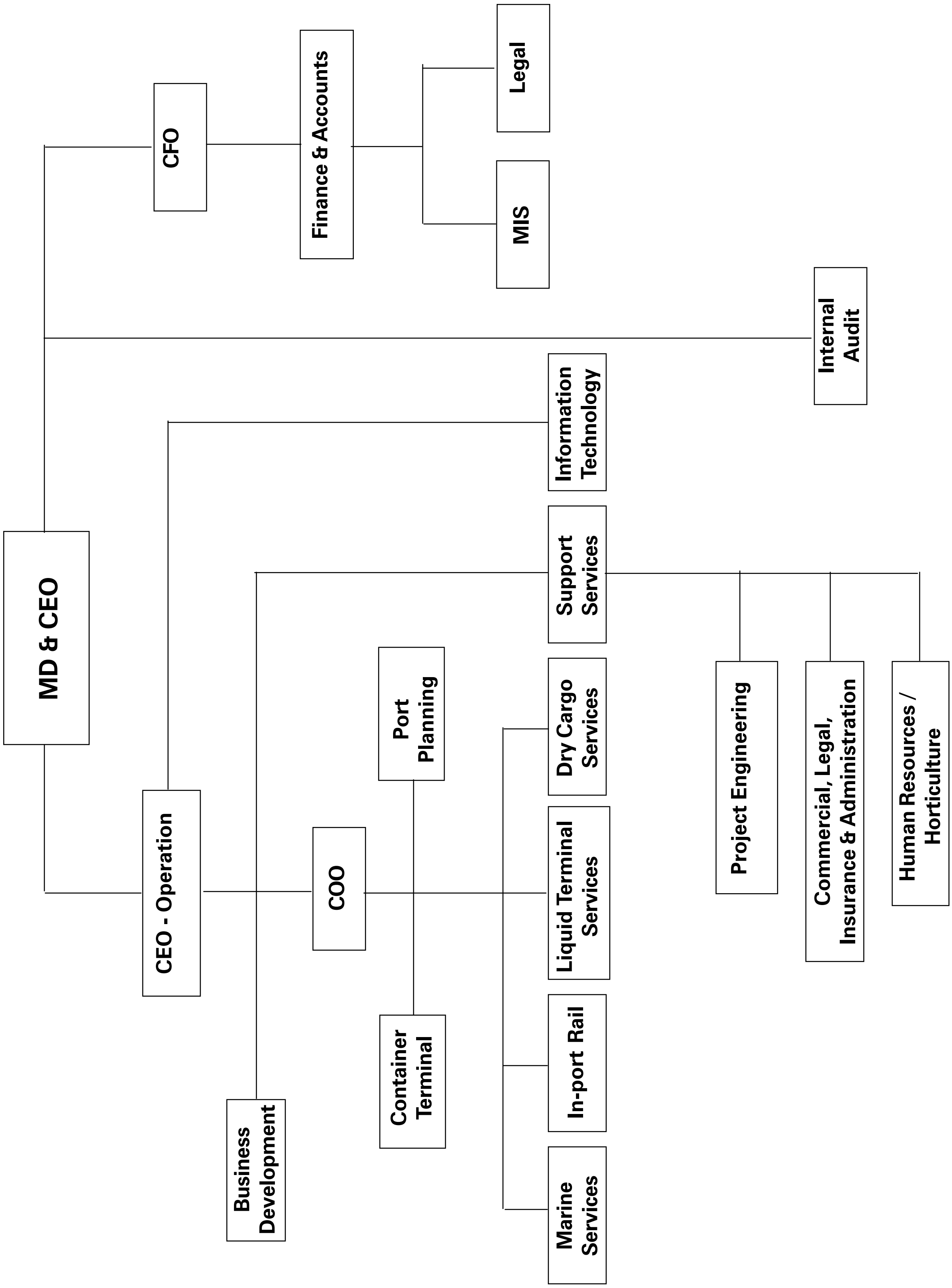
Mr. Ameet H. Desai has been appointed as our Executive Director for a period of five years with effect from September 1, 2005 pursuant to a resolution passed by our shareholders on September 29, 2005, which was subsequently amended on January 30, 2007. The remuneration payable to him is Rs. 600,000 per month. The gross compensation paid to him during fiscal 2007 was Rs. 6.7 million.

Mr. Rajeev Ranjan Sinha

Mr. Rajeev Ranjan Sinha has been appointed as our Wholetime Director for a period of five years with effect from October 12, 2007 pursuant to a resolution passed by our shareholders on October 16, 2007. The remuneration payable to him is Rs. 833,333 per month. He was not paid any compensation during fiscal 2007 as he has joined us in fiscal 2008.

Changes in Our Board of Directors during the last three fiscal years

Name	Date of Change	Reason
Mr. A. K. Pradhan	December 26, 2003	Withdrawal of nomination by GPIDCL
Mr. G. C. Murmu	December 26, 2003	Withdrawal of nomination by GPIDCL
Mr. N. S. Vishwanathan	December 31, 2003	Withdrawal of nomination by GPIDCL
Mr. Amarjit Singh	March 12, 2004	Withdrawal of nomination by GPIDCL
Mr. C. L. Meena	March 12, 2004	Withdrawal of nomination by GPIDCL
Mr. H. K. Dash	March 12, 2004	Nominated by GPIDCL
Mr. A. K. Nigam	September 30, 2004	Withdrawal of nomination by GPIDCL
Mr. Sanjay Gupta	February 16, 2005	Appointed as Non-Executive Director
Dr. Malay Mahadevia	June 1, 2005	Resignation
Mr. Shailesh Haribhakti	June 8, 2005	Resignation
Mr. V. K. Babbar	June 23, 2005	Withdrawal of nomination by GPIDCL
Mr. Ameet H. Desai	September 1, 2005	Appointed as Executive Director
Mr. Arvind Kumar Agarwal	December 27, 2006	Withdrawal of nomination by GPIDCL
Mr. Biswajit Choudhuri	January 11, 2007	Withdrawal of nomination by UTI
Mr. Surendra Kumar Tuteja	January 30, 2007	Appointed as independent director
Mr. Sanjay Gupta	June 19, 2007	Resignation
Mr. Arun Duggal	June 27, 2007	Appointed as independent director
Mr. D.T. Joseph	September 17, 2007	Appointed as independent director
Mr. Rajeev Ranjan Sinha	October 12, 2007	Appointed as whole time director


MD & CEO
CFO
Finance & Accounts
Legal
MIS
Internal Audit
Information Technology
CEO - Operation
Support Services
Project Engineering
Commercial, Legal, Insurance & Administration
Human Resources / Horticulture
COO
Port Planning
Container Terminal
Dry Cargo Services
Liquid Terminal Services
In-port Rail
Marine Services
Business Development

Key Management Personnel

In addition to our Executive Directors, the details regarding our Key Management Personnel are as follows:

Captain Sandeep M. Mehta, Chief Executive Officer (Operations), age 46 years, has more than 27 years of experience in the merchant shipping and transportation business. He is a Master Mariner from LBS Nautical College. Before joining us in 2004, he was employed with P&O Nedlloyd (India) Private Limited where he was involved in operations and procurement for port and marine related services and A.P. Moller Maersk (India) Private Limited where he was the Regional Operations Manager for the western region. The gross compensation paid to him during fiscal 2007 was Rs. 0.7 million.

Mr. Surendra R. Sadhnani, Senior Vice President (Finance), age 46 years, has over 24 years of experience in the areas of corporate finance, management, taxation and accounts. He holds a Bachelor of Commerce degree from the Mumbai University. He is a qualified chartered accountant and company secretary. He is also a certified public accountant in the United States. Before joining us in 2006, he has worked with various organisations such as Garware Wall Ropes Limited, Larsen and Toubro Limited, Essar Oil Limited and Dr. Batra's Positive Health Clinic. He has been involved in various aspects of fund management, budgeting, financial accounting, inventory management and debt restructuring. He joined the Company on June 1, 2006. The gross compensation paid to him during fiscal 2007 was Rs. 3.2 million.

Mr. Lalit Jaywant, Head (Human Resource), age 58 years, has more than 36 years of experience in the field of human resource development, administration, training and industrial relations. He has a Masters degree in economics from the University of Indore and a post graduate diploma in personnel management and industrial relations from Xavier Labour Relations Institute, Jamshedpur. Before joining us in 2005, he has worked with various organisations including Bajaj Auto Limited, Reliance Group and Shriram Industries and Enterprises Limited. The gross compensation paid to him during fiscal 2007 was Rs. 2.6 million.

Mr. R. M. Bhatia, Vice President (Engineering), age 50 years, has over 28 years of experience in the areas of projects, operation and engineering. He has a Bachelor of Science degree in mechanical engineering from the Sardar Patel University, Gujarat and a post graduate diploma in business administration. Before joining us in 2003, he has worked with Gujarat Heavy Chemicals Limited, Essar Steel Limited and Essar Construction Limited where he worked on various aspects in relation to projects, operations, engineering and inventory management. The gross compensation paid to him during fiscal 2007 was Rs. 1.7 million.

Mr. K. Venugopal, Vice President (Finance), age 40 years, has more than 17 years of experience in the field of audit, accounting and finance. He has a Bachelor of Commerce degree from the A.P. Residential College, Nagarjuna Sagar and a Master of Business Administration in finance from the Department of Commercial and Management Studies, Andhra University. Prior to joining us in 2000, he has worked with Unicorn Organics Limited, Shriram Industrial Enterprises Limited and the Sanghi Group. He has been involved in various functions such as raising finance for expansion, strategic planning and syndication of debt facilities. The gross compensation paid to him during fiscal 2007 was Rs. 2.5 million.

Captain Unmesh Abhyankar, Vice President (Marine Services), age 47 years, has over 27 years of experience in the field of marine operations and pilotage. He is a graduate from the D.G. Ruparel College in Mumbai. Prior to joining our Company in 2005, he has worked with many organisations including Great Eastern Shipping, Kandla Port Trust and OCN Marine Services where he was involved in various aspects of marine and port operations. The gross compensation paid to him during fiscal 2007 was Rs. 1.4 million.

Mr. Navin Chandra Pathak, General Manager (Information Technology), age 43 years, has more than 18 years of experience in the field of information technology and systems management. He has a Master of Science degree from the Kumaon University and a Master in Science. and Post Graduate Diploma in Computer Application from the Rohilkhand University. Before joining us in 2001, he has worked with Indo Asian Limited, Daewoo Motors Limited and Gujarat Heavy Chemicals Limited. He has been involved in creating and managing Information Technology infrastructure at various companies, managing software integration, establishing data centres and maintaining network security. The gross compensation paid to him during fiscal 2007 was Rs. 1.2 million.

Mr. Kashyap Desai, General Manager (Liquid Terminal), age 44 years, has over 19 years of experience in the areas of operations. He has a diploma in mechanical engineering from B&B Polytechnic and a Bachelor of Science degree in production engineering from the Sardar Patel University, Gujarat. Prior to joining us in 1996, he has worked with Carbon Corporation Limited and Larsen and Toubro Limited where he was involved in plant operation and maintenance. The gross compensation paid to him during fiscal 2007 was Rs. 1.2 million.

Mr. Anurag Garg, General Manager (Chairman Office), age 40 years, has more than 15 years of experience in the field of management, project planning and execution. He has a Bachelor of Science degree in electrical engineering from the Roorkee University, a Master of Science degree from the Louisiana State University and a post graduate diploma in management from the Indian Institute of Management, Kozhikode. Before joining us in 1998, he has worked with Dove Energy Management, USA from January 1991 to December 1991 and with Indo Gulf Fertilisers and Chemicals Corporation Limited from 1992 to 1997 where he was involved in identifying investment opportunities in non fertiliser business and in the project planning for a copper project. The gross compensation paid to him during fiscal 2007 was Rs. 1.5 million.

Mr. T. D. Purohit, General Manager (Law), age 45 years, has more than 20 years of experience as a legal professional. He has a Bachelor degree in economics from the Sambalpur University, a law degree from the Sambalpur University and a Master of Business Law from the National Law School of India University. Prior to joining us in 2005, he has worked with the United Bank of India, NABARD and Bharat Heavy Electricals Limited. He has been involved in drafting and negotiation of contracts for various infrastructure projects, procurement of engineering goods and services and arbitration matters. The gross compensation paid to him during fiscal 2007 was Rs. 1.1 million.

Mr. S. Iyer, Assistant Vice President, age 40 years, has over 17 years of experience in the field of information technology, including software and systems integration. He has a Bachelor of Science degree in engineering from Walchand Institute of Technology. Before joining us in December 2005, he worked in various capacities with HCL Gmbh, Germany, Ashtech Infotech Limited, Onetrack Solutions and Multimedia Frontiers Private Limited. As Business Manager (Germany) at HCL, he was managing a team of approximately 100 professionals. The gross compensation paid to him during fiscal 2007 was Rs. 1.2 million.

Mr. Ketan Doshi, Assistant Vice President (Management Services), age 44 years, has over 19 years of experience in the area of marketing, negotiations, planning and execution. He has a Bachelor of Science degree in mechanical engineering from M.S. University and a Master in Business Administration from the South Gujarat University. Before joining us in 1998, he worked with Petrofils Corp Limited, where he worked in the marketing department and Gujarat Torrent Energy Corporation Limited where he was the executive assistant to the Managing Director and was involved in various projects related matters. The gross compensation paid to him during fiscal 2007 was Rs. 1.6 million.

Mr. Nilesh Shah, General Manager (Finance & Accounts), age 48 years, has over 25 years of experience in finance, accounts, legal and secretarial works. He has a Bachelor of Commerce degree from Mumbai University and is also a qualified Chartered Accountant and a law graduate. Before joining us in 2007, he worked with Man Turbo India Private Limited, where he was working as, Controller – finance & administration. Prior to this he has worked in various organizations such as GES Technologies, Parekh Marine Agencies Limited, Abacus Computers Limited, Supreme Industries Limited and Telco. The gross compensation paid to him during fiscal 2007 was Rs. 0.3 million.

Captain Umesh Shedde, General Manager (Business Development & Marketing), age 47 years, has more than 26 years of experience in the field of merchant shipping, transportation and marketing. He is a Master Mariner and also passed the Institute of Chartered Shipbrokers (London) examination. He is also a Master of Science – Maritime Affairs from World Maritime University, Sweden with port management, port technology and planning, port marketing and pricing and port economics as his subjects of specialization. He has also completed the Shipping Management Program from Indian Institute of Management, Ahmedabad. Prior to joining us in 2007 he has worked in various capacities with International Maritime Training Centre, Barber Ship Management and Scindia Steam Nav. Company Limited. He has been involved in various development and design of structured shipboard training programs and a visiting faculty at Indian Institute of Management, Ahmedabad for Strategic Port Management Program. The gross compensation paid to him during fiscal 2007 was Rs. 0.07 million.

Mr. Sanjeev Modi, General Manager (Commercial), age 34 years, has more than 13 years of experience in areas corporate strategy, business planning, port infrastructure development, procurement, financial controller and operations cost management. He is a Bachelor of Commerce from Mumbai University and a qualified cost and works accountant. Before joining us in 2007 he worked with United Shippers Limited as General Manager where he was involved in port infrastructure development, business development, corporate strategy and business planning. Prior to that, he worked with Maersk Line as Regional Operations Manager for the South East India and under various capacities at P&O Nedlloyd. He was not paid any compensation during fiscal 2007 as he has joined us in fiscal 2008.

Brig. T Radha Krishnan, General Manager (Administration), age 55 years, has more than 35 years of experience in the field of general administration, logistics management, information technology project management and human resource management during his tenure with the Indian Armed Forces. He is a Bachelor in Communication and Journalism from Pune University. He has completed his Master of Science in Defence Studies from Madras University and his Masters in Management Studies from Osmania University. Prior to joining us in 2007 he was involved in various capacities at the Indian Armed Forces. The gross compensation paid to him during fiscal 2007 was Rs. 0.3 million.

Captain C V Ramnath, General Manager (Terminal Operations – Container Terminal II), age 40 years has more than 18 years of experience in areas of merchant shipping and container terminal operations. He is a Master Mariner and is a trained Port Facility Security Officer. He has attended Advanced Leadership Training program at P&O Ports Institute. Prior to joining us in 2007 he worked with ABG Kolkata Container Terminal Private Limited, as General Manager with independent charge of Startegic Business Unit. Prior to this he has worked with other container terminals such as DP world - Mundra International Container Terminal (P&O Ports), and Chennai Container Terminal Private Limited. He was involved in terminal operations, business expansion strategies and business development. He was not paid any compensation during fiscal 2007 as he has joined us in fiscal 2008.

Captain Jasbir Singh, Vice President (Dry Cargo), age 47 years, has more than 25 years of experience in areas of Merchant Shipping, Port operations and Marketing. He is a Master Mariner and also completed a diploma in export-import. Prior to joining us in 2007 he worked with Omega Shipping Agencies Private Limited, as Vice President involved in shipping agency business. Prior to this he was Operations Manager in Greenways Shipping Agencies Private Limited. He was involved with the operations of port office and stowage planning and principals requirements. He was not paid any compensation during fiscal 2007 as he has joined us in fiscal 2008.

Commander Dhananjay Deshmukh, Assistant Vice President (Port Maintenance Service), age 46 years has more than 25 years of techno-commercial experience. He has completed his Bachelor in Science from National Defence Academy and Bachelor in Technology (Electrical) from Naval college of Engineering. He has completed his Master in Science (Strategic Studies) from Defence Services Staff College Wellington, Madras University, Masters in Information Management from Jamnalal Bajaj Institute of Management Studies, Mumbai and undertook a program in business administration from Indian Institute of Management, Ahmedabad. Prior to joining us in 2007, he was associated with Indian Navy in various capacities, the last being as a Operational Head – Chief Electrical Officer responsible for readiness of electronic, electrical and weapon systems and heading electrical department. He was not paid any compensation during fiscal 2007 as he has joined us in fiscal 2008.

Mr. Bhavin Shah, Vice President (Marketing - MPSEZ), age 37 years, has more than 15 years of marketing and strategic sales experience. He has completed his Bachelor of Commerce from Gujarat University and Master of Business Administration in Marketing B. K. School of Business Management, Ahmedabad. Prior to joining us, he was associated with Atlas Dye-Chem India Private Limited / Alta Inter-Chem Industries as President responsible for product portfolio rationalization, product bundling, market segmentation, setting departmental target, establishing and implementing strategy to achieve, marketing strategies and market plan. The gross compensation paid to him during fiscal 2007 was Rs. 2.7 million.

Mr. Manoj Chanduka, Assistant Vice President (Finance - MPSEZ), age 41 years has more than 17 years of experience in the field of finance. He has completed his Bachelor of Commerce from Utkal University, Orissa and is a qualified chartered accountant and company secretary. Prior to joining us, he was associated with IFCI Limited Deputy as the General Manager responsible for handling credit appraisal of new projects, project overrun and expansion / diversification of existing clients funded by IFCI or by syndication where the emphasis was in the area of assessing commercial viability, examining various commercial agreements / documents affecting the project life and revenue / cash flow large and critical loan accounts and to develop strategy to prepare restructuring packages under Corporate Debt restructuring scheme. His assignment includes attending Monitoring Committee as well as Corporate Debt Restructuring meetings as member. The gross compensation paid to him during fiscal 2007 was Rs. 1.5 million.

Mr. Rajesh Tanwar, Vice President (Vice President – Human Resource), age 53 years has more than 34 years of experience in the human resource field. He has completed his Post Graduate Diploma in Personnel Management from National Institute of Personnel management – Kolkata in 1989 and Post Graduate Diploma in Labour Law and Welfare from Bombay University in 1989. Prior to joining us, he was associated with Jindal Steel and Power Limited as Vice President Human Resource where is assigned to handle recruitments and developments, compensation planning, performance appraisals and rewards and other activities related to human resources. He was not paid any compensation during fiscal 2007 as he has joined us in fiscal 2008.

Mr. Paresh P. Shah, General Manager (Estate), age 49 years, has more than 26 years of experience in various government departments. He has completed his Bachelor of Science in zoology and a Post Graduate Diploma in human rights. At present he has applied for a Master of Arts in Sociology. Prior to joining us, he held various important posting in government departments such as deputy municipal commissioner, special land acquisition officer, city deputy collector and additional collector. He was not paid any compensation during fiscal 2007 as he has joined us in fiscal 2008.

Mr. Mohan Joshi, General Manager (Marine Service), age 50 years, has more than 29 years of experience. He has completed his Master F. G. (D. G. Shipping). Prior to joining us, he was associated with Marmugao Port Trust as Pilot. He was not paid any compensation during fiscal 2007 as he has joined us in fiscal 2008.

All our Key Managerial Personnel as disclosed above are permanent employees of the Issuer and none of our Directors and our Key Managerial Personnel are related to each other, except Mr. Gautam S. Adani and Mr. Rajesh S. Adani, who are brothers.

Shareholding of the Key Management Personnel

None of the Key Management Personnel hold Equity Shares in our Company.

Bonus or profit sharing plan of the Key Management Personnel

Our Company does not have a performance linked bonus or a profit sharing plan for the Key Management Personnel.

Interests of Key Management Personnel

The Key Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of our Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

Name of the Key Management Person	Date	Reason for change
Mr. M. P. Shukla	March 1, 2004	Joined
Mr. Rajesh Shah	May 1, 2004	Resignation
Mr. Sandeep Mehta	June 1, 2004	Joined
Mr. Arvind Kumar Sagar	March 31, 2005	Resignation
Mr. Manoj Chanduka	April 1, 2005	Resignation
Mr. Debasis Mitra	June 1, 2005	Resignation
Mr. Ameet H. Desai	July 8, 2005	Joined
Capt. A.K. Singh	August 23, 2005	Resignation
Captain Unmesh Abhyankar	November 7, 2005	Joined
Mr. Lalit Jaywant	November 12, 2005	Joined
Mr. S. Iyer	December 1, 2005	Joined
Mr. T. D. Purohit	December 19, 2005	Joined
Mr. Surendra R. Sadhnani	June 1, 2006	Joined

Name of the Key Management Person	Date	Reason for change
Mr. Dilip Sinha	October 3, 2006	Resignation
Mr. Nilesh Shah	January 27, 2007	Joined
Captain Umesh Shedde	March 15, 2007	Joined
Mr. Sanjeev Modi	April 26, 2007	Joined
Brig. T Radha Krishnan	January 15, 2007	Joined
Captain C V Ramnath	July 16, 2007	Joined
Captain Jasbir Singh	May 30, 2007	Joined
Commander Dhananjay Deshmukh	June 5, 2007	Joined
Mr. M. P. Shukla	July 17, 2007	Resignation
Mr. Bhavin Shah	December 1, 2006	Joined – due to merger of Mundra Special Economic Zone Limited with the Company
Mr. Manoj Chanduka	December 1, 2006	Joined – due to merger of Mundra Special Economic Zone Limited with the Company
Mr. Rajeev Ranjan Sinha	July 23, 2007	Joined
Mr. Rajesh Tanwar	July 25, 2007	Joined
Mr. Paresh P. Shah	August 1, 2007	Joined
Mr. Mukesh G. Parikh	September 30, 2007	Resigned
Mr. M.K. Padia	September 30, 2007	Resigned

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

Our Promoters are Mr. Gautam S. Adani, Mr. Rajesh S. Adani, Adani Port Infrastructure Private Limited ("APIPL") and Adani Infrastructure Services Private Limited ("AISPL").

The details of our Promoters are as follows:

	**Mr. Gautam S. Adani** is the Chairman and Managing Director and Chief Executive Officer of our Company. He is a resident Indian national. For further details, see the section titled "Our Management" on page 114 of this Red Herring Prospectus. His driving license number is GJ01/805843/01. He does not have a voter identification number.
	**Mr. Rajesh S. Adani** is a non-executive director of our Company. He is a resident Indian national. For further details, see the section titled "Our Management" on page 114 of this Red Herring Prospectus. His driving license number is 01-404400-00 and his voter identification number is LBR6827703.

We confirm that the permanent account number, bank account number and passport number of Mr. Gautam S. Adani and Mr. Rajesh S. Adani has been submitted to the BSE and NSE at the time of filing the Red Herring Prospectus with them.

Adani Port Infrastructure Private Limited

Adani Port Infrastructure Private Limited ("APIPL") was incorporated under the Companies Act on October 27, 1999 as Adani Port Infrastructure Limited. It was converted into private limited company and the name was changed to Adani Port Infrastructure Private Limited on May 3, 2006. The registered office of APIPL is located at 8th Floor, Shikhar, Near Adani House, Mithakhali, Navrangpura, Ahmedabad 380 009.

As per the Memorandum of Association of APIPL, its main objects are the business of developing, maintaining and operating infrastructure facilities and making investments in such enterprises.

Shareholding Pattern

The shareholding pattern of APIPL as of September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Shilin R. Adani)	40,942,314	40.85
2.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Gautam S. Adani /Rajesh S. Adani)	18,180,922	18.14
3.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Vinod S. Adani)	18,179,922	18.14
4.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Pranav V. Adani)	18,178,922	18.14
5.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Priti G. Adani)	4,734,875	4.72

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
6.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Ranjan Vinod Adani)	7,000	0.01
7.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Namrata P. Adani)	1,000	0.00
8.	Others	5	0.00
	Total	**100,224,960**	**100.00**

Promoter of APIPL

The promoter of APIPL is the Shantilal Bhudarmal Adani Family Trust. For further details, see section "Our Promoters and Promoter Group – Shantilal Bhudarmal Adani Family Trust" on page 156 of this Red Herring Prospectus.

Board of Directors

The board of directors of APIPL comprises of:

1 Mr. Pranav V. Adani;

2 Mr. Devang Desai; and

3 Mr. Sevantilal Vora

Financial Performance

The financial results of APIPL for the last three fiscal years are as follows:

(in Rs. million, except share data)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Equity Capital	1,002.2	1,002.2	1,002.3
Reserves (excluding revaluation reserves) and surplus	377.6	241.2	249.5
Income	168.1	0.8	0.8
Profit After Tax	136.4	(8.3)	0.4
Earning Per Share (face value Rs. 10) * (in Rs.)	1.4	(0.1)	0.0
Net asset value per share (in Rs.)**	38.11	36.8	12.5

** Computed on the basis of earnings including extraordinary items*

*** Increase in Net Asset Value per share in fiscal 2006 is a result of increase in the Revaluation Reserves*

There has been no change in the management of APIPL since its incorporation.

APIPL is an unlisted company. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

We confirm that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies where APIPL is registered shall be submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

Adani Infrastructure Services Private Limited

Adani Infrastructure Services Private Limited ('AISPL') was incorporated under the Companies Act on October 27, 1999 as Adani Infrastructure Services Limited. It was converted into private limited company and the name was changed to Adani Infrastructure Services Private Limited on March 7, 2006.

The registered office of AISPL is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009. As per the Memorandum of Association of APIPL, its main objects are the business of developing, maintaining and operating infrastructure facilities and making investments in such enterprises.

Shareholding Pattern

The shareholding pattern of AISPL as of September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Shilin R. Adani)	44,859,402	37.32
2.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Gautam S. Adani /Rajesh S. Adani)	48,100,264	40.01
3.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Vinod S. Adani)	13,597,402	11.31
4.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Ranjan Vinod Adani)	13,549,402	11.27
5.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Priti G. Adani)	101,000	0.08
6.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Pranav V. Adani)	1,500	0.00
7.	Shantilal Bhudarmal Adani Family Trust (representing the beneficial interest of Namrata P. Adani)	1,000	0.00
	Total	**120,209,970**	**100.00**

Promoter of AISPL

The promoter of AISPL is the Shantilal Bhudarmal Adani Family Trust. For further details, see section "Our Promoters and Promoter Group – Shantilal Bhudarmal Adani Family Trust" on page 156 of this Red Herring Prospectus.

Board of Directors

The board of directors of AISPL comprises of:

1 Mrs. Priti G. Adani;

2 Mr. Shyamal Joshi; and

3 Mr. Bhavik B. Shah

Financial Performance

(in Rs. million, except share data)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Equity Capital	1,202.1	1,202.1	1,202.1
Reserves (excluding revaluation reserves) and surplus	71.3	0.1	0.1
Income	311.9	1.0	1.0
Profit and Loss - Debit Balance	-	214.9	215.4
Profit After Tax	286.1	0.5	0.1
Earning Per Share (face value Rs. 10) * (in Rs.)	2.38	0.0	0.0
Net Asset value per share (in Rs.)**	52.1	49.8	8.2

** Computed on the basis of earnings including extraordinary items*

*** Increase in Net Asset Value per share in fiscal 2006 is a result of increase in the Revaluation Reserves*

There has been no change in the management of AISPL since its incorporation.

AISPL is an unlisted company. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

We confirm that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies where AISPL is registered have been submitted to BSE and NSE at the time of filing the Red Herring Prospectus with them.

Interests of Promoters and Common Pursuits

The aforementioned Promoters of our Company are interested to the extent of their shareholding in us. Further, our individual Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. Our individual Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, our individual Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For further details, see "Our Promoters and Promoter Group" on page 129 of this Red Herring Prospectus. For the payments that are made by our Company to certain Promoter Group entities, please refer to the section "Related Party Transactions" on page 159 of this Red Herring Prospectus.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further, by letter dated October 19, 2007, APIPL has informed us that on October 29, 2005 it had entered into a MOU to acquire 100% shareholding in Dholera Port Limited (now known as Dholera Port and Special Economic Zone Limited). Thereafter, on December 7, 2006 it had entered into a Shareholders Agreement and Operation and Management Agreement with the shareholders of Dholera Infrastructure Private Limited (DIPL), being the 100% shareholder of Dholera Port Limited, to acquire 49% shareholding in DIPL. However, the acquisition of 49% shareholding in DIPL is subject to regulatory approvals, which are still awaited. In the event the regulatory approvals are granted and APIPL acquires 49% shareholding in Dholera Infrastructure Private Limited it may lead to a potential conflict of interest.

Further, our Promoter, Mr. Gautam Adani, is a director on the Board of Dholera Port and Special Economic Zone Limited. Thus there may be a potential conflict of interest between being our Promoter and Director and director on Board of a company which undertakes the same business as us.

Further, except as disclosed in the sections titled "Our Promoters and Promoter Group" on page 129 of this Red Herring Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Confirmations

Further, none of our Promoters has been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them.

Payment of benefits to our Promoters

Except as stated in the section "Financial Statements - Related Party Transactions" on page 192 and 225 of this Red Herring Prospectus, there has been no payment of benefits to our Promoters during the two years prior to the filing of this Red Herring Prospectus.

Promoter Group

In addition to the Promoters named above, the following natural persons and companies are part of our Promoter group.

Relatives of Promoters

The natural persons who are part of our Promoter group (due to their relationship with our Promoters), other than the Promoters named above are as follows:

Name of the Person	**Relationship**
Ms. Priti G. Adani	Wife of Mr. Gautam S. Adani
Ms. Shilin R. Adani	Wife of Mr. Rajesh S. Adani
Ms. Shantaben S. Adani	Mother of Mr. Gautam S. Adani and Mr. Rajesh S. Adani
Mr. Mahasukh S. Adani	Brother of Mr. Gautam S. Adani and Mr. Rajesh S. Adani
Mr. Vasant S. Adani	Brother of Mr. Gautam S. Adani and Mr. Rajesh S. Adani
Mr. Vinod S. Adani	Brother of Mr. Gautam S. Adani and Mr. Rajesh S. Adani
Ms. Surekha Shah	Sister of Mr. Gautam S. Adani and Mr. Rajesh S. Adani
Ms. Priti Shah	Sister of Mr. Gautam S. Adani and Mr. Rajesh S. Adani
Ms. Sharmishta Sanghavi	Sister of Mr. Gautam S. Adani and Mr. Rajesh S. Adani
Mr. Karan G. Adani	Son of Mr. Gautam S. Adani
Mr. Jeet G. Adani	Son of Mr. Gautam S. Adani
Mr. Sagar R. Adani	Son of Mr. Rajesh S. Adani
Ms. Rahi R. Adani	Daughter of Mr. Rajesh S. Adani
Ms. Vanshi R. Adani	Daughter of Mr. Rajesh S. Adani

Companies forming part of the Promoter Group

Listed Companies

1. Adani Enterprises Limited

Adani Enterprises Limited ("AEL") was incorporated under the Companies Act on March 2, 1993 as Adani Exports Limited. Its name was subsequently changed to Adani Enterprises Limited on August 10, 2006. The registered office of Adani Enterprises Limited is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

Adani Enterprises Limited is engaged in the business of trading in and the import and export of goods, carrying out mining activities, establishing power plants and acquisition of land and other property and real estate for developmental activities.

Shareholding Pattern

The shareholding pattern of AEL on June 30, 2007 is as follows:

Name of the shareholders	Number of equity shares	Percentage shareholding
Promoters and Promoter Group		
Mr. Rajesh S. Adani/Ms. Shilin R. Adani (on behalf Rajesh S. Adani Family Trust)	10,240,000	4.15
Mr. Vasant S. Adani/Ms. Pushpa V. Adani (on behalf Vasant S. Adani Family Trust)	13,717,000	5.56
Ms. Pushpa V. Adani/Mr. Vasant S. Adani (on behalf Vasant S. Adani Family Trust)	6,612,000	2.68
Ms. Priti G. Adani/Ms. Gautam S. Adani (on behalf Gautam S. Adani Family Trust)	7,041,000	2.86
Mr. Gautam S. Adani/Ms. Priti G. Adani (on behalf Gautam S. Adani Family Trust)	12,430,000	5.04
Mr. Mahasukh S. Adani/Ms. Suvarna M. Adani (on behalf Mahasukh S. Adani Family Trust)	14,281,000	5.79
Ms. Suvarna M. Adani/Mr. Mahasukh S. Adani (on behalf Mahasukh S. Adani Family Trust)	13,362,000	5.42
Ms. Shilin R. Adani/Mr. Rajesh S. Adani (on behalf Rajesh S. Adani Family Trust)	10,831,000	4.39
Mr. Vinod S. Adani/Ms.Ranjan V. Adani (on behalf Vinod S. Adani Family Trust)	15,395,000	6.25
Ms. Ranjan V. Adani/Mr. Vinod S. Adani (on behalf Vinod S. Adani Family Trust)	11,105,000	4.51
Mr. Gautam S. Adani/Mr. Rajesh S. Adani (on behalf S. B. Adani Family Trust)	25,237,500	10.24
Mr. Pranav V. Adani (On behalf of Inter Continental (India))	3,250,000	1.32
Mr. Pranav V. Adani (On behalf of Advance Investment)	2,020,000	0.82
Adani Agro Private Limited	14,513,500	5.89
Adani Infrastructure Services Private Limited	2,560,000	1.04
Ms. Priti G. Adani (On behalf of Adani Investment)	1,844,000	0.75
Mr. Bhavik B. Shah	16,000	0.01
Mr. Rakesh R. Shah	239,540	0.10
Ms. Surekha B. Shah	92,000	0.04
Ms. Priti R. Shah	98,000	0.04
Mr. Vinod N. Sanghvi	8,000	0.00
Sub Total (A)	**164,892,540**	**66.90**
Institutional Investors		
Mutual Funds & UTI	4,513,197	1.83
Banks, Financial Institutions, Insurance Companies	5,000	0.00
Foreign Institutional Investors	36,312,179	14.73
Sub Total (B)	**40,830,376**	**16.56**

Name of the shareholders	Number of equity shares	Percentage shareholding
Others		
Private Corporate Bodies	11,613,259	4.71
Indian Public	23,448,194	9.51
NRIs/OCBs	5,306,654	2.15
Foreign National	5,000	0.0
Shares in Transit	390,952	0.16
Sub Total (C)	**40,764,059**	**16.54**
Total (A+B+C)	**246,486,975**	**100.00**

* *Includes 9,000,000 & 24,250,000 shares pledged with State Bank of India and Bank of India, respectively.*

On February 14, 2007, AISPL has, pursuant to Regulations 11(2A) read with 21(3) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, made a public announcement to the equity shareholders of AEL offering to acquire 19,972,691 equity shares of AEL representing approximately 8% of its equity share capital. On receipt of SEBI approval AISPL acquired 19,972,691 equity shares of AEL.

Board of Directors

The Board of Directors of AEL comprises of:

1. Mr. Gautam S. Adani;
2. Mr. Rajesh S. Adani;
3. Mr. Pradeep Mittal;
4. Mr. Vasant S. Adani;
5. Mr. Jay H. Shah;
6. Dr. A.C. Shah;
7. Dr. Pravin P. Shah; and
8. Mr. Chinubhai R. Shah.

Financial Performance

(in Rs. million, except share data)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Equity Capital	246.5	226.2	225.5
Reserves (excluding revaluation reserves) and surplus	10,195.3	7,478.1	6,547.2
Income (including other income)	101,556.5	93,392.6	135,188.7
Profit After Tax	1,608.9	1,183.4	1,082.9
Earning Per Share (face value Re. 1 each) (in Rs.)	6.3	5.2	4.9
Net asset value per share (in Rs.)	42.4	34.6	30.0

* *Computed on the basis of earnings including extraordinary items*

** *The face value of the equity shares of AEL is Re. 1. However, the Earning Per Share and the Net Asset Value per Share has been calculated for* *equity shares having a face value of Rs. 10 per equity share*

AEL has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

Share Price Information

The equity shares of Adani Enterprises Limited are listed on BSE, NSE and the Ahmedabad Stock Exchange.

The monthly high and low of the market price of the equity shares of AEL having a face value of Re. 1 each on NSE for the last six months are as follows:

Month	**High (Rs.)**	**Low (Rs.)**
April 2007	227.00	204.80
May 2007	250.00	212.80
June 2007	274.30	232.65
July 2007	331.75	270.25
August 2007	369.95	312.20
September 2007	583.90	341.00

Source: www.nseindia.com

The monthly high and low of the market price of the equity shares of AEL having a face value of Re. 1 each on BSE for the last six months are as follows:

Month	**High (Rs.)**	**Low (Rs.)**
April 2007	226.90	204.65
May 2007	249.85	212.85
June 2007	274.25	233.05
July 2007	333.25	270.75
August 2007	367.00	310.00
September 2007	582.00	344.05

Source: www.bseindia.com

The market capitalisation of AEL as on October 5, 2007 was Rs. 173,995.2 million.

Details of public/ rights issue

The initial public offering of equity shares of AEL having a face value of Rs. 10 each took place in November 1994. A total of 1,261,900 equity shares were issued as part of the initial public offering and the issue price was Rs. 150 per equity share.

The objects of the issue were as follows:

i) To augment the long term working capital requirements;

ii) To get the equity shares listed on the stock exchanges; and

iii) To meet the expenses of the issue.

AEL has utilized the net proceeds arising out of the Issue for the stated objects.

Mechanism for redressal of investor grievance

The Board of Directors of AEL has constituted a shareholder/investor grievance committee to deal with various matters relating to redressal of investors grievances. AEL has also entered into an agreement with the Pinnacle Shares Registry Private Limited to handle all investor grievances under the overall supervision of the investor grievance committee of AEL.

Investor grievances are usually resolved within an average period of 15 days from the date of its receipt.

During the quarter ended September 30, 2007, AEL has no outstanding complaints from the shareholders regarding change of address, non receipt of dividend warrants, non receipts of balance sheet, etc.

Unlisted Companies

1. Adani Energy Limited

Adani Energy Limited ("Adani Energy") was incorporated under the Companies Act as Gujarat Adani Energy Limited on October 31, 2001. Its name was subsequently changed to Adani Energy (Gujarat) Limited on November 8, 2005 and to Adani Energy Limited on March 7, 2006. The registered office of Adani Energy is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009. Adani Energy is a subsidiary of Adani Port Infrastructure Private Limited.

Adani Energy is engaged in the business of production, supply, transportation and distribution of all forms of conventional and non conventional energy.

Shareholding Pattern

The shareholding pattern of Adani Energy on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Mr. Pranav V. Adani (as nominee of AHPL)	100	0.00
2.	Ms. Namrata P. Adani (as nominee of AHPL)	100	0.00
3.	Ms. Priti G. Adani (as nominee of AHPL)	100	0.00
4.	Mr. Shilin R. Adani (as nominee of AHPL)	100	0.00
5.	Mr. Ranjan V. Adani (as nominee of AHPL)	100	0.00
6.	Mr. Vinod S. Adani (as nominee of AHPL)	100	0.00
7.	APIPL	57,098,720	35.00
8.	Adani Habitats Private Limited	106,039,880	65.00
	TOTAL	**163,139,200**	**100.00**

Board of Directors

The board of directors of Adani Energy comprises of:

1 Mr. Gautam S. Adani;

2 Mr. Rajeev Sharma;

3 Mr. Rajesh S. Adani; and

4 Mr. Vijay Ranchan.

Financial Performance

(in Rs. million, except share data)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Equity Capital	1,631.4	900.0	400.0
Reserves and surplus	105.1	9.6	Nil
Income	1,774.8	790.6	Nil
Profit and Loss – Debit Balance	-	-	7.9
Profit After Tax	95.6	17.4	(7.9)
Earning Per Share (face value Rs. 10)* (in Rs.)	0.9	0.4	Nil
Net asset value per share (in Rs.)	9.91	10.6	12.4

* *Computed on the basis of earnings including extraordinary items*

Adani Energy is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

2. Adani Logistics Limited

Adani Logistics Limited ("ALL") was incorporated under the Companies Act on July 28, 2005. Its registered office is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009. ALL is a subsidiary of Adani Port Infrastructure Private Limited.

ALL is engaged in the business of transportation.

Shareholding Pattern

The shareholding pattern of ALL as of October 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	APIPL	25,524,400	50
2.	Mr. Gautam S. Adani	100	0.00
3.	Mr. Rajesh S. Adani	100	0.00
4.	Mr. Pranav V. Adani	100	0.00
5.	Ms. Priti G. Adani	100	0.00
6.	Mr. Shilin R. Adani	100	0.00
7.	Ms. Namrata P. Adani	100	0.00
8.	Mundra Port and Special Economic Zone Limited	25,525,000	50
	TOTAL	**51,050,000**	**100.00**

Board of Directors

The board of directors of ALL comprises of:

1. Mr. Gautam S. Adani;
2. Mr. Ameet H. Desai;
3. Mr. Yogendra Sharma, Wholetime director; and
4. Mr. Rajeev Ranjan Sinha

Financial Performance

(in Rs. million, except share data)

	For the year ended March 31, 2007	For the year ended March 31, 2006
Equity Capital*	703.2	709.0
Reserves (excluding revaluation reserves) and surplus	0.4	Nil
Income	21.9	Nil
Profit After Tax	0.4	Nil
Earning Per Share (face value Rs. 10) ** (in Rs.)	0.01	Nil
Net asset value per share (in Rs.)	10.01	10.0

* *Includes share application money pending allotment of Rs. 192.7 million and Rs. 198.5 million for March 31, 2007 and March 31, 2006, respectively*

** *Computed on the basis of earnings including extraordinary items*

ALL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

3. Inland Conware (Ludhiana) Private Limited

Inland Conware (Ludhiana) Private Limited ("ICLPL") was incorporated under the Companies Act on September 5, 2005. Its registered office is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

ICLPL is engaged in the business of multimodal transportation.

Shareholding Pattern

The shareholding pattern of ICLPL as of September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Adani Logistics Limited	9,600	96.00
2.	Mr. Gautam S. Adani	100	1.00
3.	Mr. Rajesh S. Adani	100	1.00
4.	Mr. Pranav V. Adani (Nominee of ALL)	50	0.50
5.	Ms. Priti G. Adani (Nominee of ALL)	50	0.50
6.	Mr. Shilin R. Adani (Nominee of ALL)	50	0.50
7.	Ms. Namrata P. Adani (Nominee of ALL)	50	0.50
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of ICLPL comprises of:

1. Mr. Rajesh S. Adani;
2. Mr. Ameet H. Desai; and
3. Mr. Yogendra Sharma

Financial Performance

(in Rs.million, except share data)

	For the year ended March 31, 2007	**For the year ended March 31, 2006**
Equity Capital	0.1	0.1
Reserves and surplus	Nil	Nil
Income	Nil	Nil
Profit After Tax	Nil	Nil
Earning Per Share (face value Rs. 10)* (in Rs.)	Nil	Nil
Net asset value per share (in Rs.)	10.0	10.0

* *Computed on the basis of earnings including extraordinary items*

ICLPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

4. Adani Petronet (Dahej) Port Private Limited

APPPL was incorporated under the Companies Act on January 28, 2003. Its registered office is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

APPPL is engaged in promoting, financing, establishing and upgrading the port at Dahej for all types of cargo (excluding liquefied natural gas).

Shareholding Pattern

The shareholding pattern of APPPL as of October 15, 2007 as follows:

S. No.	**Name of Shareholder**	**Number of equity shares**	**Percentage of Shareholding**
1.	MPSEZ	10,000	50.00
2	Petronet LNG Limited	10,000	50.00
	TOTAL	**20,000**	**100.00**

Board of Directors

The board of directors of APPPL comprises of:

1. Mr. Gautam S. Adani;
2. Mr. J. K. Shah;
3. Mr. P. Dasgupta; and
4. Mr. A. Sengupta.

Financial Performance

(in Rs. million, except share data)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Equity Capital*	245.0	57.5	0.1
Reserves and surplus	Nil	Nil	Nil
Income	Nil	Nil	Nil
Profit After Tax	Nil	Nil	Nil
Earning Per Share (face value Rs. 10) ** (in Rs.)*	Nil	Nil	Nil
Net asset value per share (in Rs.)*	1.26	(7.5)	(7.5)

** Includes share application money pending allotment of Rs. 244.8 million for 2007 and Rs. 15.6 million for 2006*

*** Computed on the basis of earnings including extraordinary items*

APPPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

5. Shantikrupa Services Private Limited

Shantikrupa Services Private Limited ("SSPL") was incorporated under the Companies Act on March 1, 2006. Its registered office is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

The business of SSPL is to supply construction equipment either on rent or hire-purchase or otherwise.

Shareholding Pattern

The shareholding pattern of SSPL as of September 15, 2007 is as follows:

S. No.	**Name of Shareholder**	**Number of equity shares**	**Percentage of Shareholding**
1.	Mr. Vasant S. Adani	5,000	50.00
2.	Ms. Pushpa V. Adani	5,000	50.00
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of SSPL comprises of:

1. Mr. Vasant S. Adani; and
2. Mr. Bhavik B. Shah.

Financial Performance

(in Rs. million, except share data)

	For the year ended March 31, 2007	For the year ended March 31, 2006
Equity Capital	0.1	0.1
Reserves and surplus	Nil	Nil
Income	Nil	Nil
Profit After Tax	Nil	Nil
Earning Per Share (face value Rs. 10)* (in Rs.)	Nil	Nil
Net Asset value per share (in Rs.)	9.5	9.7

* *Computed on the basis of earnings including extraordinary items*

SSPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

6. Shantikrupa Estates Private Limited

Shantikrupa Estates Private Limited ("SEPL") was incorporated under the Companies Act, on March 30, 2004. Its registered office is located at 8th Floor, Shikhar, Near Adani House, Mithakhali, Navrangpura, Ahmedabad 380 009.

SEPL is primarily engaged in real estate development.

Shareholding Pattern

The shareholding pattern of SEPL as of September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Mr. Vasant S. Adani	5,000	50.00
2.	Ms. Pushpa V. Adani	5,000	50.00
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of SEPL comprises of:

1. Mr. Vasant S. Adani; and
2. Ms. Pushpa V. Adani.

Financial Performance

(in Rs. million, except share data)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Equity Capital	0.1	0.1	0.1
Reserves and surplus	5.1	Nil	Nil
Profit and Loss – Debit Balance	Nil	1.8	0.4
Income	23.3	Nil	Nil
Profit After Tax	6.9	(1.4)	(0.4)
Earning Per Share (face value Rs. 10)* (in Rs.)	686.5	Nil	(39.9)
Net Asset value per share (in Rs.)	514.9	(172.0)	(31.5)

* *Computed on the basis of earnings including extraordinary items*

SEPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

7. Dahej Power Private Limited

Dahej Power Private Limited ("DPPL") was incorporated under the Companies Act on February 6, 2006. Its registered office is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

DPPL is engaged in the generation, accumulation, distribution and supply of electricity.

Shareholding Pattern

The shareholding pattern of DPPL as of September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Mr. Gautam S. Adani	5,000	50.00
2.	Mr. Rajesh S. Adani	5,000	50.00
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of DPPL comprises of:

1. Mr. Gautam S. Adani; and
2. Mr. Rajesh S. Adani.

Financial Performance

(in Rs. million, except share data)

	For the year ended March 31, 2007
Equity Capital	0.1
Reserves and surplus	NIL
Income	NIL
Profit After Tax	NIL
Earning Per Share (face value Rs. 10)* (in Rs.)	NIL
Net Asset value per share (in Rs.)	8.95

DPPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

8. Adani Shipyard Private Limited

Adani Shipyard Private Limited ("ASPL") was incorporated under the Companies Act as Mundra Shipyard Private Limited on July 21, 2005. The name of the company was subsequently changed to Adani Shipyard Private Limited on March 31, 2006. The registered office of ASPL is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

ASPL is primarily engaged in the business of shipbuilding, naval and marine architecture and repair, alteration and servicing of ships and other vessels.

Shareholding Pattern

The shareholding pattern of ASPL as of September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Mr. Gautam S. Adani	4,000	40.00
2.	Mr. Rajesh S. Adani	3,000	30.00
3.	Mr. Pranav V. Adani	3,000	30.00
	TOTAL	**10,000**	**100.00**

Board of Directors:

The board of directors of ASPL comprises of:

1. Mr. Gautam S. Adani;
2. Mr. Rajesh S. Adani; and

Financial Performance

(in Rs. million, except share data)

	For the year ended March 31, 2007	For the year ended March 31, 2006
Equity Capital	1.2	1.1
Reserves and surplus	Nil	Nil
Income	Nil	Nil
Profit After Tax	Nil	Nil
Earning Per Share (face value Rs. 10)* (in Rs.)	Nil	Nil
Net asset value per share (in Rs.)	8.7	8.7

* *Computed on the basis of earnings including extraordinary items*

This company is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and it is not under winding up.

9. Inland Conware Private Limited

Inland Conware Private Limited ("ICPL") was incorporated under the Companies Act on July 13, 2005. Its registered office is located at Adani House, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

ICPL is engaged in the business of multimodal transport operation within India and abroad, establishing and managing Inland Containers Depots and Container Freight Stations, providing warehousing facilities and acting as clearing and forwarding agents.

Shareholding Pattern

The shareholding pattern of ICPL as of October 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Mr. Gautam S. Adani	1,700	17.00
2.	Mr. Rajesh S. Adani	1,650	16.50
3.	Mr. Pranav V. Adani	1,650	16.50
4.	MPSEZ	5,000	50.00
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of ICPL comprises of:

1. Mr. Sanjay Gupta; and
2. Mr. Yogendra Sharma;
3. Mr. Ameet H. Desai; and
4. Mr. Rajeev Ranjan Sinha

Financial Performance

(in Rs. million, except share data)

	For the year ended March 31, 2007	For the year ended March 31, 2006
Equity Capital*	759.2	362.5
Reserves and surplus	Nil	Nil
Income	Nil	Nil
Profit After Tax	Nil	Nil
Earning Per Share (face value Rs. 10) ** (in Rs.)	Nil	Nil
Net asset value per share (in Rs.)*	10.0	9.2

* *Includes share application money pending allotment of Rs.759.1 million for 2007 and Rs. 362.4 million for 2006*

** *Computed on the basis of earnings including extraordinary items*

ICPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

10. Adani Agro Private Limited

Adani Agro Private Limited ("AAPL") was incorporated under the Companies Act as Adani Agro Limited on February 14, 1995. It was subsequently converted into a private limited company and consequently the name of the company has been changed from Adani Agro Limited to Adani Agro Private Limited. The registered office of the AAPL is located at 8th Floor, Shikhar, Near Adani House, Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

AAPL is engaged in the business as agriculturists, dry farming, floriculture, tissue culture, cloriculture, horticulturists, farms, planters, gardeners, vegetable growers, cultivators, fillers, nurserymen, husbandmen and producers of all varieties and kind of agricultural products, vegetable, seeds and with a view thereto raise vegetable plants, etc. Also to carry on the business of cultivation, planters, growers in cold chambers or otherwise, manufacturers or sellers or exporters and dealers in mushrooms, animal fodder corn, cocoa, rice, oil deeds, copra, coconuts, sugarcane, plantations grain, paddy, cereals, vegetables, agricultural, sericultural and horticultural products and to manufacturing, or tinning or canning or processing or dispose of by and in the said products and other derivatives or soil. Also to acquire, takeover, promote, establish and carry on all or any of the business of seed crushers and manufacturers of and dealers in groundnut, gingelly, castor, cotton, mowra linseed, rape and mustard cakes, oil extractors by crushing chemical or any other process, cake scrap boilers, manufacturers of floors and floors covering of every description, makers and manufacturers of cattle food and feeding and fattening preparations of every description, makers and manufacturers of artificial manures and fertilizers of every description, mean manufacturers, grain and seed merchants, oil merchants, flax cotton, ground nut, gingelly, mowera and castor merchants.

Shareholding Pattern

The shareholding pattern of AAPL on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of Equityshares	Percentage of Shareholding
1	SBAFT (Priti G Adani)	2,042,799	39.18
2	SBAFT (Shilin R Adani)	42,799	00.82
3	SBAFT (Vinod S Adani)	42,800	00.82
4	SBAFT (Ranjan Vinod Adani)	42,798	00.82
5	SBAFT (Pranav Adani)	42,800	00.82

S. No.	Name of Shareholder	Number of equityShares	Percentage of Shareholding
6	Adani Investment (Priti G. Adani)	1,000,000	19.18
7	Adani Investment (Shilin R. Adani)	1,000,000	19.18
8	Adani Investment (Vinod S. Adani)	500,000	9.59
9	Adani Investment (Ranjan V. Adani)	500,000	9.59
10	Vasant S. Adani Family Trust	1	0.00
11	Mahasukh S. Adani Family Trust	1	0.00
12	Rajesh S. Adani Family Trust	1	0.00
13	Gautam S. Adani Family Trust	1	0.00
	Total	**5,214,000**	**100.00**

Board of Directors

The board of directors of AAPL comprises of:

1. Mr. Samir Vora; and
2. Laxmiprasad Choudhuri.

Financial Performance

The financial results of AAPL for the last three financial years are as follows:

(in Rs. million, except share data)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Equity Capital	52.1	52.1	52.1
Reserves (excluding revaluation Reserves) and surplus	999.1	999.1	999.1
Profit and Loss – Debit Balance	-	499.2	392.1
Income including other income	1,478.5	1,857.5	134.4
Profit After Tax	211.0	(107.1)	(36.5)
Earning Per Share (face value Rs. 10)* (in Rs.)	40.46	(20.6)	(7.0)
Net asset value per share (in Rs.)	201.6	105.8	126.4

** Computed on the basis of earnings including extraordinary items*

AAPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

11. Adani Properties Private Limited

Adani Properties Private Limited ("APPL") was incorporated under the Companies Act on May 25, 1995. The registered office of APPL is located at Shikhar, Near Adani House, Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009.

APPL is engaged in the business for the purpose of investment to acquire by purchase, lease, exchange, rent, auction or otherwise lands, buildings and hereditaments of any size, tenure or description and any estate or interest therein and any rights connected with lands so situated and to turn the same to account as may be deemed expedient and in particulars by laying out, developing or assisting in developing and preparing land by construction, decorating furnishing and maintaining office flats, service flats, houses, hotels, restaurants, guest houses, bungalows, chawls, factories, warehouses, shops, cinema houses, buildings, works and conveniences and by consolidating or connecting or subdividing properties for leasing, letting or renting, selling outright or by installments on ownerships, hire purchase basis or otherwise and / or disposing of the same on any other terms and conditions. Also to let out on rent, on hire, lease, licence or otherwise dispose off any property, rights, ways, works, privileges, titles, licenses, hereditaments, plants, machineries, trademarks etc. or the company absolutely or conditionally on daily, weekly, monthly, yearly or on perpetual period basis in India or elsewhere and to receive rent, charges, royalties fees, discounted value, lumpsum deposits, commuted value or other consideration there against as may be agree by the Board of Directors o the Company from time to time.

Shareholding Pattern

The shareholding pattern of APPL on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity Shares	Percentage of Shareholding
1.	SBAFT (Priti G Adani)	398,000	39.80
2.	SBAFT (Shilin R Adani)	49,995	5.00
3.	SBAFT (Ranjan Vinod Adani)	552,000	55.20
4.	Others	5	0.00
	Total	**1,000,000**	**100.00**

Board of Directors

The board of directors of APPL comprises of:

a) Mr. Samir Vora; and

b) Mr. Laxmiprasad Choudhuri.

Financial Performance

(in Rs. million, except share data)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Equity Capital	10.0	10.0	10.0
Reserves (excluding revaluation reserves) and surplus	665.5	667.9	671.3
Income including other income	7.5	7.4	16.4
Profit After Tax	(2.5)	(3.3)	0.6
Earning Per Share (face value Rs. 10)* (in Rs.)	(2.46)	(3.4)	0.6
Net asset value per share (in Rs.) **	915.5	918.0	681.3

* *Computed on the basis of earnings including extraordinary items*

** *Increase in Net Asset Value per share in fiscal 2006 is a result of the increase in Revaluation Reserves.*

APPL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

12. B2B India Private Limited (B2B)

B2B India Private Limited ("B2B") was incorporated under the Companies Act as B2B India Limited on July 21, 2000. It was subsequently converted into a private limited company and consequently its name was changed to B2B India Private Limited on June 3, 2002. The registered office of B2B is located at "Adani House", Near Mithakhali Circle, Navrangpura, Ahmedabad 380 009

B2B is engaged in the business of purchase, sale, supply, import, export, distribute and to deal as trader, agent, broker, representative or otherwise to deal in any kind of product online or otherwise. Also to carry on the business of manufacturer's representatives, agents, traders, dealers, exporters, importers of factors, consignors and consignees of all kinds, types and sizes of articles, goods, merchandise and commodities whether for domestic, commercial, industrial agriculture and defiance purpose / use in India or elsewhere. Also to do all or any of the above things with the held of internet technology and conduct online transactions, thereby facilitate e-commerce and e-business by acting as portal.

Shareholding Pattern

The shareholding pattern of B2B on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity Shares	Percentage of Shareholding
1.	Priti G Adani (SBAFT)	4,500	45.00
2.	Ranjan Vinod Adani (SBAFT)	2,750	27.50
3.	Shilin R Adani (SBAFT)	2,750	27.50
	Total	**10,000**	**100.00**

Board of Directors

The board of directors of B2B comprises of:

1. Samir Vora; and
2. Shyamal Joshi.

Financial Performance

The financial results of B2B for the last three financial years are as follows:

(in Rs. million, except share data)

	March 31, 2007	March 31, 2006	March 31, 2005
Equity Capital	0.1	0.1	0.1
Reserves (excluding revaluation reserves) and surplus	Nil	Nil	Nil
Income including other income	0.02	Nil	Nil
Profit and Loss – Debit balance	0.01		
Profit After Tax	(0.01)	Nil	Nil
Earning Per Share (face value Rs. 10)* (in Rs.)	(1.23)	Nil	Nil
Net asset value per share (in Rs.)	5.6	6.1	6.1

* *Computed on the basis of earnings including extraordinary items*

B2B is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

13. Adani Retails Limited (ARL)

Adani Retails Limited ("ARL") was incorporated under the Companies Act as B2C India Limited on July 7, 2000. Its name was subsequently changed to Adani Retails Limited on October 21, 2005. The registered office of ARL is located at Adani House, Near Mithakhali Circle, Navrangpura, Ahmedabad 380 009.

ARL is engaged in the business of operation of retail departmental stores.

Shareholding Pattern

The shareholding pattern of ARL on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity Shares	Percentage Of Shareholding
1.	Adani Enterprises Limited	3,479,000	49.00
2.	Mr. Gautam S. Adani	100	0.00
3.	Mr. Rajesh S. Adani	905,250	12.75
4.	Mr. Pushpa V. Adani	905,250	12.75
5.	Mahasukh S. Adani	100	0.00
6.	Shilin R. Adani	905,250	12.75
7.	Priti G. Adani	905,050	12.75
	TOTAL	**7,100,000**	**100.00**

Board of Directors

The board of directors of ARL comprises of:

1. Mr. Devang Desai;
2. Mr. Pranav V. Adani; and
3. Mr. Samir Vora.

Financial Performance

(in Rs. million, except share data)

	For the year ended			
	March 31, 2007	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**
Equity Capital	71.0	71.0	71.0	71.0
Reserves (excluding revaluation reserves) and surplus	Nil	Nil	Nil	Nil
Profit and Loss – Debit Balance	211.79	19.3	18.2	6.3
Income including other income	1,665.03	1,469.90	627.8	278.8
Profit After Tax	(192.53)	(1.03)	(11.9)	(1.1)
Earning Per Share (face value Rs. 10)* (in Rs.)	(27.12)	(0.2)	(1.7)	(0.2)
Net asset value per share (in Rs.)	(26.11)	(1.6)	1.6	5.9

** Computed on the basis of earnings including extraordinary items*

ARL is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

14. Advantage Retail Private Limited (Advantage Retail)

Advantage Retail Private Limited ("Advantage Retail") was incorporated under the Companies Act on February 8, 2007. The registered office of Advantage Retail is located at Adani House, Near Mithakhali Circle, Navrangpura, Ahmedabad 380009.

Advantage Retail is engaged in the business of operation of retail departmental stores.

Shareholding Pattern

The shareholding pattern of Advantage Retail on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares	Percentage of Shareholding
1.	Adani Enterprises Limited	2,74,400	49.00
2.	Gautam S. Adani	9	0.00
3.	Pushpa V. Adani	71,400	12.75
4.	Shilin R. Adani	71,399	12.75
5.	Priti G. Adani	71,383	12.75
6.	Mahasukh S. Adani	9	0.00
7.	Rajesh S. Adani	71,400	12.75
	TOTAL	**5,60,000**	**100.00**

Board of Directors

The board of directors of Advantage Retail comprises of:

1. Mr. Devang Desai;
2. Mr. Pranav V. Adani

Financial Performance

As Advantage Retail was incorporated on February 8, 2007, the financial statements of the company have not been prepared yet.

Advantage Retail is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and it is not under winding up.

15. Ventura Trade and Investment Private Limited

Ventura Trade and Investment Private Limited ("Ventura") was incorporated in Republic of Mauritius on August 8, 2007. The registered office of Ventura is c/o Trustlink International Limited, Suite 501, St James Court, St Denis Street. Port Louis, Mauritius. The object for which the Ventura is established are investment holding company and also any business whatsoever and Ventura shall have full power and authority to carry out any object not prohibited by law for the time being in force in the Republic of Mauritius.

Shareholding Pattern

The shareholding pattern of Ventura on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares (US$ 1 Per Shares)	Percentage of Shareholding
1	Vinod S. Shah	10,000	100.00
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of Ventura comprises of:

1. Vinod Shantilal Shah
2. Vidya Mungroo
3. Giandeo Reemul

Financial Performance

Since Ventura Trade and Investment Private Limited was incorporated on August 8, 2007, the audited financial statements of the company have not been prepared yet.

16. Pride Trade and Investment Private Limited

Pride Trade and Investment Private Limited ("Pride") was incorporated in Republic of Mauritius on August 8. The registered office of Pride is c/o Trustlink International Limited, Suite 501, St James Court, St Denis Street. Port Louis, Mauritius. The object for which the Pride is established are investment holding company and also any business whatsoever and the Pride shall have full power and authority to carry out any object not prohibited by law for the time being in force in the Republic of Mauritius.

Shareholding Pattern

The shareholding pattern of Pride on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares (US$ 1 Per Shares)	Percentage of Shareholding
1	Vinod S. Shah	10,000	
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of Pride comprises of:

1. Vinod Shantilal Shah
2. Vidya Mungroo
3. Giandeo Reemul

Financial Performance

Since Pride Trade and Investment Private Limited was incorporated on August 8, 2007, the audited financial statements of the company have not been prepared yet.

17. Radiant Trade and Investment Private Limited

Radiant Trade and Investment Private Limited ("Radiant") was incorporated in Republic of Mauritius on August 8, 2007. The registered office of Radiant is c/o Trustlink International Limited, Suite 501, St James Court, St Denis Street. Port Louis, Mauritius. The object for which the Radiant is established are investment holding company and also any business whatsoever and the Radiant shall have full power and authority to carry out any object not prohibited by law for the time being in force in the Republic of Mauritius.

Shareholding Pattern

The shareholding pattern of Radiant on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares (US$ 1 Per Shares)	Percentage of Shareholding
1	Vinod S. Shah	10,000	
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of Radiant comprises of:

1. Vinod Shantilal Shah
2. Vidya Mungroo
3. Giandeo Reemul

Financial Performance

Since Radiant Trade and Investment Private Limited was incorporated on August 8, 2007, the audited financial statements of the company have not been prepared yet.

18. Trident Trade and Investment Private Limited

Trident Trade and Investment Private Limited ("Trident") was incorporated in Republic of Mauritius on August 8, 2007. The registered office of Trident is c/o Trustlink International Limited, Suite 501, St James Court, St Denis Street. Port Louis, Mauritius. The object for which the Trident is established are investment holding company and also any business whatsoever and the Trident shall have full power and authority to carry out any object not prohibited by law for the time being in force in the Republic of Mauritius.

Shareholding Pattern

The shareholding pattern of Trident on September 15, 2007 is as follows:

S. No.	Name of Shareholder	Number of equity shares (US$ 1 Per Shares)	Percentage of Shareholding
1	Vinod S. Shah	10,000	
	TOTAL	**10,000**	**100.00**

Board of Directors

The board of directors of Trident comprises of:

1. Vinod Shantilal Shah
2. Vidya Mungroo
3. Giandeo Reemul

Financial Performance

Since Trident Trade and Investment Private Limited was incorporated on August 8, 2007, the audited financial statements of the company have not been prepared yet.

Partnership Firms/Sole Proprietorships forming part of Promoter Group

1. Adani Investment

Adani Investment is a partnership firm formed on November 12, 1994. Its offices are located at 8th Floor, Shikhar, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009.

Adani Investment is engaged in the business of being bankers, brokers and general commission agents.

Partners

The partners of Adani Investment and their profit/loss interest as of September 15, 2007 are as follows:

S. No	Name of Partner	Interest (Percentage)
1.	Mr. Vinod S. Adani	20.00
2.	Mrs. Ranjan V. Adani	15.00
3.	Mr. Gautam S. Adani	20.00
4.	Mrs. Priti G. Adani	10.00
5.	Mr. Rajesh S. Adani	20.00
6.	Mrs. Shilin R. Adani	15.00
	Total	**100.00**

Financial Performance:

The financial results of Adani Investment for the last three financial years are as follows:

(in Rs. million)

	For the year ended		
	March 31, 2007	March 31, 2006	March 31, 2005
Partners' Capital Account	99.24	147.3	141.2
Total income	2.70	1.7	2.4
Net Profit/(Loss)	2.68	1.6	0.6

2. Crown International

Crown International is partnership firm formed on June 22, 1995. Its offices were originally located at 312, Jolly Bhavan No. 1, 10, Marine Lines, Mumbai 400 020 and have been subsequently shifted to 8th Floor, Shikhar, Near Mithakhali Circle, Navrangpura, Ahmedabad 380 009.

Crown International is engaged in the business including dealing, trading, importing, exporting and acting as commission agents in diamonds, precious metals and other things.

Partners

The Partners of Crown International and their profit/loss interest as of September 15, 2007 is as follows:

S. No	Name of Partner	Interest (Percentage)
1.	Adani Agro Private Limited	50.00
2.	Adani Properties Private Limited	50.00
	Total	**100.00**

Financial Performance:

(in Rs. million)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Partners' Capital Account	4.2	4.6	181.7
Total income	0.7	0.01	263.1
Net Profit/(Loss)	(0.09)	(0.1)	13.2

2. Advance Investment

Advance Investment is a partnership firm formed on March 27, 2006. Its offices are located at 8th Floor, Shikhar Building, Near Mithakhali Six Roads, Navrangpura, Ahmedabad 380 009. It is engaged in the business of investing in shares and securities.

Partners

The partners of Advance Investment and their profit/loss interest as of September 15, 2007 are as under:

S. No	Name of Partner	Interest (Percentage)
1.	Adani Infrastructure Services Private Limited	49.00
2.	Adani Port Infrastructure Private Limited	49.00
3.	Mr. Pranav V. Adani	2.00
	Total	**100.00**

Financial Performance:

(in Rs. million)

	For the year ended March 31, 2007
Partners' Capital Account	931
Total income	47.56
Net Profit/(Loss)	47.53

None of our Promoters or Promoter Group Companies have been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.

Trusts forming part of the Promoter Group

1. Shantilal Bhudarmal Adani Family Trust

Shantilal Bhudarmal Adani Family Trust is a private trust and it was set up on June 5, 1981. Its income is mainly on account of investments in shares and interest on fixed deposits.

Board of Trustees

The trustees of Shantilal Bhudarmal Adani Family Trust are Mr. Vinod S. Adani, Mr. Gautam S. Adani and Mr. Rajesh S. Adani.

Beneficiaries

The beneficiaries of Shantilal Bhudarmal Adani Family Trust are Mr. Mahasukhbhai S. Adani, Mr. Vinod S. Adani, Mr. Vasant S. Adani, Mr. Gautam S. Adani, Mr. Rajesh S. Adani and their respective family members.

Financial Performance

The financial statements of the Shantilal Bhudarmal Adani Family Trust for last two years are as follows:

(in Rs. million) (unaudited)

	For the year ended March 31, 2007	For the year ended March 31, 2006
Trust Fund	4,905.3	1,906.7
Trust Income	126.6	366.2
Surplus of Income over Expenditure	125.4	365.1

2. Gautambhai S. Adani Family Trust

Gautam S Adani Family Trust is a private trust and it was set up on December 1, 1998. Its income is mainly on account of investments in shares, interest income and interest on fixed deposits.

Board of Trustees

The trustees of the Gautam S. Adani Family Trust are Gautam S. Adani, Rajesh S. Adani, Vinod S. Adani and Priti Gautam Adani.

Beneficiaries

The beneficiaries of Gautam S. Adani Family Trust are Gautam S. Adani and his family members and the Shantilal Bhudarmal Adani Family Trust.

Financial Performance

The financial statements of the Gautam S. Adani Family Trust for last three years are as follows:

(in Rs. million) (unaudited)

	For the year ended March 31,		
	2007	2006	2005
Trust Fund	1.0	1.0	214.7
Income and Expenditure Account Balance	-	-	-
Trust Income	4.2	0.0	0.0
Surplus of Income over Expenditure	-	(0.7)	(0.7)

3. Rajeshbhai S. Adani Family Trust

Rajesh S. Adani Family Trust is a private trust and it was set up on December 1, 1998. Its income is mainly on account of investments in shares, Interest Income and interest on fixed deposits.

Board of Trustees

The trustees of the Rajesh S. Adani Family Trust are Rajesh S. Adani, Gautam S. Adani, Vinod S. Adani and Shilin Rajesh Adani.

Beneficiaries

The beneficiaries of Rajesh S. Adani Family Trust are Mr. Rajesh S. Adani and his family members and the Shantilal Bhudarmal Adani Family Trust.

Financial Performance

The financial statements of the Rajesh S. Adani Family Trust for the last three years are as follows:

(in Rs. million) (unaudited)

	For the year ended March 31,		
	2007	**2006**	**2005**
Trust Fund	6.6	7.3	221.0
Income and Expenditure Account Balance	-	-	-
Trust Income	5.6	0.1	11.2
Surplus of Income over Expenditure	-	0.1	9.1

HUFs forming part of the Promoter Group

1. Gautambhai S. Adani HUF

Gautambhai S. Adani HUF is a Hindu Undivided Family, represented by its karta Mr. Gautam S. Adani.

Financial Performance

(in Rupees) (unaudited)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Capital Account	113,985.0	113,985.0	Nil
Interest Income	1,990.0	2,020.0	8,230.0
Net Surplus	1,866.2	2,020.0	(1,331,836.0)

2. Rajeshbhai S. Adani HUF

Rajeshbhai S. Adani HUF is a Hindu Undivided Family, represented by its karta Mr. Rajesh S. Adani.

Financial Performance

(in Rupees) (unaudited)

	For the year ended		
	March 31, 2007	**March 31, 2006**	**March 31, 2005**
Capital Account	78.8	78.0	Nil
Interest Income	2.0	78.0	301.0
Net Surplus	(44.0)	78.0	(135,750.0)

Disassociation by our Promoters in the last three years

There has been no disassociation by our Promoters in the last three years.

RELATED PARTY TRANSACTIONS

List of related parties (As certified by the management)

Subsidiary Company	Mundra SEZ Textile and Apparel Park Private Limited (MITAP) Mundra Aviation Limited (June 2007 onwards)
Associates	**June 2006 onwards** Adicorp Mundra SEZ Infrastructure Pvt. Ltd (AMSIPL) **April 2004 onwards** Adani Logistics Limited (ALL)
Key Management Personnel	Shri Gautam S. Adani Shri Rajesh S. Adani Shri Ameet H. Desai April 2006 onwards) Mr. Sanjay Gupta (From April 2004 up to March 2006) Mr. Malay Mahadevia (From April 2004 up to March 2005)
Other Parties which are significantly influenced by the company (either Individually or with others)	**April 2007 onwards** Adani Retail Limited (ARL) Adani Power Limited (APL) Adani Agri Logistics Limited (AALL) Inland Conware Private Limited (ICPL) Adani Petronet (Dahej) Port Private Limited (ADPL) Adani Shipyard Private Limited (ASPL) Adani Enterprises Limited (AEL) Adani Wilmar Limited (AWL) Adani Foundation **April 2006 onwards** Adani Infrastructure and Developers Private Limited (AIDPL) Shantikrupa Estate Private Limited Shantikrupa Services Private Limited Adani Developers Private Limited Adani Power Limited (APL) Inland Conware Private Limited (ICPL) Inland Conware (Ludhiana) Private Limited (ICLPL) Adani Petronet (Dahej) Port Private Limited (ADPL) Adani Shipyard Private Limited (ASPL) Adani Townships and Real Estate Company Private Limited (ATRPL) Dahej Power Private Limited (DPPL) Adani Estates Private Limited Adani Land Developers Private Ltd. **April 2005 onwards** Adani Agri Logistics Limited (AALL) Adani Agri Fresh Limited (AAFL) **April 2004 onwards** Accurate Finstock Private Limited **Up to March 2004** I Call India Limited Adani Impex Private Limited **Up to March 2005** B2C India Limited Gujarat Adani Infrastructure Private Limited Adani Infrastructure Services Limited (AISL) **Up to March 2006** Adani Port Infrastructure Private Limited Adani Chemical Limited Mundra Special Economic Zone Limited Adani Properties Private Limited Adani Agro Private Limited

Aggregate of transactions with these parties has been given below:

(Rs. in Millions)

	Transactions with related parties	Period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31,2005	Year ended March 31,2004	Year ended March 31, 2003
(i)	**Rendering of Port Services**						
	Associates/Entities significantly influenced by the Company	139.1	386.4	451.8	601.6	377.8	46.6
(ii)	**Deferred Infrastructure Revenue**						
	Associates/Entities significantly influenced by the Company	-	2,903.7	-	-	-	-
(iii)	**Purchase of Goods, Services and Facilities**						
	Associates/Entities significantly influenced by the Company	58.9	29.30	3.9	3.1	11.9	174.8
(iv)	**Share of common personnel, Administrative and Other Expenses vis-à-vis Associates:**						
	- Incurred by Associates		-	-	7.5	9.9	74.9
	- Incurred by the Company		0.25	1.46	17.4	-	-
(v)	**Subscription for Shares of Associates/Entities significantly influenced by the Company**	0.1	256.6	707.95	100.2	2,060.5	-
(vi)	**Sale of Investment to Associates/ Entities significantly influenced by the Company**	-	70.0	416.1	-	-	-
(vii)	**Share Application Money to Associates/Entities significantly influenced by the Company**	409.0	902.9	260.6	-	-	-
(viii)	**Project Advances (Net of Repayment)**						
	- Associates	-	-	-	(1,145.0)	1,413.6	271.3
(ix)	**Advances received against Services**						
	- Associates	-	-	20.9	60.7	-	-
(x)	**Expense Reimbursement (Net)**						
	- (from)/ to Associates/Entities significantly influenced by the Company	(8.4)	(15.8)	(0.5)	0.7	-	-
(xi)	**Remuneration**						
	- Key Management Personnel	14.4	55.2	36.9	-	-	-
(xii)	**Sitting Fees**						
	- Key Management Personnel	0.1	-	-	0.1	-	-

(Rs. in Millions)

Transactions with related parties	Period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31,2005	Year ended March 31,2004	Year ended March 31, 2003
(xiii) Rent - Associates						
-Received	-	-	65.3	2.5	1.4	-
-Paid	-	-	0.6	2.5	0.2	-
(xiv) Sales of Assets						
- Associates	-	-	-	-	64.0	-
(xv) Donations to a Trust significantly influenced by the Company	1.9	7.5	2.5	0.6	0.4	-
(xvi) Interest – Associates:						
-Received	-	-	0.4	1.0	-	-
-Paid	-	-	-	0.8	-	-
(xvii) Funds given to Associates/ Entities significantly influenced by the Company	137.0	-	-	-	-	-
(xix) Funds Received from Associates/Entities significantly influenced by the Company	-	266.2	208.6	-	-	-
(xx) Loans Received Back from Entities significantly influenced by the Company	-	15.9	-	-	-	-
(xx) Corporate Guarantee given during the period	-	750.0	-	-	-	-
(xxi) Outstanding balances as at the end of the year:						
Subsidiaries						
Security deposit taken	-	-	-	-	-	-
Debts and advances recoverable	361.8	235.5	-	-	-	-
Associates/Significant entities influenced by the Company						
Corporate Guarantee Given	750.0	750.0	-	-	-	-
Debts and advances recoverable	3,112.3	2,627.6	162.5	43.9	1,656.7	274.3
Share Application Money pending allotment	321.1	211.1	360.6	-	-	-
Balance payable	147.7	183.3	73.17	118.2	18.0	-

Notes

a) 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.

b) 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.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our board of directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. Our Company has no stated dividend policy.

The dividend paid by the Company in the last five fiscals on Equity Shares is as provided herein:

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Three months ended June 30, 2007
Face Value Per share	10	10	10	2*	10	10
Dividend (Rs. million)	Nil	Nil	Nil	360.43	360.43	Nil
Dividend per equity share (Rs.)	Nil	Nil	Nil	0.40	1.00	Nil
Dividend rate (% to paid up capital)	Nil	Nil	Nil	20	10	Nil

During the year, the Company has sub-divided nominal value of its equity shares from Rs. 10 each to Rs. 2 each on July 10, 2006. However, subsequently the Company has consolidated five equity shares of the face value of Rs. 2 each into one equity share of the face value of Rs.10 each, with the approval of the shareholders in an Extra Ordinary General Meeting dated January 31, 2007.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION V : FINANCIAL STATEMENTS

AUDITORS' REPORT

RESTATED FINANCIAL INFORMATION FOR MUNDRA PORT & SPECIAL ECONOMIC ZONE LIMITED

UNCONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS OF JUNE 30, 2007, MARCH 31, 2007, 2006, 2005, 2004 AND 2003 AND PROFITS AND LOSSES AND CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2007 AND EACH OF THE YEARS ENDED MARCH 31, 2007, 2006, 2005, 2004 AND 2003, AS RESTATED UNDER INDIAN GAAP, FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED (FORMERLY GUJARAT ADANI PORT LIMITED)

AND

CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS OF JUNE 30, 2007, AND MARCH 31, 2007 AND PROFITS AND LOSSES AND CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2007 AND THE YEAR ENDED MARCH 31, 2007, AS RESTATED UNDER INDIAN GAAP, FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED (FORMERLY GUJARAT ADANI PORT LIMITED)

Auditors' Report as required by Part II of Schedule II to the Companies Act, 1956

The Board of Directors
Mundra Port and Special Economic Zone Limited
Adani House
Mithakali Six Roads
Navrangpura
Ahmedabad-380 009

Dear Sirs,

1. We have examined the restated financial information of Mundra Port and Special Economic Zone Limited ("the Company") annexed to this report for the purposes of inclusion in the offer document (the "Prospectus") prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements of Schedule II to the Companies Act, 1956 (the "Act") and the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000 (the "SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, as amended from time to time, except that for the sake of better comparison, the information has been prepared, in respect of assets and liabilities of the Company, as at March 31, 2003 and 2004 and in respect of profits and losses and cash flows of the Company, for the years ended March 31, 2003 and 2004, though the financial years of the Company during the above period were for the fifteen months period ended December 31, 2002 and the fifteen months period ended March 31, 2004. The Act and the SEBI Guidelines require the information in respect of the assets and liabilities and profits and losses of the Company for each of the five financial years immediately preceding the issue of the Prospectus.
2. We have examined such restated financial information taking into consideration:
   a) the terms of reference received from the Company vide their letter dated September 3, 2007, requesting us to carry out work on such financial information, proposed to be included in the Prospectus of the Company in connection with its proposed IPO; and
   b) the (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
3. Such restated financial information has been compiled by the management from
   a) the audited unconsolidated financial statements of the Company as at and for the three months period ended June

30, 2007 and as at and for each of the years ended March 31, 2007, 2006, 2005, 2004 and 2003 which were audited in accordance with Indian GAPP. Audit of the unconsolidated financial statements of the Company as at and for each of the years ended March 31, 2006, 2005, 2004 and 2003 was conducted by G.K. Choksi & Co., the previous auditors of the Company. Accordingly, we have placed reliance on the restated financial information examined and reported upon by them for the said years and have not carried out any additional procedures thereon.

b) the audited consolidated financial statements of the Company, its subsidiaries and Associates (hereinafter collectively referred to as the "Group") as at and for the three months period ended June 30, 2007 and as at and for the year ended March 31, 2007 which were audited in accordance with Indian GAPP. We have not audited the financial statements of subsidiaries of the Company. Those financial statements have been audited by other auditors and our opinion in sofar as it relates to amounts included for these subsidiaries is based solely on the reports of the other auditors.

4. The Company proposes to make an IPO for the fresh issue of equity shares of the par value of Rs. 10 each at such premium, arrived at by the 100% book building process (referred to as the "Issue"), as may be decided by the Board of Directors.

5. In accordance with the requirements of Schedule II of the Act, the SEBI Guidelines and the terms of our engagement agreed with you, we report that:

a) We have examined the restated unconsolidated summary statement of assets and liabilities of the Company as at June 30, 2007 and March 31, 2007 and the related restated unconsolidated summary statement of profits and losses and cash flows for the three months period ended June 30, 2007 and the year ended March 31, 2007 and the notes thereon (these statements, hereinafter are collectively referred to as "Restated Current Unconsolidated Summary Statements");

b) G.K. Choksi & Co., the previous auditors of the Company, have examined the restated unconsolidated summary statement of assets and liabilities of the Company as at March 31, 2006, 2005, 2004 and 2003 and the related restated unconsolidated summary statement of profits and losses and cash flows for each of the years then ended (these restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows and the notes thereon, as examined and reported upon by G.K.Choksi & Co., hereinafter are collectively referred to as "Restated Prior Year Unconsolidated Summary Statements"). The report dated October 10, 2007 submitted by them is attached herewith; and

(The Restated Current Unconsolidated Summary Statements and the Restated Prior Year Unconsolidated Summary Statements are hereinafter collectively referred to as "Restated Unconsolidated Summary Statements" and are attached in Section I to this report).

c) We have examined the attached restated consolidated summary statements of assets and liabilities of the Company as at June 30, 2007 and March 31, 2007 and the related restated consolidated summary statement of profits and losses and cash flows for the three months period ended June 30, 2007 and the year ended March 31, 2007 and the notes thereon (these statements, hereinafter are collectively referred to as "Restated Consolidated Summary Statements" and are attached in Section II to this report);

6. a) Without qualifying our opinion and as further elaborated in Note 5 appearing in Annexure - IV (I) to Restated Unconsolidated Summary Statements and Note 5 appearing in Annexure IV (I) to Restated Consolidated Summary Statements, we draw attention to the fact that for the purpose of these Restated Unconsolidated Summary Statements and the Restated Consolidated Summary Statements, due to practical difficulties in retrospective application of Accounting Standard ("AS") 15, the Company has adopted the revised AS 15 on Employee Benefits issued by the Institute of Chartered Accountants of India ("ICAI") effective April 1, 2006. Accordingly, the impact of the revised AS 15 has not been considered as an adjustment item for the purpose of the restatement of all the other periods presented. However, as reported by us in the audited unconsolidated and the audited consolidated financial statements of the Company as at and for the year ended March 31, 2007, the adoption of the revised AS 15 by the Company on April 1, 2006 does not have a material impact on the accumulated balance of employee benefits payable as on March 31, 2006.

b) Without qualifying our opinion, we draw attention to the fact that the details of related party transactions, as appearing in Note 12 in Annexure IV (D) to Restated Unconsolidated Summary Statements and in Note 12 in Annexure IV (D) to Restated Consolidated Summary Statements, have been disclosed on an aggregated basis, without considering the requirements of Accounting Standards Interpretation 13 issued by ICAI, which requires a separate disclosure of material related party transactions, including the names of the parties with whom such transactions have been entered into.

c) Without qualifying our opinion and as further elaborated in Note 3 appearing in Annexure IV (D) to Restated Unconsolidated Summary Statements and in Note 3 in Annexure IV (D) to Restated Consolidated Summary Statements, we draw attention to the Company's eligibility for income tax holiday under the provisions of Section 80-IAB of the Income Tax Act, 1961 and the non provision of the Minimum Alternate Tax (MAT) under Section 115JB(2) of the Income Tax Act, 1961 in the unconsolidated and the consolidated financial statements of the Company as at and for the three months period ended June 30, 2007 and as at and for the year ended March 31, 2007.

7. Based on our examination and the reliance placed on the report dated October 10, 2007 submitted by G.K.Choksi & Co. as referred to in paragraph 5 above, we further report that:

a) the restated unconsolidated and consolidated profits and losses have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV (I) to Restated Unconsolidated Summary Statements and Annexure IV (I) to Restated Consolidated Summary Statements;

b) the impact of changes in accounting policies adopted by the Company as at and for the three months period ended June 30, 2007 has been adjusted with retrospective effect in the Restated Unconsolidated Summary Statements and in the Restated Consolidated Summary Statements, except to the extent stated in para 6 (a) above;

c) material amounts relating to previous years have been adjusted in the Restated Unconsolidated Summary Statements and in the Restated Consolidated Summary Statements in the years to which they relate;

d) the extraordinary items, which need to be disclosed separately in the Restated Unconsolidated Summary Statements and in the Restated Consolidated Summary Statements, have been disclosed; and

e) there are no qualifications in auditors' reports which would require an adjustment in the Restated Unconsolidated Summary Statements or in the Restated Consolidated Summary Statements.

8. We have not audited any unconsolidated financial statements of the Company or consolidated financial statements of the Group as of any date or for any period subsequent to June 30, 2007. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company or the Group as of any date or for any period subsequent to June 30, 2007.

9. We have also examined the unconsolidated financial information of the Company as at and for the three months period ended June 30, 2007 and the year ended March 31, 2007, listed below, which is proposed to be included in the Offer document, as approved by the Board of Directors of the Company and annexed in Section I to this report. G.K.Choksi & Co., vide their report dated October 10, 2007 attached herewith, have examined such unconsolidated financial information of the Company as at and in respect of each of the years ended March 31, 2006, 2005, 2004 and 2003, proposed to be included in the offer document, as approved by the Board of Directors of the Company and annexed in Section I to this report :

(i) Details of Other Income, as appearing in Annexure V;

(ii) Details of Dividends declared by the Company, as appearing in Annexure VI;

(iii) Capitalization Statement, as appearing in Annexure VII;

(iv) Details of Secured and Unsecured Loans, as appearing in Annexure VIII;

(v) Details of Investments as appearing in Annexure IX;

(vi) Details of Sundry Debtors as appearing in Annexure X;

(vii) Details of Loans and Advances as appearing in Annexure XI;

(viii) Statement of Tax Shelters, as appearing in Annexure XII; and

(ix) Statement of Accounting Ratios, as appearing in Annexure XIII.

10. We have also examined the consolidated financial information of the Company as at and for the three months period ended June 30, 2007 and the year ended March 31, 2007, listed below, which is proposed to be included in the Offer document, as approved by the Board of Directors of the Company and annexed in Section II to this report :

(i) Details of Other Income, as appearing in Annexure V;

(ii) Capitalization Statement, as appearing in Annexure VI;

(iii) Details of Secured and Unsecured Loans, as appearing in Annexure VII;

(iv) Details of Investments as appearing in Annexure VIII;

(v) Details of Sundry Debtors as appearing in Annexure IX;

(vi) Details of Loans and Advances as appearing in Annexure X;

(vii) Statement of Accounting Ratios, as appearing in Annexure XI.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us or by G.K.Choksi & Co.

12. Our audits referred to in paragraph 3 above were carried out for the purpose of certifying the general purpose financial statements taken as a whole. For none of the periods referred to in paragraph 3 above, did we perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.

13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. This report is intended solely for your information and for inclusion in the offer document prepared in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Associates
Chartered Accountants

Per Raj Agrawal
Partner
Membership No. 82028

Place : New Delhi
Date : October 10, 2007

Enclosed : Report of G.K.Choksi & Co. dated October 10, 2007

UNCONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES AS OF MARCH 31, 2003, 2004, 2005 AND 2006 AND PROFITS AND LOSSES AND CASH FLOWS FOR EACH OF THE YEARS ENDED MARCH 31, 2003, 2004, 2005 AND 2006, AS RESTATED UNDER INDIAN GAAP, FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED (FORMERLY GUJARAT ADANI PORT LIMITED)

October 10, 2007

The Board of Directors
Mundra Port and Special Economic Zone Limited
Adani House, Mithakali Six Roads
Navrangpura
Ahmedabad-380 009

Dear Sirs,

1. We have examined the financial information of Mundra Port and Special Economic Zone Limited ("MPSEZL" or "the Company") annexed to this report for the purposes of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer ("IPO"). Such financial information, which has been approved by the Board of Directors of the Company, has been prepared in accordance with the requirements ofSchedule II of the Companies Act, 1956 ("the Act") and the requirements of the Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000 ("the SEBI Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000, as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, except that for the sake of better comparison, information has been prepared in respect of assets and liabilities of the Company as at March 31, 2003 and 2004, in respect of profits and losses of the Company, for the years ended March 31, 2003 and 2004 respectively and in respect of cash flows of the Company, for the years ended March 31, 2003 and 2004, though the financial years of the Company during the above period were for the fifteen months period ended December 31, 2002 and the fifteen months period ended March 31, 2004. The Act and the SEBI guidelines require the information in respect of the assets and liabilities and profits and losses of the Company for each of the five financial years immediately preceding the issue of the Prospectus.
2. We have examined such financial information taking into consideration:
   - the terms of reference received from the Company vide their letter dated July 20, 2007, requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO;
   - the (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
3. Such financial information has been compiled by the management from the audited financial statements of the Company as at and for each of the years ended March 31, 2003, 2004, 2005 and 2006 which were audited by us.
4. The Company proposes to make an IPO for the fresh issue of equity shares of the par value of Rs. 10 each at such premium, arrived at by the 100% book building process (referred to as "the Issue"), as may be decided by the Board of Directors.
5. In accordance with the requirements of Schedule II of the Act, the SEBI Guidelines and the terms of our engagement agreed with you, we report that we have examined the restated unconsolidated summary statement of assets and liabilities of the Company as at March 31, 2003, 2004, 2005 and 2006 and the related restated unconsolidated summary statements of profits and losses and cash flows for each of the years ended March 31, 2003, 2004, 2005 and 2006 (these restated unconsolidated summary statements of assets and liabilities, profits and losses and cash flows of the Company, as examined and reported upon by us, hereinafter are collectively referred to as "Restated Prior Year Unconsolidated Summary Statements".)
6. (a) Without qualifying our opinion and as further elaborated in Note 5 appearing in Annexure IV (C) to this report, we draw attention to the fact that for the purpose of these Restated Prior Year Unconsolidated Summary Statements, due to practical difficulties in retrospective application of accounting standard ("AS") 15, the Company has adopted the revised AS 15 on Employee Benefits issued by the Institute of Chartered Accountants of India ("ICAI") effective April 1, 2006. Accordingly, the impact of the Revised AS 15 has not been considered as an adjustment item for the

purpose of the restatement of all the other periods presented. However, as reported by S.R.Batliboi & Associates in the audited financial statements of the Company as at and for the year ended March 31, 2007, the adoption of the Revised AS 15 by the Company retrospectively on April 1, 2006 does not have a material impact on the accumulated balance of employee benefits payable as on April 1, 2006.

(b) Without qualifying our opinion, we draw attention to the fact that the details of Related Party transactions, as appearing in Note 13 in Annexure IV (D) to this Report, have been disclosed on an aggregated basis, without considering the requirements of ASI 13 issued by ICAI, which requires a separate disclosure of material related party transactions, including the names of the parties with which such transactions have been entered into.

7. Based on our examination referred to in para 5 above, we further report that:

- the restated unconsolidated profits/losses have been arrived at after making such adjustments and regroupings as, in our opinion, are appropriate and more fully described in the notes appearing in Annexure IV(C) to this report.
- the impact of changes in accounting policies adopted by the Company as at and for the year ended March 31, 2007 has been adjusted with retrospective effect in the attached Restated Prior Year Unconsolidated Summary Statements, except to the extent stated in para 6 (a) above;
- material amounts relating to previous years have been adjusted in the Restated Prior Year Unconsolidated Summary Statements in the years to which they relate;
- the extraordinary items, which need to be disclosed separately in the Restated Prior Year Unconsolidated Summary Statements, have been disclosed; and
- there are no qualification in auditors' reports which would require an adjustment in the Restated Prior Year Unconsolidated Summary Statements.

8. We have also examined the following unconsolidated financial information of the Company as at and in respect of each of the years ended March 31, 2003, 2004, 2005 and 2006, proposed to be included in the offer document, as approved by the Board of Directors of the Company and annexed to this report :

(i) Details of Other Income, as appearing in Annexure V;
(ii) Details of Dividends declared by the Company, as appearing in Annexure VI;
(iii) Details of Secured and Unsecured Loans, as appearing in Annexure VII;
(iv) Details of Investments as appearing in Annexure VIII
(v) Details of Sundry Debtors as appearing in Annexure IX;
(vi) Details of Loans and Advances as appearing in Annexure X;
(vii) Statement of Tax Shelters, as appearing in Annexure XI;
(viii) Statement of Accounting Ratios, as appearing in Annexure XII;

9. This report should not be in any way be construed as a reissuance or redating of any of the previous audit reports issued by us.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. This report is intended solely for your information and for inclusion in the offer document prepared in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For G.K. Choksi & Co.
Chartered Accountants

Rohit K Choksi
Partner
Membership No. 31103

Place : Ahmedabad
Date : October 10, 2007

ANNEXURE I: RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

(Rs.in Million)

	Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
I	**Fixed Assets**						
	Gross Block	23,254.1	22,331.0	16,457.6	12,211.9	11,452.2	4,811.1
	Less : Accumulated Depreciation/ Amortization	2,738.2	2,509.1	1,599.3	943.2	534.9	135.3
	Net Block	20,515.7	19,821.9	14,858.3	11,268.7	10,917.3	4,675.8
	Capital Work- in- Progress including Capital Advances and Pre Operative Expenditure (Pending Allocation)	4,937.3	4,179.4	4,117.0	4,369.0	1,785.2	3,208.1
		25,453.0	**24,001.3**	**18,975.3**	**15,637.7**	**12,702.5**	**7,883.9**
II	**Investments**	**886.3**	**789.9**	**1,228.2**	**320.3**	**-**	**-**
III	**Current Assets, Loans and Advances**						
	Inventories	140.1	104.3	46.0	30.7	25.5	-
	Sundry Debtors	3,180.4	3,449.3	766.7	412.0	196.5	26.6
	Cash and Bank Balances	865.1	569.0	956.5	305.8	117.5	31.6
	Other Current Assets	260.5	234.8	217.4	215.3	275.8	175.0
	Loans and Advances	1,614.5	1,260.1	747.2	583.2	1,647.2	403.0
		6,060.6	**5,617.5**	**2,733.8**	**1,547.0**	**2,262.5**	**636.2**
	A= (I+II+III)	**32,400.0**	**30,408.7**	**22,937.3**	**17,505.0**	**14,965.0**	**8,520.1**
IV	**Amounts Received under Long Term Infrastructure Usage Agreements**	**7,338.1**	**7,414.9**	**4,634.5**	**4,582.8**	**4,552.8**	**666.4**
V	**Liabilities and Provisions**						
	Secured Loans	13,985.0	12,813.4	8,919.2	5,898.5	4,027.4	5,254.9
	Unsecured Loans	8.4	9.0	699.0	345.3	363.4	-
	Current Liabilities	2,666.2	2,011.5	1,394.0	616.0	1,008.7	675.7
	Provisions	125.4	177.7	589.2	74.9	9.4	-
	Deferred Tax Liability (Net)	602.0	507.0	692.2	308.1	-	-
		17,386.9	**15,518.6**	**12,293.6**	**7,242.8**	**5,408.9**	**5,930.6**
	B= (IV+V)	**24,724.9**	**22,933.5**	**16,928.1**	**11,825.6**	**9,961.7**	**6,597.0**
	NET WORTH= A-B	**7,675.0**	**7,475.2**	**6,009.2**	**5,679.4**	**5,003.3**	**1,923.1**

(Rs.in Million)

	Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
	Represented by						
	Share Capital						
	- Equity Shares	3,604.3	3,604.3	1,802.1	1,400.0	1,400.0	1,400.0
	- Preference Shares	28.1	28.1	28.1	28.1	28.1	-
	- Equity Share Capital Suspense Account	-	-	-	402.2	402.2	-
	Reserves and Surplus	4,042.6	3,842.8	4,179.0	3,849.1	3,173.0	523.1
	NET WORTH	**7,675.0**	**7,475.2**	**6,009.2**	**5,679.4**	**5,003.3**	**1,923.1**

Note:

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

As per our report of even date

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

per **Raj Agrawal**
Partner
Membership No. 82028

Place : Ahmedabad
Date : October 10, 2007

For and on behalf of the Board of Directors

Gautam S. Adani
[Chairman and Managing Director]

Rajesh S. Adani
[Director]

Ameet H. Desai
[Executive Director]

Dipti Shah
[Company Secretary]

ANNEXURE II: RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES FOR MUNDRA PORT & SPECIAL ECONOMIC ZONE LIMITED

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
INCOME						
Income from Operations	1,234.0	5,797.4	3,845.3	2,640.9	1,676.7	523.4
Other Income	90.0	163.8	123.5	133.5	56.3	21.5
Total Income	**1,324.1**	**5,961.2**	**3,968.7**	**2,774.4**	**1,733.0**	**544.9**
EXPENDITURE						
Operating Expenses	293.9	1,943.7	1,068.1	745.8	495.9	129.2
Personnel Expenses	61.0	147.9	88.0	65.2	63.0	24.7
Administrative and Other Expenses	171.2	629.8	577.7	228.6	213.3	62.8
Interest	253.0	667.6	507.2	343.3	514.3	257.4
Depreciation	207.8	807.0	614.1	437.1	376.2	102.4
Total Expenditure	**986.9**	**4,196.0**	**2,855.1**	**1,820.0**	**1,662.7**	**576.5**
Profits/(Losses) before Tax, Prior Period and Extraordinary Item	**337.2**	**1,765.2**	**1,113.6**	**954.4**	**70.3**	**(31.6)**
- Extraordinary Item	116.6	-	34.7	-	2.8	-
- Prior Period Item	(12.9)	(15.5)	13.2	(5.8)	(4.7)	-
Profits/(Losses) before Tax	**440.8**	**1,749.7**	**1,161.5**	**948.6**	**68.4**	**(31.6)**
Provision For Tax						
- Current Tax	83.8	50.0	97.7	70.9	8.6	
- Deferred Tax (credit)/Charge	131.0	(133.2)	389.1	215.2	-	-
- Fringe Benefit Tax	2.2	8.5	2.4	-	-	-
- MAT Credit Utilized	(47.8)	(50.0)	-	-	-	-
Net Profits/(Losses) after Tax	**271.6**	**1,874.4**	**672.3**	**662.5**	**59.8**	**(31.6)**
Adjustments (Net of tax) (Refer Note 1 appearing in Annexure IV(C))	(70.2)	46.7	68.6	13.6	(193.2)	(9.8)
Net Profits/(Losses) as Restated	**201.3**	**1,921.1**	**740.9**	**676.1**	**(133.4)**	**(41.4)**
Balance brought forward from Previous Year (Refer to Note 5 appearing in Annexure IV (D))	1,020.5	899.6	625.0	(39.9)	90.7	144.6
Pre-operative expenditure and Miscellaneous Expenditure (to the extent not written off) adjusted in accordance with the scheme of amalgamation (Refer to Note 11 appearing in Annexure IV(D))	-	(36.1)	-	-	-	-
Amount available for appropriation	**1,221.9**	**2,784.6**	**1,365.9**	**636.2**	**(42.7)**	**103.2**

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Appropriations						
Transfer to/ (from) Debenture Redemption Reserve	-	20.1	3.5	9.8	(2.8)	12.5
Transfer to Capital Redemption Reserve	0.3	1.4	1.4	1.4	-	-
Transfer to General Reserve	-	-	50.4	-	-	-
Transfer for Issue of Bonus Equity Shares	-	1,382.2	-	-	-	-
Dividend on Preference Shares	-	- *	- *	- *	-	-
Dividend on Equity Shares	-	360.4	360.4	-	-	-
Tax on Dividend	-	-	50.6	-	-	-
Balance Carried to Balance Sheet	**1,221.5**	**1,020.5**	**899.6**	**625.0**	**(39.9)**	**90.7**

** Nullified on conversion to Rs Million*

Note:

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

As per our report of even date

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

per **Raj Agrawal**
Partner
Membership No. 82028

Place : Ahmedabad
Date : October 10, 2007

For and on behalf of the Board of Directors

Gautam S. Adani
[Chairman and Managing Director]

Rajesh S. Adani
[Director]

Ameet H. Desai
[Executive Director]

Dipti Shah
[Company Secretary]

ANNEXURE III: RESTATED UNCONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
A. Cash Flow from Operating Activities						
Profit before Tax and Extra Ordinary Items	217.9	1,744.5	1,190.5	1,055.0	(127.6)	(41.4)
Adjustments for :						
Depreciation	207.8	807.0	611.1	410.2	399.6	99.6
Miscellaneous Expenditure Written Off (Net)	-	-	-	-	-	23.7
Amortization of Amounts Received under Long Term Infrastructure Usage Agreements	(76.8)	(219.4)	(183.5)	(171.4)	(149.5)	(15.4)
Interest Expense	253.0	667.6	507.2	343.3	514.3	257.4
Interest , Dividend and Exchange Income	(15.1)	(89.0)	(110.5)	(16.7)	(44.8)	(19.5)
(Profit) / Loss on Sale of Fixed Assets	0.5	1.1	2.3	0.0	(9.2)	-
Profit on sale of current Investments	0.1	(0.4)	-	-	-	-
Balances written off / (written back) net	(0.0)	20.7	21.2	(16.6)	46.8	(15.0)
Project Expenditure Written Off	-	5.1	2.2	1.7	0.8	-
Provision for Doubtful Debts and Advances	0.0	18.8	0.3	7.1	11.4	-
Operating Profit before Working Capital Changes	**587.5**	**2,956.0**	**2,040.8**	**1,612.6**	**641.8**	**289.4**
Adjustments for :						
Decrease / (Increase) in Sundry Debtors	269.0	(2,706.9)	(356.7)	(215.6)	38.2	(0.4)
Decrease / (Increase) in Inventories	(35.7)	(58.3)	(15.5)	(5.1)	(9.9)	-
Decrease / (Increase) in Loans & Advances	(34.4)	675.4	5.3	1,372.8	(1,184.4)	(273.1)
Decrease / (Increase) in Other Current Assets	(23.0)	(82.2)	54.0	72.3	(97.7)	(7.1)
Increase in Unamortized balance of Amounts Received under Long Term Infrastructure Usage Agreements	-	2,999.8	235.2	201.4	4,036.0	681.8
Increase/(Decrease) in Current Liabilities & Provision	(157.1)	749.2	483.7	(82.3)	(194.2)	155.0
Cash Generated from Operations	**606.3**	**4,533.0**	**2,446.8**	**2,956.1**	**3,229.8**	**845.6**

(Rs.in Million)

Particulars		For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
	Extra Ordinary Items	116.6	-	34.7	-	2.9	-
	Direct Tax Paid (Net)	92.1	(62.9)	(130.5)	(63.5)	0.2	(0.3)
	Net Cash from Operating Activities	**815.0**	**4,470.1**	**2,350.9**	**2,892.6**	**3,232.9**	**845.3**
B.	**Cash Flow from Investing Activities**						
	Purchase of Fixed Assets	(1,049.6)	(5,698.4)	(3,620.4)	(3,675.0)	(4,341.4)	(1,631.4)
	Project Expenditure Written Off	-	35.9	-	-	-	-
	Purchase of Investments	(96.7)	(215.4)	(908.0)	(320.3)	-	-
	Sale of Investments	-	283.4	0.1	-	-	-
	Purchase of Investment of Transferor companies (Refer Note 3 below)	-	(588.5)	-	-	-	-
	Share Application Money Paid	(416.5)	(591.3)	(60.6)	(300.0)	-	-
	Sale of Fixed Assets	2.2	0.3	2.2	3.7	1,333.4	-
	Interest & Dividend received	9.1	153.5	54.4	42.0	7.5	19.0
	Net Cash used in Investing Activities	**(1,551.5)**	**(6,620.5)**	**(4,532.3)**	**(4,249.6)**	**(3,000.5)**	**(1,612.4)**
C.	**Cash Flow from Financing Activities**						
	Procurement of Long Term Borrowings	1,355.0	4,885.4	4,337.4	2,097.6	7,301.4	1,158.0
	Repayment of Long Term Borrowings	(68.9)	(1,078.1)	(1,360.7)	(117.8)	(10,080.8)	(105.1)
	Procurement of Short Borrowings	-	-	371.3	-	300.0	-
	Repayment of Short Borrowings	-	(571.3)	-	(100.0)	-	-
	Payment of Dividend & Distribution Tax	-	(771.4)	-*	-	-	-
	Interest Expense	(251.9)	(662.5)	(515.9)	(334.5)	(523.2)	(288.3)
	Miscellaneous Expenditure	(1.6)	(58.5)	-	-	-	-
	Proceeds from issue of Share Capital	-	-	-	-	2,811.0	-
	Net Cash Flow from Financing Activities	**1,032.6**	**1,743.6**	**2,832.1**	**1,545.3**	**(191.6)**	**764.6**
D.	**Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)**	**296.1**	**(406.9)**	**650.7**	**188.3**	**40.8**	**(2.5)**
E.	**Cash and Cash Equivalents at start of the period**	**569.0**	**956.5**	**305.8**	**117.5**	**31.6**	**34.1**
	Add: Acquired under the scheme of Amalgamation	-	19.3	-	-	45.1	-
	Cash and Cash Equivalents at start of the period	**569.0**	**975.8**	**305.8**	**117.5**	**76.7**	**34.1**

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
F. Cash and Cash Equivalents at close of the period	**865.1**	**569.0**	**956.5**	**305.8**	**117.5**	**31.6**
Components of Cash & Cash Equivalents						
Cash and Cheques on Hand	1.6	0.4	0.3	0.6	0.3	0.1
Balances with Scheduled Banks						
- On Current Accounts	310.2	91.6	132.5	95.8	24.8	2.8
- On margin Money Accounts	251.9	261.1	28.5	21.2	20.7	16.1
- On Deposit Accounts	301.4	215.9	795.2	188.2	71.7	12.6

* Nullified on conversion to Rs. Million

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Negative figures have been shown in brackets.
3. a. The amalgamation of Mundra Special Economic Zone Limited and Adani Chemicals Limited with Mundra Port and Special Economic Zone Limited during the year ended March 31, 2007 is a non cash transaction and hence, has no impact on the Company's cash flows for that year.

   b. Pre-operative expenditure aggregating to Rs.30.4 Million which was not attributable to the projects/assets and Miscellaneous expenditure (to the extent not written off) of Rs. 5.7 Million relating to transferor companies have been adjusted against the brought forward balance of profit and loss account in the books of the Company.

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

As per our report of even date

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

per **Raj Agrawal**
Partner
Membership No. 82028

Place : Ahmedabad
Date : October 10, 2007

For and on behalf of the Board of Directors

Gautam S. Adani
[Chairman and Managing Director]

Rajesh S. Adani
[Director]

Ameet H. Desai
[Executive Director]

Dipti Shah
[Company Secretary]

ANNEXURE IV : NOTES TO THE RESTATED UNCONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP, FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED [FORMERLY, GUJARAT ADANI PORT LIMITED]

A. BACKGROUND

a) The name of the Company has been changed from Gujarat Adani Port Limited to Mundra Port and Special Economic Zone Limited with effect from July 7, 2006.

Mundra Port and Special Economic Zone Limited (MPSEZL) (erstwhile Gujarat Adani Port Limited) has developed Mundra Port under a concession agreement with Government of Gujarat (GOG) and Gujarat Maritime Board for 30 Yrs effective from February 17, 2001 with the right and authority to develop, design, finance, construct, operate and maintain the port and related infrastructure. This port is a deep water direct berthing port with natural draft of 17 mtrs.

Under the sub concession agreement between Adani Port Limited (APL) and Mundra Port and Special Economic Zone Limited (MPSEZL) (erstwhile Gujarat Adani Port Limited) entered into on February 23, 2001, MPSEZL had given rights to APL to handle bulk cargo for a period of 30 years. With effect from April 1, 2003, Adani Port Limited (the transferor company), was amalgamated with Gujarat Adani Port Limited (Now Mundra Port & Special Economic Zone Limited) (the transferee company) and due to this, the sub-concession agreement became infructuous.

Under sub-concession agreement between Mundra International Container Terminal Limited (MICTL) (erstwhile Adani Container Terminal Limited) and MPSEZL entered into on January 7, 2003, MPSEZL has given rights to MICTL to handle the container cargo for a period of 30 years.

Consequent to the induction of Special Economic Zone Act, 2005, the Company has received the approval of Government of India vide their letter dated April 12, 2006 for setting up a Multi Purpose Special Economic Zone at Mundra. Keeping in view the synergy of its Port Business and SEZ business, it was decided to merge Mundra Special Economic Zone Limited (MSEZL) and Adani Chemical Limited (ACL) with the Company since MSEZL and ACL were holding clusters of land for the development of Special Economic Zone. The merger of MSEZL and ACL with the Company was approved by the Hon'ble High Court of Gujarat w.e.f. April 1, 2006.

b) The restated financial statements relate to Mundra Port and Special Economic Zone Limited ("the Company") and have been prepared specifically for inclusion in the document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with its proposed Initial Public Offering. The restated financial statements consist of the restated unconsolidated summary statement of assets and liabilities of the Company as at March 31, 2003, 2004, 2005, 2006 ,2007 and June 30, 2007, the related restated unconsolidated summary statement of profits and losses for the years ended March 31, 2003, 2004, 2005, 2006, 2007 and for the period ended June 30, 2007 and the related restated unconsolidated summary statement of cash flows for each of the years ended March 31, 2003, 2004, 2005, 2006, 2007 and for the period ended June 30, 2007 (these restated financial statements hereinafter are collectively referred to "Restated Summary Statements").

The Restated Summary Statements have been prepared to comply in all material respects with the requirements of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI Guidelines") issued by SEBI on January 19, 2000, as amended from time to time except that for the sake of better comparison, information has been prepared, in respect of assets and liabilities of the Company as at March 31, 2003 and 2004, in respect of profits and losses of the Company, for the years ended March 31, 2003 and 2004 and in respect of cash flows of the Company, for each of the years ended March 31, 2003 and 2004, though the financial years of the Company during the above period were for the fifteen months period ended December 31, 2002 and the fifteen months period ended March 31, 2004. The Act and the SEBI Guidelines require the information in respect of the assets and liabilities and profits and losses of the Company for each of the five financial years immediately preceding the issue of the Prospectus.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY IN THE PREPARATION OF FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2007

a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except for the following items which are accounted for on acceptance basis since the exact quantum in respect thereof cannot be ascertained with reasonable accuracy:

i) Income on account of claims lodged with insurance company but not settled, and

ii) Pending claims receivable from customers.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous years, except to the extent stated in Notes 2 and 5 in part C below.

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 end. 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. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use.

ii) 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 preoperative expenditure pending allocation to fixed assets and is shown under "Capital Work-in-Progress" and the same is transferred to fixed assets on commencement of commercial activities.

e) Depreciation

i) Depreciation on Fixed Assets, except for those stated 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 lives 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 with Gujarat Maritime Board or their useful lives, 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/- 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 over their estimated useful lives as follows:

Intangible Assets	Estimated Useful Life (Years)
Goodwill arising on the amalgamation of Adani Port Ltd.	Over the balance period of the Concession Agreement computed from the appointed date of the scheme of amalgamation i.e. 28 years.
Software	3 Years

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.

g) 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.

h) 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.

i) 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.

j) Inventories

Stores and Spares: Stores and Spares are valued at Cost and Net Realizable Value, whichever is lower. 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 selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

k) 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.

Port Operation Services

Revenue from port operation services including rail infrastructure is recognized as and when the services are rendered.

Income from Long Term Infrastructure Usage Agreements

Premium received under Long Term Infrastructure Usage Agreements is recognized as income prorata over the period of the sub-lease agreement. Land sub-lease rent receivable under the above Agreements is accounted for as income on accrual basis.

Royalties

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Interest

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

l) Foreign Currency Translation

Foreign currency transactions

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 arising on the settlement of monetary items or on reporting company's monetary items 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. Exchange differences on transactions relating to fixed assets acquired from a country outside India are adjusted to the carrying amount of fixed assets. Exchange differences on liability relating to fixed assets acquired within India arising out of transactions entered into on or before March 31, 2004 are added to the cost of such assets in line with Old AS 11 (1994).

iv) Forward Exchange Contracts

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 statements 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) Derivative transactions

Derivative transactions are considered as off-balance sheet items and are recognized in the books of account on settlement / termination of the respective contracts.

m) 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 & 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***

Retirement gratuity liability of employees is a defined benefit obligation and reflects the difference between the actuarial valuation of the future gratuity liability and the fair value of the plan assets with the Life Insurance Corporation of India (LIC) as at the end of the period.

iii) ***Leave Encashment***

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.

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

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

n) Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets 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.

o) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of 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.

p) 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 financial statements.

q) Segment Reporting Policies

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

r) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

C. MATERIAL ADJUSTMENTS

1 (a) Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profits / losses of the Company is as under: *(Rs. in Million)*

	Period Ended June 30,2007	Year Ended March 31,2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004	Year Ended March 31, 2003
Adjustments for						
Prior Period Expenses [Refer Note No. (b) below]	12.9	2.7	(28.7)	19.0	(1.2)	(4.7)
Change in accounting policy as regards treatment of Miscellaneous Expenditure [Refer Note No. (c) below]	-	-	113.7	19.7	(106.5)	(22.7)
Provisions written back [Refer Note No. (d) below]	(9.6)	(43.6)	37.2	16.0	-	-
Alignment of depreciation policy [Refer Note No. (e) below]	-	(8.8)	3.1	26.9	(23.4)	2.7
Provision For Doubtful Debts, Loans and Advances [Refer Note No.(f) below]	7.0	16.1	(4.6)	(7.1)	(11.4)	-
Sundry Balances written off [Refer Note No. (g) below]	-	23.5	(20.1)	33.6	(46.8)	14.9
Project Expenditure written off [Refer Note No. (h) below]	-	4.9	(2.2)	(1.7)	(1.0)	-
Accounting of Insurance Claims [Refer Note No. (i) below]	(116.6)	-	(34.7)	-	(2.9)	-
Adjustment for deferred tax [Refer Note No. (j) below]	-	48.1	20.4	(68.5)	-	-
Total Adjustments	**(106.3)**	**42.9**	**84.1**	**37.9**	**(193.2)**	**(9.8)**
Tax Impact of Adjustments [Refer Note No. (k) below]	(36.1)	(3.8)	15.5	24.3	-	-
Adjustments (Net of tax)	**(70.2)**	**46.7**	**68.6**	**13.6**	**(193.2)**	**(9.8)**

(b) **Prior Period Expenses**

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007, 2006, 2005, 2004 and 2003 the Company has classified certain items as prior period items. Accordingly, for the purpose of the Restated Summary Statements, the said items of incomes/expenses have been appropriately adjusted in the respective years to which they pertain.

(c) **Change in accounting policy as regards treatment of Miscellaneous Expenditure**

Up to the year ended March 31, 2005, amounts carried forward under the head 'Miscellaneous Expenditure (to the extent not written off)' were being amortized on a pro-rata basis over a period of 5 years from the date of incurrence/ commencement of commercial operations except for pre payment premium on premature redemption of debentures and the premature repayment of Term Loan, which were being amortized over the period over which the said debentures/term loan would have remained outstanding. However, in the preparation of financial statements for the year ended March 31, 2006, the Company changed its accounting policy and charged off the entire unamortized balance of Miscellaneous Expenditure as at April 1, 2005 to the Profit & Loss Account. For the purpose of the Restated Summary Statements, such expenditure has been appropriately charged off to the respective years in which the same was incurred.

(d) **Provisions written back**

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007 and 2006, certain provisions were written back which pertained to earlier years. Accordingly, for the purpose of the Restated Summary Statements, such amounts have been appropriately adjusted to the respective years in which these provisions were initially created.

(e) **Alignment of depreciation policy**

i) Up to the year ended March 31, 2006, depreciation on individual assets costing up to Rs.5000/- was provided at the rate of 100% over a period of one year from the date of purchase. However effective April 1, 2006, depreciation on individual assets costing up to Rs.5000/- is being provided for at the rate of 100% in the month of purchase.

ii) Up to the year ended March 31, 2006, depreciation on additions to fixed assets on account of foreign exchange fluctuation was provided at the rates of depreciation applicable to the respective assets. Effective April 1, 2006, depreciation on the same is being provided for prospectively over the remaining useful lives of the respective assets.

iii) Up to the year ended March 31, 2006, depreciation on software acquired under the scheme of amalgamation with Adani Port Limited was being provided at the rate of 16.21%. Effective April 1, 2006, depreciation thereon has been brought in line with the Company's policy of depreciating the software at the rate of 33.33%.

Accordingly, for the purpose of the Restated Summary Statements, the impact of differential depreciation arising on account of the above changes has been adjusted for each of the reported periods, with a corresponding adjustment to the Net Block of Fixed Assets as at each of the reported dates.

(f) **Provision for Doubtful Debts, Loans and Advances**

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007, the Company has provided for doubtful debts amounting to Rs.17.8 Million and doubtful advances amounting to Rs. 8.0 Million, which pertain to previous accounting periods. Accordingly, for the purpose of the Restated Summary Statements, such amounts have been appropriately adjusted to the respective years to which they relate.

(g) **Sundry Balances Written Off**

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007, 2006 and 2005, certain debit balances were written off pertaining to earlier years. Accordingly, for the purpose of the Restated Summary Statements, such amounts have been appropriately adjusted to the respective years to which they relate.

(h) **Project Expenditure Written Off**

In the financial statements for the year ended March 31, 2007, the Company has written off Project Expenditure aggregating to Rs 4.9 Million carried forward under the head Capital Work in Progress as at March 31, 2006. Accordingly, for the purpose of the Restated Summary Statements, such expenditure has been written off in the year in which it was incurred.

(i) **Accounting of Insurance Claims**

The Company is following the policy of accounting for insurance claims on settlement with the insurers. However, for the purpose of the Restated Summary Statements, the said income has been appropriately adjusted to the respective years in which the claims were lodged.

(j) **Adjustment for deferred tax**

In the financial statements for the year ended March 31, 2007, the Company has accounted for deferred tax adjustments of Rs 48.1 Million in respect of earlier years. Accordingly, for the purpose of the Restated Summary Statements, the same have been appropriately adjusted to the respective years to which they pertain.

(k) **Tax impact of adjustments**

The Company has filed income-tax returns wherein the tax liability was computed as per Minimum Alternate Tax (MAT) for the year ended March 31, 2003, 2004, 2005 and 2006.

The Company is of the opinion that the re-computation of profit/loss will not change its liability on account of the MAT which has already been paid on the basis of the standalone financial statements of the respective years. However, for the purpose of the Restated Summary Statements, adjustments have been made for the deferred tax impact of the adjustments in the respective years to which the adjustments pertain.

2. Creation of Redemption Reserve for Preference Share Capital Account

Securities Premium Account as at April 1, 2006, includes Rs. 2,782.93 Million on account of premium @ Rs.990 per share received on the issue of 28,11,037 0.01% Non-Cumulative Redeemable Preference Shares of Rs.10 each which are redeemable at a premium of Rs. 990 per share on March 28, 2024. Up to the year ended March 31, 2006, the Company was not making a separate provision for the premium payable on redemption of these Shares, on the ground that the liability for the premium payable on redemption will be met out of this Securities Premium Account. From April 1, 2006, the Company has changed its erstwhile policy as mentioned above and has started providing for the premium payable on redemption by earmarking some part out of the Securities Premium Account to Preference Share Capital Redemption Reserve Account based on the period of redemption. Accordingly, Rs. 417.44 Million being the redemption premium pertaining to three years have been transferred to the Preference Share Capital Redemption Reserve Account from Securities Premium Account.

3. Amalgamation of Adani Port Limited with the Company

(a) In terms of the Scheme of Amalgamation (Scheme) sanctioned by order dated 21st April, 2005 of the Hon'ble High Court of Gujarat, Adani Port Ltd. ("APL"), whose core business was development of port back up facilities and operating the multi-purpose terminal at the Mundra Port, was amalgamated with the Company with effect from 1st April, 2003 (being the appointed date as per the Scheme). Accordingly, the undertaking of APL with all its assets and liabilities was transferred to and vested in the Company retrospectively with effect from 1st April, 2003.

(b) In accordance with the Scheme:

(i) all the assets, liabilities, rights and obligations of APL vested in the Company with effect from 1st April, 2003 and were recorded at their respective fair values under the Purchase Method of Accounting for amalgamation prescribed by Accounting Standard 14 issued by the Institute of Chartered Accountants of India;

(ii) 40.21 Million Equity Shares of Rs.10 each were issued as fully paid-up to the shareholders of APL, without payment being received in cash;

(iii) excess of the paid-up value of Equity Shares of the Company issued and allotted as aforesaid and the carrying amount of shares of APL held by the Company, over the fair value of net assets taken over by the Company, amounting to Rs. 785.95 Million was accounted for as Goodwill arising on amalgamation as under:

(Rs. In Million)

Fixed Assets taken over	3,522.5
Net Current Assets taken over	(231.9)
Total Assets taken over	3,290.6
Less: Loans taken over	1,613.8
Net Assets transferred under the Scheme	1,676.8
Less:	
Consideration for amalgamation payable by the issue of 40.21 Million Equity Shares of Rs.10 each in the ratio of 95 Equity Shares of the Company for every 100 Equity Shares of APL	402.2
Cancellation of investment of the Company in the Equity Shares of APL	2,060.6
Cancellation of 2,000 Equity Shares of Rs.10 each of the Company held by APL	- *
Goodwill arising on amalgamation	786.0

** Nullified on conversion to Rs Million.*

The above accounting was given effect to in the audited financial statements for the year ended March 31, 2005 since the Court order approving the scheme was received only on April 21, 2005. However, since the appointed date for amalgamation was April 1, 2003, for the purposes of the Restated Summary Statements, the effect has been considered in the year ended March 31, 2004 and the assets, liabilities, income, expenses and cash flows for the year ended March 31, 2004 have been adjusted accordingly.

4. Material Regroupings

Appropriate adjustments have been made in the Restated Summary Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the period ended June 30, 2007.

5. Non Adjustments

Retirement Benefits

The Company has adopted revised AS 15 on Employee Benefits issued by the Institute of Chartered Accountants of India effective April 1, 2006. However, it has not been possible for the management to determine the effect on the profits/ losses for the year ended March 31, 2003 and for each of the year ended March 31, 2004, 2005, and 2006 had the revised standard been adopted by the Company for each of those years/period. Accordingly, to the extent that the Company has not made any adjustment on account of the change in accounting policy arising on adoption of the revised AS 15, the attached Restated Summary Statements are not in compliance with the SEBI Guidelines and the provisions of the Companies Act, 1956. However, as reported in the audited financial statements of the Company for the year ended March 31, 2007, the adoption of AS 15 by the Company on April 1, 2006 does not have a material impact on the accumulated balance of employee benefits payable as on March 31, 2006.

D. OTHER SIGNIFICANT NOTES

1. The Company started commercial operations from October 1, 2001.
2. The Company's name was changed from "Gujarat Adani Port Limited" to "Mundra Port and Special Economic Zone Limited" by a special resolution passed at the extra-ordinary General Meeting of the shareholders of the Company held on June 23, 2006.
3. 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 over an area of 2,658 hectares of 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 commercial operations of the port had commenced from financial year 2001-02 and income from there was entitled for deduction u/s 80IA (4) (i) of the Income Tax Act, 1961 (the Act) but the Company had exercised the option not to claim the deduction for the first five years. Accordingly, deferred tax liability amounting to Rs. 939.9 Million in respect of timing differences, reversing within the tax holiday period as per Section 80 IA, has not been created.

   After receipt of the above Notification, the Company is of the view, supported by an external opinion, that it may avail benefit u/s 80IAB of the Income Tax Act on the entire income of the Company including the Special Economic Zone Operations. Accordingly, the Company has created provision for regular current tax liability instead of making provision for Minimum Alternate Tax (MAT) under Section 115JB (2) of the Income-Tax Act, 1961, as developer of an SEZ is not liable to MAT.

   The Company has made provision of Rs 83.8 Million for taxation based on its profit for the quarter ended June 30, 2007, which will get finalized based on its profits for the year ending March 31, 2008. The Company has also recognized Rs 47.7 Million of MAT Credit entitlement (against the MAT payment made during financial year 2005-06) which represents that portion of MAT liability, which can be recovered, based on the provisions of Section 115JAA of the Income Tax Act, 1961.
4. **Amounts Received/Receivable under Long Term Infrastructure Usage Agreements**:

   The Company has entered into various long term agreements granting sub-leases out of its leasehold lands and/or rights to use infrastructure facilities for the period of the sub-leases, which are generally co-terminus with the period of the Concession Agreement between the Company, the Gujarat Maritime Board and Government of Gujarat. The Company has received upfront amounts in consideration of grant of the sub-leases and rights to use its infrastructure facilities.

Unamortized amounts received under Long Term Infrastructure Usage Agreements at the end of the reported periods have been disclosed as a separate line item on the face of the Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company.

5. **Reconciliation of Profit & Loss Account as on April 1, 2002**

	(Amount in Rs. Million)
Profit & Loss Account Balance as at April 1, 2002, as per audited financial statements of Mundra Port and Special Economic Zone Limited	0.4
Increase in Balance brought forward as at April 1, 2002 as a result of adjustments for Accounting of Insurance Claims, Preoperative & Preliminary Expenditure written off	144.2
Profit & Loss Account Balance as at April 1, 2002, as restated	144.6

6. **Segment Information:**

The Company is primarily engaged in the business of developing, operating and maintaining the Mundra Port and the related infrastructure. 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 a single geographic segment.

7. **Assets taken under Operating Leases:**

Certain Plant and Machineries and office equipments are obtained on operating leases. There is no contingent rent in the lease agreements. The lease term is for 1-3 years and is renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancellable in nature.

8. **Capital Commitments**

(Rs in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for	3,858.4	3,273.9	1,992.5	1,069.4	1,686.4	-

9. **Contingent Liabilities Not Provided for**

(Rs in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Corporate Guarantee given by the Company against credit facilities availed of by a body corporate	750.0	750.0	-	-	-	-
Disputed Income Tax liability in respect of completed income tax assessments	-	-	-	-	8.0	-
In earlier years, some contractors of the Company had filed a civil suits against the Company for recovery of damages caused to its machinery in an earthquake Rs. 3.7 Million to its cargo stores in	75.2	75.2	75.2	-	-	-

(Rs in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
due to mishandling of wheat cargo by the Company; Rs. 62 Million. The above civil suits are currently pending with the Civil Judge (Senior Division) - Gandhidham, Civil Judge – Bhuj, and Civil Judge (Senior Division) –Bhuj, respectively. The management is reasonably confident that no liability will devolve on the Company in this regard and hence no provision is made in the books of accounts towards these suits.						
In an earlier years, the Company had received a show cause notices from the Custom Authorities for recovery of custom duty and penalty on the import of a tug and bunkers by the Company Rs. 20.7 Million, import of Acrylonitrile Rs. 1.4 Million, import of Crude Petroleum Oil Rs. 2.7 Million and for recovery of education cess and penalty on the import of Steel Sloe Plates by the Company Rs. 0.4 Million. The above mentioned cases are currently pending with the Commissioner of Customs (Preventive) - Jamnagar, Assistant Commissioner of Customs- Mundra, Custom-Excise-Service Tax Tribunal- Mumbai, and Deputy Commissioner of Customs- Gujarat respectively. The management is reasonably confident that no liability will devolve on the Company in this regard. And hence no liability has been recognized in the books of Accounts.	25.2	25.2	24.8	-	-	-
Joint Commissioner Customs, Mundra vide Order No. 27/KS/DC/MP&SEZ/2006-07 dated 31.1.2007 held MPSEZL liable for short delivery of imported goods namely, H.M.S. through Mundra Port by various customers. MPSEZL has been held liable for being the custodian of goods. The List of 31 Nos. of importers has been annexed with the Order and MPSEZL has been directed to remit the differential duty of Rs. 7,09,071/- and penalty of Rs. 50,000/- under section 117 of the Customs Act has been imposed.	0.8	0.8	-	-	-	-

(Rs in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
MPSEZL has preferred to challenge the said Order vide Appeal dated 10/04/2007 which is pending before Ld. Commissioner (Appeals), Customs at Ahmedabad.						
Joint Commissioner Customs, Mundra vide Order No. 50/KS/DC/MP&SEZ/2006 -07 dated 31.3.2007 held MPSEZL liable for short delivery of imported goods namely, H.M.S. through Mundra Port by various customers. MPSEZL has been held liable for being the custodian of goods. The List of 17 Nos. of importers has been annexed with the Order and MPSEZL has been directed to remit the differential duty of Rs. 2,36,909/- and penalty of Rs. 25,000/- under section 117 of the Customs Act has been imposed. MPSEZL has decided to challenge the said Order before Ld. Commissioner (Appeals), Customs at Ahmedabad.	1.0	1.0	-	-	-	-
Differential amount of custom duty in respect of machinery imported under EPCG Scheme and interest thereon. Based on budgeted sales plan, management is hopeful that it will be able to discharge the obligation by executing the required volume of exports in the future period.	335.9	335.9	224.7	139.1	7.9	-

10. Personnel, Administrative and Other Expenses include the following amounts in respect of the Company's share of expenses towards common facilities, debited by other group companies in pursuance of agreements entered into by the Company in respect thereof:

(Rs in Million)

Financial Year/Period	Amount debited to the Company by other group companies
Year ended March 31, 2003	79.9
Year ended March 31, 2004	9.9
Year ended March 31, 2005	24.9
Year ended March 31, 2006	1.5
Year ended March 31, 2007	15.8
Year ended June 30, 2007	8.4

11. Amalgamation of Mundra Special Economic Zone & Adani Chemicals Limited with the Company

(i) Consequent to the induction of Special Economic Zone Act, 2005, the Company has received the approval of Government of India vide its letter dated April 12, 2006 for setting up a Multi Purpose Special Economic Zone at Mundra. Keeping in view the synergy of its Port Business and SEZ business, it was decided to merge Mundra Special Economic Zone Limited ("MSEZL") and Adani Chemical Limited ("ACL") with the Company, since MSEZL and ACL were holding clusters of land for the development of Special Economic Zone.

(ii) The Scheme of Amalgamation/ merger ("the scheme") under sections 391 and 394 of the Companies Act, 1956 among Mundra Port and Special Economic Zone Limited ("the Company"), Mundra Special Economic Zone Limited and Adani Chemicals Limited, with effect from the appointed date i.e. April 1, 2006, was approved by the Hon'ble High Court at Ahmedabad, vide its order dated November 24, 2006. The Company has filed the Order of the Hon'ble High Court with the Registrar of Companies, Ahmebdabad on December 19, 2006.

(iii) MSEZL was engaged in the business of developing, operating and maintaining a Special Economic Zone at Mundra. ACL was incorporated with the object of developing Salt work project.

(iv) In terms of Accounting Standard 14 – Accounting for Amalgamations issued by the Institute of Chartered Accountants of India, the Scheme of Amalgamation has been accounted for under the 'Pooling of Interest Method', wherein all the assets and liabilities of MSEZL and ACL have become, after amalgamation, the assets and liabilities of the Company.

(v) Pursuant to the Scheme, the business of MSEZL and ACL has been transferred to the Company on a going concern basis. Accordingly, all the assets, liabilities, rights, licenses, benefits, obligations etc. of the business of MSEZL and ACL, as on April 1, 2006, stand transferred to and vested in the Company.

(vi) MSEZL and ACL were wholly owned subsidiaries of the Company. As per the scheme, the entire share capital of ACL and MSEZL stands cancelled and extinguished and no shares of the Company have been issued in exchange of these shares. The details of Net Assets taken over and the cancellation of Share Capital of the Transferor companies are as follows:

(Rs in Million)

	MSEZL	**ACL**
Net Block of Fixed Assets	1,034.9	30.7
Net Current Assets	52.6	(0.5)
Investments	39.0	-
Less: Loan Liabilities	0.4	25.3
Miscellaneous Expenses	5.6	0.1
Total Net Assets Value	1,131.7	5.0
Cancellation of Share Capital	1,131.7	5.0

Pre-operative expenditure aggregating to Rs 30.4 Million, which was not attributable to the projects/assets, and Miscellaneous expenditure (to the extent not written off) amounting to Rs 5.7 Million, relating to the Transferor companies have been adjusted against the brought forward balance of profit & loss account in the books of the Transferee Company.

(vii) With effect from the appointed date. i.e. April 1, 2006 and up to and including the effective date i.e. the date on which the Order of the Hon'ble High Court is filed with the Registrar of Companies, Ahmedabad, all the activities carried on by MSEZL and ACL were for and on account of and in trust for the Company.

In view of the aforesaid amalgamation with effect from April 1, 2006, the figures for the current year ended March 31, 2007 are not strictly comparable with those of the previous years.

12. Foreign Currency Transactions – Derivative Transactions

The Company takes various types of derivative instruments to hedge its future loans & interest liabilities. The category-wise outstanding position of derivative instruments as on June 30, 2007 and as on March 31, 2007 is as under:

Particulars of Derivatives	Nature	Purpose
1. USD 13.00 Million (USD 13.00 Million)	Principal Only Swap	Hedging of loan
2. Rs. 1,230.50 Million (Rs. 3,530.46 Million)	Principal Only Swap	Hedging of loan
3. Rs. 2,500.00 Million (Rs. 2,500.00 Million)	Coupon Only Swap	Hedging of interest liability
4. Nil (USD 13.00 Million)	Coupon Only Swap	Hedging of interest liability
5. Nil (Rs. 1,795.00 Million)	Currency Swap	Hedging of loan and interest liability

The details of foreign currency exposures that are not hedged by a derivative instrument or otherwise as on June 30, 2007 and as on March 31, 2007 is as under:

Particulars	Amount (Rs. in Million)	Foreign Currency
Foreign currency loan (USD)	694.95 (775.81)	USD 17.05 Million (USD 17.80 Million)
Foreign currency loan (EURO)	455.18 (Nil)	EURO 8.31 Million (Nil)
Creditors	750.70 (17.83)	USD 18.42 Million (USD 0.41 Million)
Creditors	0.37 (0.39)	EURO 0.01 (EURO 0.01)
Investment (USD)	0.04 (Nil)	USD 0.001 (Nil)
Creditors	0.00 (3.57)	GBP 0.00 GBP 0.04

Closing rates as on 30th June, 2007 (as on March 31, 2007) :

USD 1 = Rs. 40 75 ; (USD 1 = Rs. 43.59)

EURO 1 = Rs.54 79 ; (EURO 1 = Rs.58.14)

JPY 1 = N.A.; (JPY 1 = Rs. 0.37)

GBP 1 = N.A.; (GBP 1 = Rs. 85.53)

13. Amortization of Goodwill arising upon Amalgamation of Adani Port Ltd.

As further elaborated in Note No.C(3) to Annexure IV appearing above, pursuant to the amalgamation of Adani Port Limited ("APL") with the Company, the undertaking of APL with all its assets and liabilities was transferred to and vested in the Company retrospectively with effect from April 1, 2003. This amalgamation, accounted for under the purchase method of accounting, resulted in goodwill of Rs 786.0 Million. The core business of APL was the development of port back up facilities and operating the multi purpose terminal at Mundra port.

Considering the synergies arising as a result of the amalgamation, the fact that the combined business undertaking would have access to both backup and waterfront assets leading to certain economies of scale and the fact that the Company has, by virtue of the concession agreement entered into with the Gujarat Maritime Board and the Government of Gujarat, exclusive rights to construct, operate and maintain the port for a period of 30 years effective April 1, 2001, it was decided to amortize the goodwill arising on such amalgamation over its expected useful life i.e. a period of 28 years, computed from the appointed date of the scheme of amalgamation i.e. April 1, 2003. Accordingly, goodwill will be written off over a period of 28 years commencing April 1, 2003, to coincide with the termination of the concession agreement referred to above.

14. The Management has identified the following Companies and individuals as related parties for the purposes of reporting under AS 18 on Related Party transactions-

List of related parties (As certified by the management)

Subsidiary Company	Mundra SEZ Textile and Apparel Park Private Limited (MITAP) Mundra Aviation Limited (June 2007 onwards)
Associates	**June 2006 onwards** Adicorp Mundra SEZ Infrastructure Pvt. Ltd (AMSIPL) **April 2004 onwards** Adani Logistics Limited (ALL)
Key Management Personnel	Shri Gautam S. Adani Shri Rajesh S. Adani Shri Ameet H. Desai (April 2006 onwards) Mr. Sanjay Gupta (From April 2004 up to March 2006) Mr. Malay Mahadevia (From April 2004 up to March 2005)
Other Parties which are significantly influenced by the company (either Individually or with others)	**April 2007 onwards** Adani Retail Limited (ARL) Adani Power Limited (APL) Adani Agri Logistics Limited (AALL) Inland Conware Private Limited (ICPL) Adani Petronet (Dahej) Port Private Limited (ADPL) Adani Shipyard Private Limited (ASPL) Adani Enterprises Limited (AEL) Adani Wilmar Limited (AWL) Adani Foundation **April 2006 onwards** Adani Infrastructure and Developers Private Limited (AIDPL) Shantikrupa Estate Private Limited Shantikrupa Services Private Limited Adani Developers Private Limited Adani Power Limited (APL) Inland Conware Private Limited (ICPL) Inland Conware (Ludhiana) Private Limited (ICLPL) Adani Petronet (Dahej) Port Private Limited (ADPL) Adani Shipyard Private Limited (ASPL) Adani Townships and Real Estate Company Private Limited (ATRPL) Dahej Power Private Limited (DPPL) Adani Estates Private Limited Adani Land Developers Private Ltd. **April 2005 onwards** Adani Agri Logistics Limited (AALL) Adani Agri Fresh Limited (AAFL) **April 2004 onwards** Accurate Finstock Private Limited **Up to March 2004** I Call India Limited Adani Impex Private Limited

	Up to March 2005 B2C India Limited Gujarat Adani Infrastructure Private Limited Adani Infrastructure Services Limited (AISL) **Up to March 2006** Adani Port Infrastructure Private Limited Adani Chemical Limited Mundra Special Economic Zone Limited Adani Properties Private Limited Adani Agro Private Limited

Aggregate of transactions with these parties has been given below:

(Rs. in Million)

	Transactions with related parties	Period ended June 30, 2007	Year ended March 31, 2007	Year ended March 31, 2006	Year ended March 31,2005	Year ended March 31,2004	Year ended March 31, 2003
(i)	**Rendering of Port Services**						
	Associates/Entities significantly influenced by the Company	139.1	386.4	451.8	601.6	377.8	46.6
(ii)	**Deferred Infrastructure Revenue**						
	Associates/Entities significantly influenced by the Company	-	2,903.7	-	-	-	-
(iii)	**Purchase of Goods, Services and Facilities**						
	Associates/Entities significantly influenced by the Company	58.9	29.30	3.9	3.1	11.9	174.8
(iv)	**Share of common personnel, Administrative and Other Expenses vis-à-vis Associates:**						
	- Incurred by Associates		-	-	7.5	9.9	74.9
	- Incurred by the Company		0.25	1.46	17.4	-	-
(v)	**Subscription for Shares of Associates/Entities significantly influenced by the Company**	0.1	256.6	707.95	100.2	2,060.5	-
(vi)	**Sale of Investment to Associates/ Entities significantly influenced by the Company**	-	70.0	416.1	-	-	-
(vii)	**Share Application Money to Associates/Entities significantly influenced by the Company**	409.0	902.9	260.6	-	-	-
(viii)	**Project Advances (Net of Repayment)**						
	- Associates	-	-	-	(1,145.0)	1,413.6	271.3
(ix)	**Advances received against Services**						
	- Associates	-	-	20.9	60.7	-	-
(x)	**Expense Reimbursement (Net)** - (from)/ to Associates/Entities significantly influenced by the Company	(8.4)	(15.8)	(0.5)	0.7	-	-

(Rs. in Million)

Transactions with related parties	**Period ended June 30, 2007**	**Year ended March 31, 2007**	**Year ended March 31, 2006**	**Year ended March 31,2005**	**Year ended March 31,2004**	**Year ended March 31, 2003**
(xi) Remuneration						
- Key Management Personnel	14.4	55.2	36.9	-	-	-
(xii) Sitting Fees						
- Key Management Personnel	0.1	-	-	0.1	-	-
(xiii) Rent - Associates						
- Received	-	-	65.3	2.5	1.4	-
- Paid	-	-	0.6	2.5	0.2	-
(xiv) Sales of Assets						
- Associates	-	-	-	-	64.0	-
(xv) Donations to a Trust significantly influenced by the Company	1.9	7.5	2.5	0.6	0.4	-
(xvi) Interest - Associates:						
- Received	-	-	0.4	1.0	-	-
- Paid	-	-	-	0.8	-	-
(xvii) Funds given to Associates/Entities significantly influenced by the Company	137.0	-	-	-	-	-
(xviii) Funds Received from Associates/ Entities significantly influenced by the Company	-	266.2	208.6	-	-	-
(xix) Loans Received Back from Entities significantly influenced by the Company	-	15.9	-	-	-	-
(xx) Corporate Guarantee given during the period	-	750.0	-	-	-	-
(xxi) Outstanding balances as at the end of the year:						
Subsidiaries						
Security deposit taken	-	-	-	-	-	-
Debts and advances recoverable	361.8	235.5	-	-	-	-
Associates/Significant entities influenced by the Company						
Corporate Guarantee Given	750.0	750.0	-	-	-	-
Debts and advances recoverable	3,112.3	2,627.6	162.5	43.9	1,656.7	274.3
Share Application Money pending allotment	321.1	211.1	360.6	-	-	-
Balance payable	147.7	183.3	73.17	118.2	18.0	-

Notes

a) 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.

b) 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.

15. The break up of deferred tax liabilities (net) is as under-

(Rs. in Million)

Particulars	**As at June 30, 2007**	**As at March 31, 2007**	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**
Differences in amortization of intangible assets as per tax books and financial books	0.6	0.6	0.5	1.6	-	-
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	661.0	525.2	971.1	699.5	-	-
Gross Deferred Tax Liabilities (A)	**661.6**	**525.8**	**971.6**	**701.1**	**-**	**-**
Brought forward unabsorbed depreciation	-	-	281.1	396.6	-	-
Effect of expenditure debited to profit & loss account in the current year but allowable for tax purpose in following year	26.3	25.1	31.5	28.6	-	-
Provision for Doubtful debts & advances	8.8	6.4	8.2	7.5	-	-
Provision for Customer claims	24.5	23.2	-	-	-	-
Gross Deferred Tax Assets (B)	**59.6**	**54.8**	**320.8**	**432.7**	**-**	**-**
Deferred Tax Liability (Net) (A-B)	**602.0**	**471.0**	**650.8**	**268.4**	**-**	**-**

ANNEXURE V: DETAILS OF OTHER INCOME

(Rs.in Million)

Sources of Income	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Other Income, as restated	90.0	163.8	123.5	133.5	56.3	21.5
Net Profits/(Losses) before tax and after prior period and extraordinary items, as Restated	370.6	1,796.4	1,230.0	962.2	(124.8)	(41.4)
Percentage	**24.29%**	**9.12%**	**10.04%**	**13.88%**	*	*
Sources of Income						
Interest						
- Bank Deposits	9.7	26.0	51.8	7.1	5.7	0.3
- Inter Corporate Deposits	0.2	58.0	58.7	9.3	39.0	19.2
- Others	-	5.0	**	0.3	**	-
Rent	4.2	17.0	4.7	5.2	0.0	2.0
Sale of Scrap	1.8	13.0	6.1	-	2.3	-
Export Incentives	-	-	0.5	80.5	-	-
Insurance Claims Received	-	-	-	5.7	-	-
Profit on Sale of Assets	-	-	-	-	9.3	-
Exchange Differences & Forex Hedging gain (Net)	62.4	-	-	25.0	-	-
Excess Provision written back	9.6	43.9	0.6	-	-	-
Others	2.1	0.9	1.1	0.4	-	-
Other Income as restated	**90.0**	**163.8**	**123.5**	**133.5**	**56.3**	**21.5**

Notes:

1. The classification of 'Other Income' as Recurring/ Non Recurring and Related/ Not Related to business activities is based on the current operations and business activities of the Company as determined by the management.
2. The figures disclosed above are based on the restated unconsolidated summary statement of profits and losses of the Company.
3. * Since there is Net Loss before tax, the percentages have not been shown.
4. ** Nullified on conversion to Rs. Million.

ANNEXURE VI: DETAILS OF DIVIDENDS DECLARED BY THE COMPANY

The dividends paid by the Company in the past years are presented below. The financial years of the Company as provided below are different from the 12-month periods ended on March 31 of the relevant years for which restated financial statements have been presented in this Red Herring Prospectus.

(Rs.in Million)

Particulars	Face Value (Rs./ Share)	For the 3 months ended June 30, 2007	For the 12 months ended March 31, 2007	For the 12 months ended March 31, 2006	For the 12 months ended March 31, 2005	For the 15 months ended March 31, 2004	For the 15 months ended December 31, 2002
Class of Shares							
Equity Share Capital (Refer Note 2 below)	10.0	3,604.3	3,604.3	1,802.1	1,802.1	1,802.1	1,400.0
0.01% Non-Cumulative Redeemable Preference Shares	10.0	28.1	28.1	28.1	28.1	28.1	-
Dividend							
Dividend on Equity Shares							
- Rate	-	-	10%	20%	-	-	-
- Amount	-	-	360.4	360.4	-	-	-
Dividend on 0.01% Non-Cumulative Redeemable Preference Shares							
- Rate	-	-	0.01%	0.01%	0.01%	-	-
- Amount	-	-	- *	- *	- *	-	-
Dividend Tax	-	-	-	50.6	- *	-	-

** Nullified on conversion to Rs Million.*

Notes:

1. The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy in the future.
2. 180,214,410 Equity Shares of Rs. 10 each have been allotted during the year ended March 31, 2007 as fully paid up Bonus Shares by capitalization of Securities Premium Account amounting to Rs. 420.00 Million and Profit & Loss Account amounting to Rs. 1,382.14 Million.
3. During the year ended March 31, 2007, the Company has sub-divided nominal value of its equity shares from Rs. 10 each to Rs. 2 each on July 10, 2006. However, subsequently the Company has consolidated five equity shares of the face value of Rs. 2 each into one equity share of the face value of Rs.10 each, with the approval of the shareholders in an Extra Ordinary General Meeting dated 31st January, 2007.
4. Equity shares outstanding as at March 31, 2005 and 2004 considered above include shares to be issued to the amalgamated company shown under the head 'Equity Share Capital Suspense Account' as at these reporting dates.

ANNEXURE VII: CAPITALIZATION STATEMENT AS AT June 30, 2007

(Rs.in Million)

Particulars	Pre Issue	Post Issue
Long Term Debt	13,387.0	
Short Term Debt	606.4	
Total Debt	**13,993.4**	
Shareholders' Funds		
- Equity Share Capital	3,604.3	
- Preference Share Capital	28.1	
Reserves as restated		
- Securities Premium Account	2,330.7	
- Profit and Loss Account	1,221.5	
- Other Reserves and Surplus	98.1	
Total Shareholders' Funds	**7,282.7**	
Long Term Debt / Equity	1.8	
Total Debt / Shareholders' funds	1.9	

Notes:

1. Short term debts represents debts which are due within twelve months from June 30, 2007 and includes current portion of Long term debt.
2. Long term debt represents debt other than short term debt, as defined above.
3. Other Reserves and Surplus excludes Preference Share Capital Redemption Reserve and includes General Reserve, Debenture Redemption Reserve and Capital Redemption Reserve.
4. The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities of the Company as at June 30, 2007.
5. Long Term debt/Equity $= \frac{\text{Long Term Debt}}{\text{Shareholders' Funds}}$
6. The corresponding Post issue figures are not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished.

ANNEXURE VIII: DETAILS OF SECURED AND UNSECURED LOANS

SECURED LOANS

(Rs.in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Debentures						
IFCI Limited (97,00,000) 16.2216% Non - Convertible Redeemable Debentures of Rs 100 each	-	-	-	-	-	970.0
LIC: 14,00,000 - 15% Secured Redeemable Non Convertible Debentures	70.0	73.5	87.5	101.5	115.5	-
UTI: 25,00,000 - 15% Non –Convertible Redeemable Debentures	-	-	-	181.3	206.3	-
	70.0	73.5	87.5	282.8	321.8	970.0
Term Loans from Banks						
Rupee Loans	9,381.8	8,014.3	4,043.4	2,677.8	2,501.0	3,689.3
Foreign Currency Loans	389.6	425.2	503.2	312.7	171.7	-
Suppliers and Contractors Bills accepted under letters of credit issued against Secured Term Loans sanctioned by Banks	803.3	868.1	543.4	1,388.5	-	-
Term Loans from Financial Institutions						
Rupee Loans	2,855.2	2,889.3	3,022.0	240.0	41.3	270.0
Foreign Currency Loans	484.6	542.2	665.9	761.9	698.4	-
Interest Accrued and due	-	-	-	-	-	325.6
Deferred Payment Credits from the Suppliers of Tugs (Secured by hypothecation of the Tugs)	-	-	52.2	232.5	293.2	-
Vehicle Loans from Bank (Secured by hypothecation of the respective Vehicles)	0.5	0.8	1.6	2.3	-	-
TOTAL	**13,985.0**	**12,813.4**	**8,919.2**	**5,898.5**	**4,027.4**	**5,254.9**

UNSECURED LOANS

(Rs.in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Term Loans from Banks						
Short Term Loans from Banks						
Rupee Loans	-	-	571.3	200.0	300.0	-
Other Term Loans from Banks						
Rupee Loans	-	-	100.0	100.0	-	-
Foreign Currency Loans	8.4	9.0	27.7	45.3	63.4	-
TOTAL	**8.4**	**9.0**	**699.0**	**345.3**	**363.4**	-

Notes:

1. Secured Term Loans from Banks include:

   Term Loan amounting to Rs. 342.2 Million (Previous Year Rs. 366.0 Million) from State Bank of India for the purchase of Tugs, secured by exclusive charge on the Tugs; and second charge on the entire fixed assets of the Company, except immovable assets of the Company pertaining to its Single Point Mooring (SPM) Project.
   Foreign Currency Loan amounting to Rs. 169.1 Million (Previous Year Rs. 180.9 Million) from Hypo Vereins Bank, Germany, for the purchase of Cranes, secured by exclusive charge on the Cranes.

2. Secured Term Loans from Financial Institutions include Term Loan aggregating to Rs. 2,768.9 Million (Previous Year Rs. 2,799.4 Million) from Infrastructure Development Finance Company Limited, secured by first mortgage and charge on all the immovable assets of the Company pertaining to its Single Point Mooring (SPM) Project and the fixed charges receivables pertaining to that project receivable from Indian Oil Corporation Limited and further secured by a second mortgage and charge on the Company's other immovable and movable assets (including receivables), both present and future, on pari passu basis, over which the first charge is created in respect of the Loans referred to at Note 5 below.

3. Secured Term Loans from Banks include Term Loans aggregating to Rs. 3065.2 Million (Previous Year Rs. 2205.5) secured by first mortgage and charge on all the immovable and movable assets of proposed Container Terminal - II Project and further by a second mortgage and charge on the Company's other immovable and movable assets, both present and future, over which the first charge is created in respect of the loans referred to at Note 5 below.

4. Secured Term Loans from Banks include Term Loans aggregating to Rs. 4678.1 Million (Previous Year Rs. 4170.2 Million) secured by first mortgage and charge on all the immovable and movable assets of proposed Terminal - II Assets and its extension and further by a second mortgage and charge on the Company's other immovable and movable assets, both present and future, on pari-passu basis, over which the first charge is created in respect of the loans referred to at Note 5 below.

5. Debentures amounting to Rs. 70.0 Million (Previous Year Rs. 73.5 Million), Secured Term Loans from Banks aggregating to Rs. 2320.2 Million (Previous Year Rs. 2384.9 Million) and Financial Institutions aggregating to Rs.570.7 Million (Previous Year Rs. 632.3 Million) are secured by first mortgage and charge on all the immovable and movable assets of the Company (save & except assets on which exclusive charge is created and stated elsewhere) both present and future, on pari-passu basis, subject to prior charges of Banks on specified movable assets which may be created in their favour by way of security for working capital facilities, further secured by a second charge on the immovable and movable assets (including receivables) pertaining to the SPM Project and also secured by a second charge on the immovable and movable assets pertaining to Container Terminal-II and Terminal - II Assets, referred in Note Nos. 2, 3 & 4 above.

6. Debentures; Term Loans from Banks and Financial Institutions; Deferred Payment Credits from Supplier of Tug and Vehicle Loan from a Bank include amounts repayable within one year aggregating to Rs. 598.1 Million (Previous year Rs. 607.2 Million).
7. Interest rate of rupee unsecured loans is payable in the range of 8.5%, 8.9%, 8.25%-8.5% and 10.25-11% for the period ended June 30, 2007, for the year ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004. Interest rate on foreign currency unsecured loans is payable at six Month libor + 0.60% for the period ended June 30, 2007 , for the year ended March 31, 2007, March 31, 2006, March 31, 2005, March 31, 2004.
8. The Unsecured Foreign Currency Loans of Rs 19.0 Million are being repaid on half yearly basis, over a period of 7 years starting from March 5, 2001.
9. The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities of the Company.

ANNEXURE IX: DETAILS OF INVESTMENTS

(Rs.in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
1. SUBSIDIARY COMPANIES						
UNQUOTED						
2,450,000 fully paid Equity Shares of Rs. 10 each of Mundra SEZ Textiles and Apparel Park Private Ltd.	24.5	24.5	-	-	-	-
10 fully paid Ordinary Shares of US$ 100 each of Mundra Aviation Limited	- *	-	-	-	-	-
Sub total	**24.5**	**24.5**	**-**	**-**	**-**	**-**
2. TRADE						
UNQUOTED						
Nil (March 31, 2007 - Nil) fully paid Equity Shares of Rs. 10 each of Mundra Special Economic Zone Ltd.	-	-	409.7	-	-	-
2,50,00,000 fully paid Equity Shares of Rs. 10 each of Adani Logistics Ltd.	250.0	250.0	250.0	-	-	-
4,00,00,000 fully paid Equity Shares of Rs. 10 each of Kutch Railway Company Ltd.	400.0	400.0	400.0	200.0	-	-
Nil (March 31, 2007 - Nil) fully paid 6% Redeemable Cumulative Preference Shares of Rs 100 each of Sealord Containers Ltd.	-	-	120.0	120.0	-	-
Nil (March 31, 2007- Nil) fully paid Equity Shares of Rs. 10 each of Adani Agri Logistics Ltd.	-	-	48.5	0.2	-	-
10,000 (March 31, 2007 - 10,000) fully paid Equity Shares of Rs. 10 each of Adicorp Mundra SEZ Infrastructure Pvt. Ltd.	0.1	0.1	-	-	-	-
3,550 (March 31, 2007 - 3400) fully paid Equity Shares of Rs. 100 each of Adinath Polyfills Pvt. Ltd.	120.0	115.3	-	-	-	-
Sub total	**770.1**	**765.4**	**1,228.2**	**320.2**	**-**	**-**
2. NON TRADE						
QUOTED						
91,575.015 (March 31, 2007 - Nil) Reliance Liquid Plus Fund (Face value Rs. 1,000 each unit)	91.7	-	-	-		
Sub total	**91.7**	**-**	**-**	**-**	**-**	**-**
3. CURRENT INVESTMENTS						
HDFC Cash Management Savings Plan Institutional Plan Growth Scheme	-	-	-	0.1	-	-
Sub total	**-**	**-**	**-**	**0.1**	**-**	**-**
GRAND TOTAL	**886.3**	**789.9**	**1,228.2**	**320.3**	**-**	**-**
Amounts invested in Promoter group/ Subsidiary Companies						
In Promoter Group Companies	250.0	250.0	659.7	-	-	-
In Subsidiary Companies	24.5	24.5	-	-	-	-
Total	**274.5**	**274.5**	**659.7**	**-**	**-**	**-**

** Nullified on conversion to Rs Million*

Notes:

1. The list of persons / entities classified as ‘Promoters’ and ‘Promoter Group Companies’ has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.
2. The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities of the Company.

ANNEXURE X: DETAILS OF SUNDRY DEBTORS

(Rs.in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Debts outstanding for a period exceeding Six months						
Unsecured, Considered good (Including Deferred receivables of Rs. 2058.40 Million (March 31, 2006 - Rs. 119.6 Million)	2,509.1	156.9	225.6	5.4	46.4	14.4
Unsecured, Considered doubtful	17.8	17.8	15.1	10.8	10.8	-
Other Debts						
Unsecured, Considered good	671.3	3,292.4	541.1	406.6	150.1	12.2
	3,198.2	**3,467.1**	**781.8**	**422.8**	**207.3**	**26.6**
Less : Provision for doubtful debts	17.8	17.8	15.1	10.8	10.8	-
Total	**3,180.4**	**3,449.3**	**766.7**	**412.0**	**196.5**	**26.6**
Debts outstanding in Promoter group/ Subsidiary Companies						
In Promoter Group Companies	173.4	135.9	5.9	0.3	0.1	0.1
In Subsidiary Companies	235.1	235.1	-	-	-	-

Notes:

1. The list of persons / entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.
2. The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities of the Company.

ANNEXURE XI: DETAILS OF LOANS AND ADVANCES

(Rs.in Million)

Particulars	As at June 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003
Unsecured, Considered good						
Advances and Loans to Subsidiary	126.5	0.3	1.2	-	-	-
Inter Corporate Deposits	-	43.6	71.0	-	321.1	103.2
Advances Recoverable in Cash or in Kind or for Value to be received	86.9	71.5	51.1	175.9	1,316.3	289.5
Balances with Excise and Custom Authorities	25.9	89.9	56.6	39.5	1.5	-
Payments to Income Tax authorities/ Tax Deducted at Source	72.1	166.4	183.6	55.4	1.4	0.7
Share Application Money pending allotment	1,229.7	813.2	360.6	300.0	-	-
Deposits	73.4	75.2	23.1	12.4	6.9	9.6
Considered Doubtful						
Advances Recoverable in Cash or in Kind or for Value to be received	8.0	8.0	8.0	7.7	0.6	-
	1,622.5	1,268.1	755.2	590.9	1,647.8	403.0
Less : Provision for doubtful loans and advances	8.0	8.0	8.0	7.7	0.6	-
Total	**1,614.5**	**1,260.1**	**747.2**	**583.2**	**1,647.2**	**403.0**
Amounts outstanding in Promoter group/ Subsidiary Companies						
In Promoter Group Companies	3.0	3.0	-	-	142.8	0.6
In Subsidiary Companies	126.5	0.3	1.2	-	-	-
Total	**129.5**	**3.3**	**1.2**	**-**	**142.8**	**0.6**

Notes:

1. The list of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' is determined by the Management and relied upon by Auditors. The Auditors have not performed any procedure to determine whether this list is accurate or complete.
2. The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities of the Company.

ANNEXURE XII: STATEMENT OF TAX SHELTERS

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Profits/(Losses) before Taxes and after Extra Ordinary Items as Per Books	440.8	1,749.7	1,161.5	904.7	111.7	(31.6)
Income Tax Rates applicable	33.99%	33.66%	33.66%	36.59%	35.88%	36.75%
Tax at notional rates	149.8	589.0	390.9	331.0	40.1	(11.6)
Permanent Differences (A)						
Donations disallowed under the Income Tax Act	11.5	26.9	6.1	2.2	1.0	-
Interest / Penalty on Income Tax / TDS	-	-	-	1.5	-	-
Filing Fees paid to ROC for Increasing Authorized Share Capital	-	-	-	3.5	-	-
Others	-	-	-	0.8	-	-
Total Permanent Differences (A)	11.5	26.9	6.1	8.0	1.0	-
Timing Differences (B)						
Differences between book depreciation and tax depreciation	(222.5)	(838.3)	(738.5)	(719.0)	(857.4)	(599.4)
Differences in tax and accounting treatment of Miscellaneous Expenditure	(2.9)	(15.8)	97.6	3.5	4.7	(23.8)
Differences in tax and accounting treatment of Amalgamation Expense	-	(0.0)	4.8	0.1	1.8	-
Differences due to allowability / disallowability of Section 43B items	(0.8)	6.7	1.8	1.4	2.7	-
Amounts Inadmissible u/s 40(a)(ia)	-	(2.4)	(31.4)	36.5	-	-
Provision for Doubtful Debts, Advances and claims	19.3	86.9	-	-	-	-
Income from other sources considered separately	(9.9)	(0.3)	-	(0.4)	(20.1)	-
Total Timing Differences (B)	(216.8)	(763.2)	(665.7)	(677.9)	(868.3)	(623.2)
Net Adjustments (A+B)	(205.3)	(736.3)	(659.6)	(669.9)	(867.3)	(623.2)
Tax Saving Thereon	(69.8)	(247.9)	(222.0)	(245.1)	(311.2)	(229.0)
Profits/(Losses) for the year taxable under the head Profits and Gains of Business or Profession	**235.5**	**1,013.4**	**501.9**	**234.8**	**(755.6)**	**(654.8)**

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Income taxable under the head Capital Gains	-	-	0.0	0.4	19.4	-
Income taxable under the head Other Sources	**9.9**	-	-	0.3	0.0	-
Profits/(losses) for the year before adjustment of brought forward losses	245.4	1,013.4	501.9	235.5	(736.2)	(654.8)
Brought forward losses adjusted	-	(868.9)	(502.0)	(235.5)	-	-
Net Taxable Income/(Loss) for the Year	245.4	144.4	(0.2)	0.0	(736.2)	(654.8)
Total Carried Forward Losses as per income tax returns	-	-	(868.9)	(1,371.0)	(1,606.5)	(870.3)
Taxable Income as per MAT	-	-	1,159.2	906.1	111.7	-
MAT Rate	0.00%	0.00%	8.42%	7.84%	7.69%	7.88%
MAT Liability	-	-	97.5	71.1	8.6	-
Taxable profit as per Normal Tax Rate	245.4	144.4	-	-	-	-
Tax Liability being higher of Regular Tax Liability for the year and MAT Liability	83.8	48.7	97.5	71.1	8.6	-
Interest u/s 234	-	-	0.1	3.8	-	-
Tax Payable	83.8	48.7	97.7	74.8	8.6	-

Notes:

1. The aforesaid Statement of Tax Shelters is not based on the Profits/ (Losses) as per the 'Restated Unconsolidated Summary Statement of Assets and Liabilities'. It has been prepared based on the standalone audited accounts of Mundra Port And Special Economic Zone Limited except that amounts for the year ended March 31, 2004 considered above include the effect of amalgamation of Adani Port Limited with the Company, whereas in the audited financial statements of the Company, such effect has been considered only during the year ended March 31, 2005 (Refer note 3 appearing in Annexure IV(C).
2. The permanent/timing differences have been computed considering the acknowledged copies of the income- tax returns filed by the Company for each of the respective years as stated above. Disallowances on account of assessment proceedings, notices, appeals etc have been adjusted in the tax liability of the year to which they pertain.
3. The figures for period ended June 30, 2007 and year ended March 31, 2007 are based on the provisional computation of total income prepared by the Company and are subject to any changes that may be considered at the time of final filing of the return of income for the year ended March 31, 2008 and March 31, 2007 respectively.
4. Subsequent to approval and notification for setting up the SEZ, the Company is of the view, supported by an external opinion, that it may avail benefit u/s 80IAB of the Income Tax Act on the entire income of the Company including the Special Economic Zone Operations. Accordingly, the Company has created provision for regular current tax liability instead of making provision for Minimum Alternate Tax (MAT) under Section 115JB (2) of the Income-Tax Act, 1961, as developer of an SEZ is not liable to MAT.

ANNEXURE XIII: STATEMENT OF ACCOUNTING RATIOS

(Rs.in Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004	For the year ended March 31, 2003
Earnings / (Loss) Per Share - Basic and Diluted (Rs.) before extraordinary items*	0.56	5.33	4.11	3.75	(0.74)	(2.96)
Earnings / (Loss) Per Share - Basic and Diluted (Rs.) after extraordinary items*	0.24	5.33	3.92	3.75	(0.76)	(2.96)
Return on Net Worth %	2.62%	25.70%	12.33%	11.90%	-2.67%	-2.16%
Net Asset Value per Equity Share (Rs.)*	21.2	20.7	33.2	31.4	27.6	13.7
Weighted average number of equity shares outstanding during the year / period*	360,428,820	360,428,820	180,214,410	180,214,410	180,214,410	14,000,000
Total number of equity shares outstanding at the end of the year*	360,428,820	360,428,820	180,214,410	180,214,410	180,214,410	14,000,000

* *Face value of Rs 10 each*

Notes:

1. The ratios have been computed as below:

   Earnings per Share (Rs) after extraordinary items:

   $$\frac{\text{Net profit/(loss) as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

   Earnings per Share (Rs) before extraordinary items:

   $$\frac{\text{Net profit/(loss) as restated, before extraordinary items, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

   Return on Net Worth %:

   $$\frac{\text{Net profit/(loss) after tax, as restated}}{\text{Net worth}}$$

   Net Asset Value per Equity Share (Rs.):

   $$\frac{\text{Net Worth less Preference Share Capital}}{\text{Number of equity shares outstanding at the end of the year}}$$

2. Net worth means Equity Share Capital + Preference Share Capital + Other Reserves and Surplus.
3. Other Reserves and Surplus excludes Preference Share Capital Redemption Reserve and includes General Reserve, Debenture Redemption Reserve and Capital Redemption Reserve.
4. The Equity Shares outstanding considered above as at March 31, 2004 and March 31, 2005 include shares to be issued to the amalgamated Company shown under the head ' Equity Share Capital Suspense Account' as at these reporting dates
5. The figures disclosed above are based on the restated unconsolidated summary statements of assets and liabilities of the Company.

ANNEXURE I: RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

(Rs.in Million)

	Particulars		As at June 30, 2007	As at March 31, 2007
I	**Fixed Assets**			
	Gross Block		23,804.4	22,336.4
	Less : Accumulated Depreciation / Amortization		2,739.7	2,509.1
	Net Block		21,064.7	19,827.3
	Capital Work- in- Progress including Capital Advances and Pre Operative Expenditure (Pending Allocation)		4,986.3	4,179.6
			26,051.0	**24,006.9**
II	**Investments**		**862.7**	**765.8**
III	**Current Assets, Loans and Advances**			
	Inventories		140.1	104.3
	Sundry Debtors		2,946.6	3,214.2
	Cash and Bank Balances		910.5	611.4
	Other Current Assets		260.5	234.8
	Loans and Advances		1,488.9	1,260.5
			5,746.6	**5,425.2**
		A = (I+II+III)	**32,660.3**	**30,197.9**
IV	**Amounts Received under Long Term Infrastructure Usage Agreements**		**7,082.0**	**7,158.9**
V	**Liabilities and Provisions**			
	Secured Loans		14,392.3	12,813.4
	Unsecured Loans		10.4	9.0
	Current Liabilities		2,728.1	2,012.5
	Provisions		126.4	178.4
	Deferred Tax Liability (Net)		602.0	507.0
	Minority Interest		14.2	14.2
			17,873.4	**15,534.5**
		B=(IV+V)	**24,955.4**	**22,693.4**
	Net Worth	**A-B**	**7,704.9**	**7,504.5**
	Represented by			
	Share Capital			
	- Equity Shares		3,604.3	3,604.3
	- Preference Shares		28.1	28.1
	Reserves and Surplus		4,072.5	3,872.1
	NET WORTH		**7,704.9**	**7,504.5**

Note:

The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

As per our report of even date

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

Per **Raj Agrawal**
Partner
Membership No. 82028
Place : Ahmedabad
Date : October 10, 2007

For and on behalf of the Board of Directors

Gautam S. Adani
(Chairman and Managing Director)

Rajesh S. Adani
(Director)

Ameet H. Desai
(Executive Director)

Dipti Shah
(Company Secretary)

ANNEXURE II: RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFITS AND LOSSES FOR MUNDRA PORT & SPECIAL ECONOMIC ZONE LIMITED

(Rs.in Million)

	For the period ended June 30, 2007	For the year ended March 31, 2007
INCOME		
Income from Operations	1,231.4	5,794.7
Other Income	90.0	163.8
Total Income	**1,321.4**	**5,958.5**
EXPENDITURE		
Operating Expenses	293.9	1,943.7
Personnel Expenses	61.0	147.9
Administrative and Other Expenses	170.0	629.8
Interest	253.0	667.6
Depreciation	209.2	807.0
Total Expenditure	**987.1**	**4,196.0**
Profits/(Losses) before Tax, Prior Period and Extraordinary Item	**334.3**	**1,762.5**
- Extraordinary Item	116.6	-
- Prior Period Item	(12.9)	(15.5)
Profits/(Losses) before Tax	**438.0**	**1,747.0**
Provision for Tax		
- Current Tax	83.8	50.0
- Deferred Tax (credit)/Charge	131.0	(133.2)
- Fringe Benefit Tax	2.2	8.5
- MAT Credit Utilized	(47.8)	(50.0)
Net Profits/(Losses) after Tax	**268.8**	**1,871.7**
Adjustments (Net of tax) (Refer Note 1 appearing in Annexure IV(C))	(70.2)	46.7
Net Profits/(Losses) as Restated	**198.6**	**1,918.4**
Share in profits of associates	0.5	0.4
Balance brought forward from Previous Year (Refer Note 5 appearing in Annexure IV (D))	1,018.2	899.6
Pre-operative expenditure and Miscellaneous Expenditure (to the extent not written off) adjusted in accordance with the scheme of amalgamation (Refer Note 11 appearing in Annexure IV(D))	-	(36.1)
Amount available for appropriation	**1,217.3**	**2,782.3**
Appropriations		
Transfer to/ (from) Debenture Redemption Reserve	-	20.1
Transfer to Capital Redemption Reserve	0.3	1.4
Transfer for Issue of Bonus Equity Shares	-	1,382.2
Dividend on Equity Shares	-	360.4
Balance Carried to Balance Sheet	**1,217.0**	**1,018.2**

** Nullified on conversion to Rs Million*

Note:

The above statement should be read with the Notes to the Restated Consolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

As per our report of even date

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

Per **Raj Agrawal**
Partner
Membership No. 82028
Place : Ahmedabad
Date : October 10, 2007

For and on behalf of the Board of Directors

Gautam S. Adani
(Chairman and Managing Director)

Rajesh S. Adani
(Director)

Ameet H. Desai
(Executive Director)

Dipti Shah
(Company Secretary)

ANNEXURE III: RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

(Rs.in Million)

		For the period ended June 30, 2007	For the year ended March 31, 2007
A.	**Cash Flow from Operating Activities**		
	Profit before Tax and Extra Ordinary Items	215.2	1,741.8
	Adjustments for :		
	Depreciation	209.1	807.0
	Amortization of Amounts Received under Long Term Infrastructure Usage Agreements	(74.2)	(216.7)
	Interest Expense	253.0	667.6
	Interest , Dividend and Exchange Income	(15.1)	(89.0)
	(Profit) / Loss on Sale of Fixed Assets	0.5	1.1
	Profit on sale of current Investments	0.1	(0.4)
	Balances written off / (written back) net	0.1	20.7
	Project Expenditure Written Off	-	5.1
	Provision for Doubtful Debts and Advances	0.0	18.8
	Operating Profit before Working Capital Changes	**588.7**	**2,956.0**
	Adjustments for :		
	Decrease / (Increase) in Sundry Debtors	269.0	(2,471.7)
	Decrease / (Increase) in Inventories	(35.7)	(58.3)
	Decrease / (Increase) in Loans & Advances	51.8	705.6
	Decrease / (Increase) in Other Current Assets	(23.0)	(82.2)
	Increase in Unamortized balance of Amounts Received under Long Term Infrastructure Usage Agreements	-	2,741.1
	Increase/(Decrease) in Current Liabilities & Provision	(56.1)	750.9
	Cash Generated from Operations	**794.7**	**4,541.4**
	Extra Ordinary Items	116.6	-
	Direct Tax Paid (Net)	91.9	(63.6)
	Net Cash from Operating Activities	**1,003.1**	**4,477.8**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	(1,647.6)	(5,703.8)
	Project Expenditure Written Off	-	35.9
	Purchase of Investments	(96.7)	(215.4)
	Sale of Investments	-	283.4
	Purchase of Investment of Transferor companies (Refer Note 3 below)	-	(588.5)
	Share Application Money Paid	(416.5)	(591.3)
	Sale of Fixed Assets	2.2	0.3
	Interest & Dividend received	9.1	153.5
	Net Cash used in Investing Activities	**(2,149.5)**	**(6,625.9)**

(Rs.in Million)

		For the period ended June 30, 2007	For the year ended March 31, 2007
C.	**Cash Flow from Financing Activities**		
	Procurement of Long Term Borrowings	1,767.9	4,885.4
	Repayment of Long Term Borrowings	(68.9)	(1,078.1)
	Procurement of Short Borrowings	-	-
	Repayment of Short Borrowings	-	(571.3)
	Payment of Dividend & Distribution Tax	-	(771.4)
	Interest Expense	(251.9)	(662.5)
	Miscellaneous Expenditure	(1.6)	(58.5)
	Proceeds from issue of Share Capital	-	40.0
	Net Cash Flow from Financing Activities	**1,445.5**	**1,783.6**
D.	**Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)**	**299.1**	**(364.5)**
E.	**Cash and Cash Equivalents at start of the period**	**611.4**	**956.6**
	Add: Acquired under the scheme of Amalgamation	-	19.3
	Cash and Cash Equivalents at start of the period	**611.4**	**975.9**
F.	**Cash and Cash Equivalents at close of the period**	**910.5**	**611.4**
	Components of Cash & Cash Equivalents		
	Cash and Cheques on Hand	1.6	0.4
	Balances with Scheduled Banks		
	- On Current Accounts	315.1	92.4
	- On margin Money Accounts	251.9	261.1
	- On Deposit Accounts	341.9	257.5

** Nullified on conversion to Rs. Million*

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Negative figures have been shown in brackets.

Note:

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flows, as restated under Indian GAAP, appearing in Annexure IV.

As per our attached report of even date

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

Per **Raj Agrawal**
Partner
Membership No. 82028
Place : Ahmedabad
Date : October 10, 2007

For and on behalf of the Board of Directors

Gautam S. Adani
(Chairman and Managing Director)

Rajesh S. Adani
(Director)

Ameet H. Desai
(Executive Director)

Dipti Shah
(Company Secretary)

ANNEXURE IV : NOTES TO THE RESTATED CONSOLIDATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED UNDER INDIAN GAAP, FOR MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED [FORMERLY, GUJARAT ADANI PORT LIMITED]

A. BACKGROUND

a) Mundra Port and Special Economic Zone Limited (MPSEZL) (erstwhile Gujarat Adani Port Limited) has developed Mundra Port under a concession agreement with Government of Gujarat (GOG) and Gujarat Maritime Board for 30 Yrs effective from February 17, 2001 with the right and authority to develop, design, finance, construct, operate and maintain the port and related infrastructure. This port is a deep water direct berthing port with natural draft of 17 mtrs.

Under the sub concession agreement between Adani Port Limited (APL) and Mundra Port and Special Economic Zone Limited (MPSEZL) (erstwhile Gujarat Adani Port Limited) entered into on February 23, 2001, MPSEZL had given rights to APL to handle bulk cargo for a period of 30 years. With effect from April 1, 2003, Adani Port Limited (the transferor company), was amalgamated with Gujarat Adani Port Limited (Now Mundra Port & Special Economic Zone Limited) (the transferee company) and due to this, the sub-concession agreement became infructuous.

Under sub-concession agreement between Mundra International Container Terminal Limited (MICTL) (erstwhile Adani Container Terminal Limited) and MPSEZL entered into on January 7, 2003, MPSEZL has given rights to MICTL to handle the container cargo for a period of 30 years.

Consequent to the induction of Special Economic Zone Act, 2005, the Company has received the approval of Government of India vide their letter dated April 12, 2006 for setting up a Multi Purpose Special Economic Zone at Mundra. Keeping in view the synergy of its Port Business and SEZ business, it was decided to merge Mundra Special Economic Zone Limited (MSEZL) and Adani Chemical Limited (ACL) with the Company since MSEZL and ACL were holding clusters of land for the development of Special Economic Zone. The merger of MSEZL and ACL with the Company was approved by the Hon'ble High Court of Gujarat w.e.f. April 1, 2006.

b) The Restated Consolidated Summary Statements have been prepared to comply in all material respects with the requirements of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI Guidelines") issued by SEBI on January 19, 2000, as amended from time to time.

c) The following entities have been considered in the preparation of the Restated Summary Consolidated Statements-

S. No.	Name of the group entity	Relationship with MPSEZL	Country of Incorporation	% of voting power held as at March 31, 2007
i)	Mundra SEZ Textile and Apparel Park Private Limited	Subsidiary	India	79.87%
ii)	Mundra Aviation Limited *	Subsidiary	U.K.	100.00%
iii)	Adani Logistics Limited	Associate	India	48.97%
iv)	Adicorp Mundra SEZ Infrastructure Private Limited	Associate	India	50.00%

** Became a subsidiary w.e.f. 11th June, 2007.*

B. Principles of consolidation

The Restated Consolidated Financial Statements relate to the Mundra Port Group which comprises of MPSEZL, its subsidiaries, Mundra SEZ Textile and Apparel Park Private Limited (MSTAP), Mundra Aviation Limited and its associates namely, Adicorp Mundra SEZ Infrastructure Private Limited and Adani Logistics Limited. In the preparation of these restated consolidated financial statements, investment in the subsidiaries and the associate entities have been accounted for in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements' and AS 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India (ICAI).The restated consolidated financial statements have been prepared on the following basis-

a) Subsidiary Companies 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 and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.

b) The difference between the cost to the Group of investment in the Subsidiaries and the proportionate share in the equity of the investee companies as at the date of acquisition of stake is recognized in the restated consolidated financial statements as Goodwill or Capital Reserve, as the case may be.

c) Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. 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 holding company.

d) Investments in Associates are accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake is identified as Goodwill and included in the carrying value of the Investment in the Associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting. In other cases, standalone financial statements of associates are used for the purpose of consolidation.

e) As far as possible, the restated consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements. Differences in accounting policies are disclosed separately.

f) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company.

C. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY IN THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED JUNE 30, 2007

a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except for the following items which are accounted for on acceptance basis since the exact quantum in respect thereof cannot be ascertained with reasonable accuracy:

i) Income on account of claims lodged with insurance company but not settled, and

ii) Pending claims receivable from customers.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous years, except to the extent stated in Notes 2 and 5 in part C below.

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 end. 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.

Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use.

ii) 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 preoperative expenditure pending allocation to fixed assets and is shown under "Capital Work-in-Progress" and the same is transferred to fixed assets on commencement of commercial activities.

e) Depreciation

i) Depreciation on Fixed Assets, except for those stated 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 lives 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 with Gujarat Maritime Board or their useful lives, 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/- 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 over their estimated useful lives as follows:

Intangible Assets	**Estimated Useful Life (Years)**
Goodwill arising on the amalgamation of Adani Port Ltd.	Over the balance period of the Concession Agreement computed from the appointed date of the scheme of amalgamation i.e. 28 years.
Software	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 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: Stores and Spares are valued at Cost and Net Realizable Value, whichever is lower. 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 selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

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.

Port Operation Services

Revenue from port operation services including rail infrastructure is recognized as and when the services are rendered.

Income from Long Term Infrastructure Usage Agreements

Premium received under Long Term Infrastructure Usage Agreements is recognized as income prorata over the period of the sub-lease agreement. Land sub-lease rent receivable under the above Agreements is accounted for as income on accrual basis.

Royalties

Revenue is recognized on an accrual basis in accordance with the terms of the relevant agreement.

Interest

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

m) Foreign Currency Translation

Foreign currency transactions

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 arising on the settlement of monetary items or on reporting company's monetary items 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. Exchange differences on transactions relating to fixed assets acquired from a country outside India are adjusted to the carrying amount of fixed assets. Exchange differences on liability relating to fixed assets acquired within India arising out of transactions entered into on or before March 31, 2004 are added to the cost of such assets in line with Old AS 11 (1994).

iv) Forward Exchange Contracts

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 statements 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) Derivative transactions

Derivative transactions are considered as off-balance sheet items and are recognized in the books of account on settlement / termination of the respective contracts.

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 & 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

Retirement gratuity liability of employees is a defined benefit obligation and reflects the difference between the actuarial valuation of the future gratuity liability and the fair value of the plan assets with the Life Insurance Corporation of India (LIC) as at the end of the period.

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.

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, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets 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.

p) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of 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 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 financial statements.

r) Segment Reporting Policies

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

s) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

D. MATERIAL ADJUSTMENTS

1 (a) Summary of results of restatements made in the audited financial statements of the Group for the respective years and their impact on the profits / losses of the Group is as under:

(Rs. In Million)

	Period Ended June 30, 2007	**Year Ended March 31, 2007**
Adjustments for		
Prior Period Expenses [Refer Note No. (b) below]	12.9	2.7
Provisions written back [Refer Note No. (c) below]	(9.6)	(43.6)
Alignment of depreciation policy [Refer Note No. (d) below]	-	(8.8)
Provision for Doubtful Debts, Loans and Advances [Refer Note No.(e) below]	7.0	16.1
Sundry Balances written off [Refer Note No. (f) below]	-	23.5
Project Expenditure written off [Refer Note No. (g) below]	-	4.9
Accounting of Insurance Claims [Refer Note No. (h) below]	(116.6)	-
Adjustment for deferred tax [Refer Note No. (i) below]	-	48.1
Total Adjustments	**(106.3)**	**42.9**
Tax Impact of Adjustments [Refer Note No. (j) below]	(36.1)	(3.8)
Adjustments (Net of tax)	**(70.2)**	**46.7**

(b) **Prior Period Expenses**

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007, the Group has classified certain items as prior period items. Accordingly, for the purpose of the Restated Consolidated Summary Statements, the said items of incomes/expenses have been appropriately adjusted in the respective years to which they pertain.

(c) **Provisions written back**

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007, certain provisions were written back which pertained to earlier years. Accordingly, for the purpose of the Restated Summary Consolidated Statements, such amounts have been appropriately adjusted to the respective years in which these provisions were initially created.

(d) **Alignment of depreciation policy**

i) Up to the year ended March 31, 2006, depreciation on individual assets costing up to Rs.5000/- was provided at the rate of 100% over a period of one year from the date of purchase. However effective April 1, 2006, depreciation on individual assets costing up to Rs.5000/- is being provided for at the rate of 100% in the month of purchase.

ii) Up to the year ended March 31, 2006, depreciation on additions to fixed assets on account of foreign exchange fluctuation was provided at the rates of depreciation applicable to the respective assets. Effective April 1, 2006, depreciation on the same is being provided for prospectively over the remaining useful lives of the respective assets.

iii) Up to the year ended March 31, 2006, depreciation on software acquired under the scheme of amalgamation with Adani Port Limited was being provided at the rate of 16.21%. Effective April 1, 2006, depreciation thereon has been brought in line with the Company's policy of depreciating the software at the rate of 33.33%.

Accordingly, for the purpose of the Restated Consolidated Summary Statements, the impact of differential depreciation arising on account of the above changes has been adjusted for each of the reported periods, with a corresponding adjustment to the Net Block of Fixed Assets as at each of the reported dates.

(e) **Provision for Doubtful Debts, Loans and Advances**

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007, the Company has provided for doubtful debts amounting to Rs.17.8 Million and doubtful advances amounting to Rs. 8.0 Million, which pertain to previous accounting periods. Accordingly, for the purpose of the Restated Consolidated Summary Statements, such amounts have been appropriately adjusted to the respective years to which they relate.

(f) **Sundry Balances Written Off**

In the financial statements for the period ended June 30, 2007 and year ended March 31, 2007, 2006 and 2005, certain debit balances were written off pertaining to earlier years. Accordingly, for the purpose of the Restated Consolidated Summary Statements, such amounts have been appropriately adjusted to the respective years to which they relate.

(g) **Project Expenditure Written Off**

In the financial statements for the year ended March 31, 2007, the Company has written off Project Expenditure aggregating to Rs 4.9 Million carried forward under the head Capital Work in Progress as at March 31, 2006. Accordingly, for the purpose of the Restated Summary Statements, such expenditure has been written off in the year in which it was incurred.

(h) **Accounting of Insurance Claims**

The Company is following the policy of accounting for insurance claims on settlement with the insurers. However, for the purpose of the Restated Summary Statements, the said income has been appropriately adjusted to the respective years in which the claims were lodged.

(i) **Adjustment for deferred tax**

In the financial statements for the year ended March 31, 2007, the Company has accounted for deferred tax adjustments of Rs 48.1 Million in respect of earlier years. Accordingly, for the purpose of the Restated Consolidated Summary Statements, the same have been appropriately adjusted to the respective years to which they pertain.

(j) **Tax impact of adjustments**

The Company is of the opinion that the re-computation of profit/loss will not change its liability on account of the MAT which has already been paid on the basis of the standalone financial statements of the respective years. However, for the purpose of the Restated Consolidated Summary Statements, adjustments have been made for the deferred tax impact of the adjustments in the respective years to which the adjustments pertain.

3. Creation of Redemption Reserve for Preference Share Capital Account

Securities Premium Account as at April 1, 2006, includes Rs. 2,782.93 Million on account of premium @ Rs.990 per share received on the issue of 28,11,037 0.01% Non-Cumulative Redeemable Preference Shares of Rs.10 each which are redeemable at a premium of Rs. 990 per share on March 28, 2024. Up to the year ended March 31, 2006, the Company was not making a separate provision for the premium payable on redemption of these Shares, on the ground that the liability for the premium payable on redemption will be met out of this Securities Premium Account. From April 1, 2006, the Company has changed its erstwhile policy as mentioned above and has started providing for the premium payable on redemption by earmarking some part out of the Securities Premium Account to Preference Share Capital Redemption Reserve Account based on the period of redemption. Accordingly, Rs. 417.44 Million being the redemption premium pertaining to three years have been transferred to the Preference Share Capital Redemption Reserve Account from Securities Premium Account.

4. Material Regroupings

Appropriate adjustments have been made in the Restated Consolidated Summary Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the period ended June 30, 2007.

5. Non Adjustments

Retirement Benefits

The Company has adopted revised AS 15 on Employee Benefits issued by the Institute of Chartered Accountants of India effective April 1, 2006. However, as reported in the audited financial statements of the Company for the year ended March 31, 2007, the adoption of AS 15 by the Company on April 1, 2006 does not have a material impact on the accumulated balance of employee benefits payable as on March 31, 2006.

D. OTHER SIGNIFICANT NOTES

1. The Company started commercial operations from October 1, 2001.
2. The Company’s name was changed from “Gujarat Adani Port Limited” to “Mundra Port and Special Economic Zone Limited” by a special resolution passed at the extra-ordinary General Meeting of the shareholders of the Company held on June 23, 2006.
3. 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 over an area of 2,658 hectares of 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 commercial operations of the port had commenced from financial year 2001-02 and income from there was entitled for deduction u/s 80IA (4) (i) of the Income Tax Act, 1961 (the Act) but the Company had exercised the option not to claim the deduction for the first five years. Accordingly, deferred tax liability amounting to Rs. 939.9 Million in respect of timing differences, reversing within the tax holiday period as per Section 80 IA, has not been created.

After receipt of the above Notification, the Company is of the view, supported by an external opinion, that it may avail benefit u/s 80IAB of the Income Tax Act on the entire income of the Company including the Special Economic Zone Operations. Accordingly, the Company has created provision for regular current tax liability instead of making provision for Minimum Alternate Tax (MAT) under Section 115JB (2) of the Income-Tax Act, 1961, as developer of an SEZ is not liable to MAT.

The Company has made provision of Rs 83.8 Million for taxation based on its profit for the quarter ended June 30, 2007, which will get finalized based on its profits for the year ending March 31, 2008. The Company has also recognized Rs 47.7 Million of MAT Credit entitlement (against the MAT payment made during financial year 2005-06) which represents that portion of MAT liability, which can be recovered, based on the provisions of Section 115JAA of the Income Tax Act, 1961.

4. **Amounts Received/Receivable under Long Term Infrastructure Usage Agreements:**

The Company has entered into various long term agreements granting sub-leases out of its leasehold lands and/or rights to use infrastructure facilities for the period of the sub-leases, which are generally co-terminus with the period of the Concession Agreement between the Company, the Gujarat Maritime Board and Government of Gujarat. The Company has received upfront amounts in consideration of grant of the sub-leases and rights to use its infrastructure facilities. Unamortized amounts received under Long Term Infrastructure Usage Agreements at the end of the reported periods have been disclosed as a separate line item on the face of the Restated Consolidated Summary Statement of Assets and Liabilities of the Company.

5. **Segment Information:**

The Company is primarily engaged in the business of developing, operating and maintaining the Mundra Port and the related infrastructure. 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 a single geographic segment.

6. **Assets taken under Operating Leases:**

Certain Plant and Machineries and office equipments are obtained on operating leases. There is no contingent rent in the lease agreements. The lease term is for 1-3 years and is renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancellable in nature.

7. **Capital Commitments**

(Rs in Million)

Particulars	**As at June 30, 2007**	**As at March 31, 2007**
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for	3858.4	3273.9

8. **Contingent Liabilities Not Provided for**

(Rs in Million)

Particulars	**As at June 30, 2007**	**As at March 31, 2007**
Corporate Guarantee given by the Company against credit facilities availed of by a body corporate	750.0	750.0
Disputed Income Tax liability in respect of completed income tax assessments	-	-

(Rs in Million)

Particulars	**As at June 30, 2007**	**As at March, 31, 2007**
In earlier years, some contractors of the Company had filed a civil suits against the Company for recovery of damages caused to its machinery in an earthquake Rs. 3.7 Million to its cargo stores in Company's godown, Rs. 9.4 Million and due to mishandling of wheat cargo by the Company; Rs. 62 Million. The above civil suits are currently pending with the Civil Judge (Senior Division) - Gandhidham, Civil Judge – Bhuj, and Civil Judge (Senior Division) –Bhuj, respectively. The management is reasonably confident that no liability will devolve on the Company in this regard and hence no provision is made in the books of accounts towards these suits.	75.2	75.2
In an earlier years, the Company had received a show cause notices from the Custom Authorities for recovery of custom duty and penalty on the import of a tug and bunkers by the Company Rs. 20.7 Million, import of Acrylonitrile Rs. 1.4 Million, import of Crude Petroleum Oil Rs. 2.7 Million and for recovery of education cess and penalty on the import of Steel Sloe Plates by the Company Rs. 0.4 Million. The above mentioned cases are currently pending with the Commissioner of Customs (Preventive) - Jamnagar, Assistant Commissioner of Customs- Mundra, Custom-Excise-Service Tax Tribunal- Mumbai, and Deputy Commissioner of Customs- Gujarat respectively. The management is reasonably confident that no liability will devolve on the Company in this regard. And hence no liability has been recognized in the books of Accounts.	25.2	25.2
Joint Commissioner Customs, Mundra vide Order No. 27/KS/DC/MP&SEZ/2006-07 dated 31.1.2007 held MPSEZL liable for short delivery of imported goods namely, H.M.S. through Mundra Port by various customers. MPSEZL has been held liable for being the custodian of goods. The List of 31 Nos. of importers has been annexed with the Order and MPSEZL has been directed to remit the differential duty of Rs. 7,09,071/- and penalty of Rs. 50,000/- under section 117 of the Customs Act has been imposed. MPSEZL has preferred to challenge the said Order vide Appeal dated 10/04/2007 which is pending before Ld. Commissioner (Appeals), Customs at Ahmedabad.	0.8	0.8
Joint Commissioner Customs, Mundra vide Order No. 50/KS/DC/MP&SEZ/2006-07 dated 31.3.2007 held MPSEZL liable for short delivery of imported goods namely, H.M.S. through Mundra Port by various customers. MPSEZL has been held liable for being the custodian of goods. The List of 17 Nos. of importers has been annexed with the Order and MPSEZL has been directed to remit the differential duty of Rs. 2,36,909/- and penalty of Rs. 25,000/- under section 117 of the Customs Act has been imposed. MPSEZL has decided to challenge the said Order before Ld. Commissioner (Appeals), Customs at Ahmedabad.	1.0	1.0

(Rs in Million)

Particulars	As at June 30, 2007	As at March 31, 2007
Differential amount of custom duty in respect of machinery imported under EPCG Scheme and interest thereon. Based on budgeted sales plan, management is hopeful that it will be able to discharge the obligation by executing the required volume of exports in the future period.	335.9	335.9

Share in Contingent Liabilities of Associates

(Rs Million)

Particulars	As at June 30, 2007	As at March 31, 2007
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for	191.18	191.18
Unredeemed Bank Guarantee	2.45	2.45

9. Personnel, Administrative and Other Expenses include the following amounts in respect of the Company's share of expenses towards common facilities, debited by other group companies in pursuance of agreements entered into by the Company in respect thereof:

(Rs in Million)

Financial Year/Period	Amount debited to the Company by other group companies
Year ended March 31, 2007	15.8
Year ended June 30, 2007	8.4

10. **Amalgamation of Mundra Special Economic Zone & Adani Chemicals Limited with the Company**

(i) Consequent to the induction of Special Economic Zone Act, 2005, the Company has received the approval of Government of India vide its letter dated April 12, 2006 for setting up a Multi Purpose Special Economic Zone at Mundra. Keeping in view the synergy of its Port Business and SEZ business, it was decided to merge Mundra Special Economic Zone Limited ("MSEZL") and Adani Chemical Limited ("ACL") with the Company, since MSEZL and ACL were holding clusters of land for the development of Special Economic Zone.

(ii) The Scheme of Amalgamation/ merger ("the scheme") under sections 391 and 394 of the Companies Act, 1956 among Mundra Port and Special Economic Zone Limited ("the Company"), Mundra Special Economic Zone Limited and Adani Chemicals Limited, with effect from the appointed date i.e. April 1, 2006, was approved by the Hon'ble High Court at Ahmedabad, vide its order dated November 24, 2006. The Company has filed the Order of the Hon'ble High Court with the Registrar of Companies, Ahmedabad on December 19, 2006.

(iii) MSEZL was engaged in the business of developing, operating and maintaining a Special Economic Zone at Mundra. ACL was incorporated with the object of developing Salt work project.

(iv) In terms of Accounting Standard 14 – Accounting for Amalgamations issued by the Institute of Chartered Accountants of India, the Scheme of Amalgamation has been accounted for under the 'Pooling of Interest Method', wherein all the assets and liabilities of MSEZL and ACL have become, after amalgamation, the assets and liabilities of the Company.

(v) Pursuant to the Scheme, the business of MSEZL and ACL has been transferred to the Company on a going concern basis. Accordingly, all the assets, liabilities, rights, licenses, benefits, obligations etc. of the business of MSEZL and ACL, as on April 1, 2006, stand transferred to and vested in the Company.

(vi) MSEZL and ACL were wholly owned subsidiaries of the Company. As per the scheme, the entire share capital of ACL and MSEZL stands cancelled and extinguished and no shares of the Company have been issued in exchange of these shares. The details of Net Assets taken over and the cancellation of Share Capital of the Transferor companies are as follows:

(Rs in Million)

	MSEZL	ACL
Net Block of Fixed Assets	1,034.9	30.7
Net Current Assets	52.6	(0.5)
Investments	39.0	-
Less: Loan Liabilities	0.4	25.3
Miscellaneous Expenses	5.6	0.1
Total Net Assets Value	1,131.7	5.0
Cancellation of Share Capital	1,131.7	5.0

Pre-operative expenditure aggregating to Rs 30.4 Million, which was not attributable to the projects/assets, and Miscellaneous expenditure (to the extent not written off) amounting to Rs 5.7 Million, relating to the Transferor companies have been adjusted against the brought forward balance of profit & loss account in the books of the Transferee Company.

(vii) With effect from the appointed date i.e. April 1, 2006 and up to and including the effective date i.e. the date on which the Order of the Hon'ble High Court is filed with the Registrar of Companies, Ahmedabad, all the activities carried on by MSEZL and ACL were for and on account of and in trust for the Company.

In view of the aforesaid amalgamation with effect from April 1, 2006, the figures for the current year ended March 31, 2007 are not strictly comparable with those of the previous years.

11. **Amortization of Goodwill arising upon Amalgamation of Adani Port Ltd.**

As further elaborated in Note No.C(3) to Annexure IV appearing above, pursuant to the amalgamation of Adani Port Limited ("APL") with the Company, the undertaking of APL with all its assets and liabilities was transferred to and vested in the Company retrospectively with effect from April 1, 2003. This amalgamation, accounted for under the purchase method of accounting, resulted in goodwill of Rs 786.0 Million. The core business of APL was the development of port back up facilities and operating the multi purpose terminal at Mundra port.

Considering the synergies arising as a result of the amalgamation, the fact that the combined business undertaking would have access to both backup and waterfront assets leading to certain economies of scale and the fact that the Company has, by virtue of the concession agreement entered into with the Gujarat Maritime Board and the Government of Gujarat, exclusive rights to construct, operate and maintain the port for a period of 30 years effective April 1, 2001, it was decided to amortize the goodwill arising on such amalgamation over its expected useful life i.e. a period of 28 years, computed from the appointed date of the scheme of amalgamation i.e. April 1, 2003. Accordingly, goodwill will be written off over a period of 28 years commencing April 1, 2003, to coincide with the termination of the concession agreement referred to above.

12. **Foreign Currency Transactions – Derivative Transactions**

The Company takes various types of derivative instruments to hedge its future loans & interest liabilities. The category-wise outstanding position of derivative instruments as on June 30, 2007 and as on March 31, 2007 is as under:

Particulars of Derivatives	Nature	Purpose
1. USD 13.00 Million (USD 13.00 Million)	Principal Only Swap	Hedging of loan
2. Rs. 1230.50 Million (Rs. 3530.46 Million)	Principal Only Swap	Hedging of loan
3. Rs. 2,500.00 Million (Rs. 2500.00 Million)	Coupon Only Swap	Hedging of interest liability
4. Nil (USD 13.00 Million)	Coupon Only Swap	Hedging of interest liability
5. Nil (Rs. 1795.00 Million)	Currency Swap	Hedging of loan and interest liability

The details of foreign currency exposures that are not hedged by a derivative instrument or otherwise as on June 30, 2007 and as on March 31, 2007 is as under:

Particulars	Amount (Rs. in Million)	Foreign Currency
Foreign currency loan (USD)	694.95 (775.81)	USD 17.05 Million (USD 17.80 Million)
Foreign currency loan (EURO)	455.18 (Nil)	EURO 8.31 Million (Nil)
Creditors	750.70 (17.83)	USD 18.42 Million (USD 0.41 Million)
Creditors	0.37 (0.39)	EURO 0.01 (EURO 0.01)
Investment (USD)	0.04 (Nil)	USD 0.001 (Nil)
Creditors	0.00 (3.57)	GBP 0.00 GBP 0.04

Closing rates as on 30th June, 2007 (as on March 31, 2007) :

USD 1 = Rs. 40.75 ; (USD 1 = Rs. 43.59)

EURO 1 = Rs.54.79 ; (EURO 1 = Rs.58.14)

JPY 1 = N.A ; (JPY 1 = Rs. 0.37)

GBP 1 = N.A ; (GBP 1 = Rs. 85.53)

13. **The Management has identified the following Companies and individuals as related parties for the purposes of reporting under AS 18 on Related Party transactions-**

List of related parties (As certified by the management)	
Associates	**June 2006 onwards** Adicorp Mundra SEZ Infrastructure Pvt. Ltd (AMSIPL) **April 2004 onwards** Adani Logistics Limited (ALL)
Key Management Personnel	Shri Gautam S. Adani Shri Rajesh S. Adani

	Shri Ameet H. Desai Mr. Sanjay Gupta Mr. Malay Mahadevia	(April 2006 onwards) (From April 2004 up to March 2006) (From April 2004 up to March 2005)
Other Parties which are significantly influenced by the company (either Individually or with others)	**April 2007 onwards** Adani Retail Limited (ARL) Adani Power Limited (APL) Adani Agri Logistics Limited (AALL) Inland Conware Private Limited (ICPL) Adani Petronet (Dahej) Port Private Limited (ADPL) Adani Shipyard Private Limited (ASPL) Adani Enterprises Limited (AEL) Adani Wilmar Limited (AWL) Adani Foundation **April 2006 onwards** Adani Infrastructure and Developers Private Limited (AIDPL) Shantikrupa Estate Private Limited Shantikrupa Services Private Limited Adani Developers Private Limited Adani Power Limited (APL) Inland Conware Private Limited (ICPL) Inland Conware (Ludhiana) Private Limited (ICLPL) Adani Petronet (Dahej) Port Private Limited (ADPL) Adani Shipyard Private Limited (ASPL) Adani Townships and Real Estate Company Private Limited (ATRPL) Dahej Power Private Limited (DPPL) Adani Estates Private Limited Adani Land Developers Private Ltd.	

Aggregate of transactions with these parties has been given below:

(Rs. in Million)

	Transactions with related parties	**Period ended June 30, 2007**	**Year ended March 31, 2007**
(i)	**Rendering of Port Services**		
	Associates/Entities significantly influenced by the Company	139.1	386.4
(ii)	**Deferred Infrastructure Revenue**		
	Associates/Entities significantly influenced by the Company	-	2644.9
(iii)	**Purchase of Goods, Services and Facilities**		
	Associates/Entities significantly influenced by the Company	57.6	29.30
(iv)	**Share of common personnel, Administrative and Other Expenses vis-à-vis Associates:**		
	- Incurred by Associates	-	-
	- Incurred by the Company	-	0.25
(v)	**Subscription for Shares of Associates/Entities significantly influenced by the Company**	-	256.6
(vi)	**Sale of Investment to Associates/Entities significantly influenced by the Company**	-	70.0

(Rs. in Million)

Transactions with related parties	Period ended June 30, 2007	Year ended March 31, 2007
(vii) Share Application Money to Associates/Entities significantly influenced by the Company	409.0	1159.4
(viii) Share Application Money Refund	-	381.3
(ix) Expense Reimbursement (Net)		
- (from)/ to Associates/Entities significantly influenced by the Company	(8.4)	(17.0)
(x) Remuneration		
- Key Management Personnel	14.4	55.2
(xi) Sitting Fees		
- Key Management Personnel	0.1	-
(xii) Donations to a Trust significantly influenced by the Company	1.9	7.5
(xiii) Funds Received from Associates/Entities significantly influenced by the Company	-	286.2
(xiv) Loans Received Back from Entities significantly influenced by the Company	-	35.9
(xv) Corporate Guarantee given during the period	-	750.0
(xvi) Outstanding balances as at the end of the year:		
Associates/Significant entities influenced by the Company		
Corporate Guarantee Given	750.0	750.0
Debts and advances recoverable	2212.9	3249.5
Investments	251.1	251.0
Share Application Money pending allotment	1220.5	811.5
Balance payable	146.3	183.3

Notes:

a) 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.

b) 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.

14. The break up of deferred tax liabilities (net) is as under-

(Rs. in Million)

Particulars	**As at June 30, 2007**	**As at March 31, 2007**
Differences in amortization of intangible assets as per tax books and financial books	0.6	0.6
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	661.0	525.2
Gross Deferred Tax Liabilities (A)	**661.6**	**525.8**
Brought forward unabsorbed depreciation	-	-
Effect of expenditure debited to profit & loss account in the current year but allowable for tax purpose in following year	26.3	25.1
Provision for Doubtful debts & advances	8.8	6.4
Provision for Customer claims	24.5	23.2
Gross Deferred Tax Assets (B)	**59.6**	**54.8**
Deferred Tax Liability (Net) (A-B)	**602.0**	**471.0**

ANNEXURE V: DETAILS OF OTHER INCOME

(Rs. In Millions)

Sources of Income	For the period ended June 30, 2007	For the year ended March 31, 2007	Nature	Related /Non Related to business Activity
Other Income, as restated	90.0	163.8	-	-
Net Profits/(Losses) before tax, after prior period and extraordinary items, as Restated	367.8	1,793.7		-
Percentage	**24.48%**	*		
Sources of Income				
Interest				
- Bank Deposits	9.7	26.0	Recurring	Not Related
- Inter Corporate Deposits	0.2	58.0	Recurring	Not Related
- Others	-	5.0	Recurring	Not Related
Rent	4.2	17.0	Recurring	Not Related
Sale of Scrap	1.8	13.0	Non Recurring	Related
Exchange Differences & Forex Hedging gain (Net)	62.4	-	Non Recurring	Related
Excess Provision written back	9.6	43.9	Non Recurring	Related
Others	2.1	0.9	Non Recurring	Related
Other Income as restated	**90.0**	**163.8**		

Notes:

1. The classification of 'Other Income' as Recurring/ Non Recurring and Related/ Not Related to business activities is based on the current operations and business activities of the Company as determined by the management.
2. The figures disclosed above are based on the restated consolidated summary statement of profits and losses of the Group.
3. * Since there is Net Loss before tax, the percentages have not been shown.
4. ** Nullified on conversion to Rs. Million.

ANNEXURE VI: CAPITALIZATION STATEMENT AS AT June 30, 2007

(Rs in Millions)

	Pre Issue	Post Issue
Long Term Debt	13,794.2	-
Short Term Debt	608.5	-
Total Debt	**14,402.7**	-
Shareholders' Funds		
- Equity Share Capital	3,604.3	-
- Preference Share Capital	28.1	-
Reserves as restated		
- Securities Premium Account	2,330.7	-
- Profit and Loss Account	1,217.0	-
- Other Reserves and Surplus	127.1	-
Total Shareholders' Funds	**7,307.2**	-
Long Term Debt / Equity	**1.9**	-
Total Debt / Shareholders' funds	**2.0**	-

Notes:

1. Short term debts represents debts which are due within twelve months from June 30, 2007 and includes current portion of Long term debt.
2. Long term debt represents debt other than short term debt, as defined above.
3. Other Reserves and Surplus excludes Preference Share Capital Redemption Reserve and includes General Reserve, Debenture Redemption Reserve and Capital Redemption Reserve.
4. The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities of the Group as at June 30, 2007.
5. Long Term debt / Equity = $\frac{\text{Long Term Debt}}{\text{Shareholders' Funds}}$
6. The corresponding Post issue figures are not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished.

ANNEXURE VII: DETAILS OF SECURED AND UNSECURED LOANS

SECURED LOANS

(Rs. In Millions)

Particulars	As at June 30, 2007	As at March 31, 2007
Debentures		
LIC: 14,00,000 - 15% Secured Redeemable Non convertible Debentures	70.0	73.5
	70.0	73.5
Term Loans from Banks		
Rupee Loans	9,381.8	8,014.3
Foreign Currency Loans	796.9	425.2
Suppliers and Contractors Bills accepted under letters of credit issued against Secured Term Loans sanctioned by Banks	803.3	868.1
Term Loans from Financial Institutions		
Rupee Loans	2,855.2	2,889.3
Foreign Currency Loans	484.6	542.2
Vehicle Loans from Bank (Secured by hypothecation of the respective Vehicles)	0.5	0.8
TOTAL	**14,392.3**	**12,813.4**

UNSECURED LOANS

Particulars	As at June 30, 2007	As at March 31, 2003
Term Loans from Banks		
Foreign Currency Loans	10.2	9.0
Other Loans		
From Directors	0.2	-
TOTAL	**10.4**	**9.0**

Notes:

1. Secured Term Loans from Banks include:

   Term Loan amounting to Rs. 342.2 Million (Previous Year Rs. 366.0 Million) from State Bank of India for the purchase of Tugs, secured by exclusive charge on the Tugs; and second charge on the entire fixed assets of the Company, except immovable assets of the Company pertaining to its Single Point Mooring (SPM) Project.

   Foreign Currency Loan amounting to Rs. 169.1 Million (Previous Year Rs. 180.9 Million) from Hypo Vereins Bank, Germany, for the purchase of Cranes, secured by exclusive charge on the Cranes.

2. Secured Term Loans from Financial Institutions include Term Loan aggregating to Rs. 2,768.9 Million (Previous Year Rs. 2,799.4 Million) from Infrastructure Development Finance Company Limited, secured by first mortgage and charge on all

the immovable assets of the Company pertaining to its Single Point Mooring (SPM) Project and the fixed charges receivables pertaining to that project receivable from Indian Oil Corporation Limited and further secured by a second mortgage and charge on the Company's other immovable and movable assets (including receivables), both present and future, over which the first charge is created in respect of the Loans referred to at Note 5 below.

3. Secured Term Loans from Banks include Term Loans aggregating to Rs. 3065.2 Million (Previous Year Rs. 2205.5) secured by first mortgage and charge on all the immovable and movable assets of proposed Container Terminal - II Project and further by a second mortgage and charge on the Company's other immovable and movable assets, both present and future, on pari passu basis, over which the first charge is created in respect of the loans referred to at Note 5 below.

4. Secured Term Loans from Banks include Term Loans aggregating to Rs. 4678.1 Million (Previous Year Rs. 4170.2 Million) secured by first mortgage and charge on all the immovable and movable assets of proposed Terminal - II Assets and its extension and further by a second mortgage and charge on the Company's other immovable and movable assets, both present and future, on pari-passu basis, over which the first charge is created in respect of the loans referred to at Note 5 below.

5. Debentures amounting to Rs. 70.0 Million (Previous Year Rs. 73.5 Million), Secured Term Loans from Banks aggregating to Rs. 2320.2 Million (Previous Year Rs. 2384.9 Million) and Financial Institutions aggregating to Rs.570.7 Million (Previous Year Rs. 632.3 Million) are secured by first mortgage and charge on all the immovable and movable assets of the Company (save & except assets on which exclusive charge is created and stated elsewhere) both present and future, on pari-passu basis, subject to prior charges of Banks on specified movable assets which may be created in their favour by way of security for working capital facilities, further secured by a second charge on the immovable and movable assets (including receivables) pertaining to the SPM Project and also secured by a second charge on the immovable and movable assets pertaining to Container Terminal-II and Terminal - II Assets, referred in Note Nos. 2, 3 & 4 above.

6. Debentures; Term Loans from Banks and Financial Institutions; Deferred Payment Credits from Supplier of Tug and Vehicle Loan from a Bank include amounts repayable within one year aggregating to Rs. 598.1 Million (Previous year Rs. 607.2 Million).

7. Interest rate on foreign currency unsecured loans is payable at six Month libor + 0.60% for the period ended June 30, 2007, for the year ended March 31, 2007.

8. The Unsecured Foreign Currency Loans of Rs 19.0 Million are being repaid on half yearly basis, over a period of 7 years starting from March 5, 2001.

9. The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities of the Group.

ANNEXURE VIII: DETAILS OF INVESTMENTS

(Rs. In Million)

Particulars	As at June 30, 2007	As at March 31, 2007
1. TRADE UNQUOTED		
Investment in Associates		
2,50,00,000 fully paid Equity Shares of Rs. 10 each of Adani Logistics Ltd.	250.4	250.2
10,000 (March 31, 2007 - 10,000) fully paid Equity Shares of Rs. 10 each of Adicorp Mundra SEZ Infrastructure Pvt. Ltd.	0.6	0.3
Others		
4,00,00,000 fully paid Equity Shares of Rs. 10 each of Kutch Railway Company Ltd.	400.0	400.0
3,550 (March 31, 2007 - 3400) fully paid Equity Shares of Rs. 100 each of Adinath Polyfills Pvt. Ltd.	120.0	115.3
Sub total	**771.0**	**765.8**
2. NON TRADE QUOTED		
91,575,015 (March 31, 2007 - Nil) Reliance Liquid Plus Fund (Face value Rs. 1,000 each unit)	91.7	-
Sub total	**91.7**	**-**
GRAND TOTAL	**862.7**	**765.8**
Amounts invested in Promoter group/ Subsidiary Companies		
In Promoter Group Companies	250.0	250.2
Total	**250.0**	**250.2**

** Nullified on conversion to Rs Million*

Notes:

1. The list of persons / entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.
2. The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities of the Group.

ANNEXURE IX: DETAILS OF SUNDRY DEBTORS

(Rs. In Million)

Particulars	As at June 30, 2007	As at March 31, 2007
Debts outstanding for a period exceeding Six months		
Unsecured, Considered good (Including Deferred receivables of Rs. 1823.2 Million (March 31, 2007 - Rs. 119.6 Million)).	2,273.9	156.9
Unsecured, Considered Doubtful	17.8	17.8
Other Debts		
Unsecured, Considered good	672.7	3,057.3
	2,964.4	**3,232.0**
Less : Provision for doubtful debts	17.8	17.8
Total	**2,946.6**	**3,214.2**
Debts outstanding in Promoter group/ Subsidiary Companies		
In Promoter Group Companies	173.4	135.9

Notes:

1. The list of persons / entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the Management and relied upon by Auditors. The Auditors have not performed any procedures to determine whether this list is accurate or complete.
2. The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities of the Group.

ANNEXURE X: DETAILS OF LOANS AND ADVANCES

(Rs. In Million)

Particulars	As at June 30, 2007	As at March 31, 2007
Unsecured, Considered good		
Inter Corporate Deposits	-	43.6
Advances Recoverable in Cash or in Kind or for Value to be received	86.9	71.5
Balances with Excise and Custom Authorities	25.9	89.9
Payments to Income Tax authorities/ Tax Deducted at Source	73.0	167.1
Share Application Money pending allotment	1,229.7	813.2
Deposits	73.4	75.2
Considered Doubtful		
Advances Recoverable in Cash or in Kind or for Value to be received	8.0	8.0
	1,496.9	**1,268.5**
Less : Provision for doubtful loans and advances	8.0	8.0
Total	**1,488.9**	**1,260.5**
Amounts outstanding in Promoter group/ Subsidiary Companies		
In Promoter Group Companies	3.0	3.0
Total	**3.0**	**3.0**

Notes:

1. The list of persons/ entities classified as 'Promoters' and 'Promoter Group Companies' is determined by the Management and relied upon by Auditors. The Auditors have not performed any procedure to determine whether this list is accurate or complete.
2. The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities of the Group.

ANNEXURE XI: STATEMENT OF ACCOUNTING RATIOS

(Rs. In Million)

Particulars	For the period ended June 30, 2007	For the year ended March 31, 2007
Earnings / (Loss) Per Share - Basic and Diluted (Rs.) before extraordinary items*	0.55	5.32
Earnings / (Loss) Per Share - Basic and Diluted (Rs.) after extraordinary items*	0.23	5.32
Return on Net Worth %	2.58%	25.56%
Net Asset Value per Equity Share (Rs.)*	21.3	20.7
Weighted average number of equity shares outstanding during the year / period*	360,428,820	360,428,820
Total number of equity shares outstanding at the end of the year*	360,428,820	360,428,820

*** Face value of Rs 10 each**

Notes:

1. **The ratios have been computed as below**:

   Earnings per Share (Rs) after extraordinary items:

   $$\frac{\text{Net profit/(loss) as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

   Earnings per Share (Rs) before extraordinary items:

   $$\frac{\text{Net profit/(loss) as restated, before extraordinary items, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$

   Return on Net Worth %:

   $$\frac{\text{Net profit/(loss) after tax, as restated}}{\text{Net worth}}$$

   Net Asset Value per Equity Share (Rs.):

   $$\frac{\text{Net Worth less Preference Share Capital}}{\text{Number of equity shares outstanding at the end of the year}}$$

2. Net worth means Equity Share Capital + Preference Share Capital + Other Reserves and Surplus.
3. Other Reserves and Surplus excludes Preference Share Capital Redemption Reserve and includes General Reserve, Debenture Redemption Reserve and Capital Redemption Reserve.
4. The figures disclosed above are based on the restated consolidated summary statements of assets and liabilities of the Group.

AUDITED FINANCIAL INFORMATION FOR ADANI PETRONET (DAHEJ) PORT PRIVATE LIMITED

AUDITOR'S REPORT

The Board of Directors
Adani Petronet (Dahej) Port Pvt. Ltd.
Adani House, Mithakhali Six Roads,
Navrangpura, Ahmedabad -380 009

The Statement of Assets & Liabilities of Adani Petronet (Dahej) Port Private Limited (the "Company"), for the years ended March, 31 2006, 2005 and 2004, have been audited and reported upon by us in our reports dated September 5, 2006, May 05, 2005 and May 03 2004.

The Statement of Assets & Liabilities of the Company, for the year ended March, 31 2007, has been audited and reported upon by the auditors of the Company, S. R. Batliboi & Associates ("SRB") in their reports dated September 10, 2007

We have reviewed the Statement of Assets & Liabilities as at March 31, 2007, 2006, 2005 and 2004 of the Company annexed to this certificate as Annexure I. For the Statement of Assets & Liability as at March 31 2007 we have relied on such information as audited and reported upon by S. R Batliboi & Associates and have not carried out any additional procedures or audit tests thereon.

We confirm that the above have been extracted from the financial statements as at March 31, 2006, 2005 and 2004 audited by us and as at March 31, 2007 audited by SRB. The same have been regrouped and are in accordance with the requirements of Clause 6.10.2.5 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000. The audited financial statements of the Company for each of the financial years ended March 31, 2007, 2006, 2005 and 2004 were adopted by the Company.

In the event of an acquisition of 74% equity share capital of Adani Petronet (Dahej) Port Private Limited by the Mundra Port and Special Economic Zone Limited ("MPSEZL"), the assets and liabilities representing 74% of the Company would be included in the balance sheet of MPSEZL. Profit and loss accounts have not been prepared by the Company because it has not yet commenced commercial operations.

This report is intended solely for the use of MPSEZL for the purpose of inclusion in the offering document in connection with the proposed public issue of MPSEZL. This report may not be used by, or disclosed, referred to or communicated by yourself (in whole or in part) to, any third party for any purpose other than above stated use, except with our written consent in each instance.

We hereby consent for the inclusion of this report in the Red Herring Prospectus and the Prospectus to be filed with any regulatory authority in connection with the Public Issue by MPSEZL.

For **P. K. Ajmera**
Chartered Accountants

Partner
Membership No. 33222

Place: Ahmedabad
Date: 15/10/2007

ANNEXURE - I

(Rs in millions)

		AS AT 31/03/07	AS AT 31/03/06	AS AT 31/03/05	AS AT 31/03/04
SOURCES OF FUNDS					
Shareholder's Funds					
I	Share Capital	0.2	0.1	0.1	0.1
II	Share Application Money (Pending Allotment)	244.8	57.4	-	-
III	**Loan Funds**				
	Unsecured Loans	61.2	16.2	15.7	12.2
	TOTAL	**306.2**	**73.7**	**15.8**	**12.3**
APPLICATIONS OF FUNDS					
I	**Fixed Assets (Gross)**	3.0	0.7	0.6	0.6
	Less : Depreciation	0.4	0.2	0.1	0.1
	Net Block	2.6	0.5	0.5	0.5
	Capital Work In Progress (including Expenditure during Construction Period, pending allocation)	316.1	73.6	15.9	13.5
		318.7	74.1	16.3	14.0
II	**Current Assets, Loans & Advances**				
	Cash & Bank Balances	0.9	0.5	0.1	0.1
	Loans & Advances	3.2	1.4	0.4	0.3
	Sub- Total	4.1	1.9	0.5	0.4
	Less : Current Liabilities & Provisions				
	Sundry Creditors	16.7	2.5	1.1	2.2
	Net Current Assets	(12.6)	(0.6)	(0.7)	(1.9)
III	**Miscellaneous Expenditure** (To the extent not written off or adjusted)				
	Preliminary Expenses	0.2	0.2	0.2	0.2
	TOTAL	**306.2**	**73.7**	**15.8**	**12.3**

2. **Statement of Significant Accounting Policies of the Company and Notes to extracted Financial Information**

a) **Basis of Preparation**

The financial statements are prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention on an accrual basis. The accounting policies are consistently applied by the Company.

b) Fixed Assets

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

c) Expenditure during construction period, pending allocation

Expenditure directly relating to construction activity (net of income, if any) is capitalised. Indirect expenditure incurred during construction period is capitalised 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, will be charged to the Profit & Loss Account.

d) Depreciation

i) Depreciation is provided using the straight line method (SLM) as per the rates prescribed under Schedule XIV of the Companies Act, 1956 on all assets except for Mobile Phones which are fully depreciated in the year of addition having regard to the useful economic life.

ii) Individual assets valuing upto Rs.5,000/- are fully depreciated in the year of addition.

e) Foreign Currency Translation

Foreign currency transactions

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 arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, are recognized as income or as expenses in the year in which they arise.

f) Employee Benefits

Gratuity liability is a defined benefit obligation and is provided for at the year end on actual basis considering there are very few employees in the Company.

Short term compensated absences at the year end are provided for on actual basis.

g) 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 management estimates. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

3. The Company has entered into joint venture agreement Rail Vikas Nigam Limited, Gujarat Maritime Board, Gujarat Narmada Valley Fertilizers Company Limited and Dahej SEZ Limited on January 12, 2007 to acquire 13.33% stake in Bharuch-Dahej Railway Company Limited ('BDRCL'), a special purpose vehicle (SPV), for gauge conversion of Bharuch-Samni-Dahej Railway line between Bharuch and Dahej and subsequent operation and maintenance of the railway line and railway services thereon. At the year-ended March 31, 2007, the Company has contributed Rs. 250,000 as share application money in BDRCL.

4. For the development of the SCPT project, the Company, through Petronet LNG Limited, had deposited Rs. 17,000,000 in an earlier year with Gujarat Maritime Board (GMB) towards part consideration to acquire 170 hectares of leasehold land from Gujarat Industrial Development Corporation (GIDC). Later on, the proposed land area became part of land area allocated to Dahej SEZ Limited ('DSL'), a Special Economic Zone enterprise promoted by Government of Gujarat in and around the SCPT project site. As a result, the total consideration demanded by DSL through GMB for allotment of 170 hectares land area for development of SCPT project significantly increased. However, the Company has represented to GMB to either offer the 170 hectare land area at original consideration or to take this project out of the Special Economic Zone (SEZ) area. GMB on its part has also represented to GIDC and other related agencies of Gujarat Government to agree to the original land price offered by GIDC and has also proposed other viable options to reduce the land acquisition cost.

   The Company has not received any demand from GMB towards the additional land consideration. Pending settlement of this matter, the Company has not entered into Solid Cargo Port Terminal Lease and Possession Agreement with GMB till the year-ended March 31, 2007.

5. In accordance with joint venture agreement between Petronet LNG Limited (PLL) and Adani group Companies, the expenditure incurred on the project by PLL in relation to initial deposit for land, reimbursement to GMB for study and reports as regards project, consultancy fee, guarantee charges, etc. amounting to Rs. 41,800,000 has been adjusted against the sum payable by PLL towards its share of the equity of the Company. Accordingly, the amount of Rs. 41,800,000 has been shown as share application money pending allotment.

6. Expenditure during Construction Period, pending allocation includes expenses amounting to Rs. 7,302,534 which are not related to the construction activity nor are incidental thereto. These expenses will be charged to Profit and Loss Account, as and when the Company commences commercial operations.

7. Preliminary expenses will be charged to Profit and Loss Account, as and when the Company commences commercial operation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is derived from and should be read together with our restated unconsolidated financial statements as of and for the fiscal years ended March 31, 2004, 2005, 2006, 2007 and for the three months ended June 30, 2007 and in each case, the notes thereto, included elsewhere in this Red Herring Prospectus. Our restated unconsolidated financial statements from which this discussion is derived were restated from our audited unconsolidated financial statements as at and for the three month period ended June 30, 2007 and as at and for each of the years ended March 31, 2007, 2006 2005 and 2004, each as prepared in accordance with Indian GAAP, which differs in certain significant respects from US GAAP. For a discussion of the principal differences between Indian GAAP and US GAAP as applicable to our company, see "Summary of Significant Differences Between Indian GAAP and US GAAP" on page 269 of this Red Herring Prospectus.

We changed our fiscal year end closing from December 31 to March 31 for fiscal 2004 resulting in a 15-month period for fiscal 2004. In order to facilitate comparison of our financial results in subsequent periods, our restated unconsolidated financial statements as of and for the fiscal years included in this Red Herring Prospectus have been prepared as of and for the 12 months ended March 31. For purposes of this discussion, references to "fiscal" are to the year ended, and as of, March 31.

Our restated unconsolidated financial statements as of and for the fiscal years 2003, 2004, 2005, 2006, 2007 and for the three months ended June 30, 2007 have been restated for conformance with provisions of the Companies Act and the SEBI Guidelines. Our unconsolidated financial statements as of and for the fiscal years 2003, 2004, 2005, 2006 were audited by audit firm G.K. Choksi and Co. prior to their restatement for conformance with provisions of the Companies Act and the SEBI Guidelines. Our unconsolidated financial statements as of and for fiscal 2007 and for the three months ended June 30, 2007 were audited by audit firm S.R. Batliboi & Associates, prior to their restatement for conformance with provisions of the Companies Act and the SEBI Guidelines. The restatement of our unconsolidated financial statements as of and for the fiscal years 2003, 2004, 2005 and 2006 has been examined by S. R. Batliboi & Associates, for conformance with provisions of the Companies Act and SEBI guidelines, placing reliance on G.K. Choksi and Co.'s audit reports for such periods. The restatement of our unconsolidated financial statements as of and for fiscal 2007 and for the three months ended June 30, 2007 has been examined by S.R. Batliboi & Associates, for conformance with provisions of the Companies Act and SEBI guidelines, placing reliance on its audit report for such period. The effects of the restatement are shown as a cumulative effect on our adjusted profit/(loss) after tax. In the comparison of our results of operations from period to period, we have also provided a discussion of the effects of the restatement on our profit/(loss) after tax at the end of such comparison.

Overview

We are the developer and operator of the Mundra Port, located in the Kutch District in the State of Gujarat on the northwest coast of India. We have the exclusive right to develop and operate Mundra port and related facilities for 30 years pursuant to a Concession Agreement entered on February 17, 2001 with the GMB and the State of Gujarat. Pursuant to an order of the High Court of Gujarat, Adani Port Limited, which was engaged in terminal handling operations for bulk cargo, has been merged with us with effect from April 1, 2003. We have entered into strategic relationships with Indian Railways for rail operations on the Mundra-Adipur rail link, with the Container Sub-concessionaire for container cargo at Container Terminal I in 2003 and with IOCL for crude oil cargo in 2002. MSEZ and ACL were merged with us with effect from April 1, 2006. We received approval as a developer of a multi-product SEZ at Mundra and the surrounding areas from the Government of India on April 12, 2006 and we received notification from the Government of India first on June 23, 2006 and subsequently for an additional area on July 3, 2007 with respect to land covering Mundra Port and the surrounding areas of 2,658.2 hectares (approximately 6,658 acres).

Our port is principally engaged in providing port services for: (i) bulk cargo, (ii) container cargo, (iii) crude oil cargo, and (iv) value-added port services, including railway services. In addition, we also generate income from land related and infrastructure activities. Container cargo handling and related operations are currently provided by the Container Sub-concessionaire on Container Terminal I and by us on Container Terminal II.

In October 2001, we commenced commercial operations at Mundra Port, and since that time we have experienced considerable growth in our operations initially as a result of increased bulk cargo volume and more recently through the addition of other cargo and related services at our port, particularly container cargo and crude oil cargo capabilities and railway services. In July 2003, Container Terminal I, operated by MICT, commenced operations at Mundra Port. In 2005, the single point mooring and related facilities for crude oil as part of a long-term agreement between IOCL and us, commenced operations. We have sub-leased land to a number of port users to facilitate the development of additional warehousing facilities for the port users. We are in the process of increasing the cargo capacity at Mundra Port through the addition of multi-purpose berths at Terminal II and container berths at Container Terminal II. We completed the construction of Terminal II in March 2007, and it has become fully operational since then. Terminal II has a berth length of 575metres. We have commenced construction of Container Terminal II whose 450 metres berth length has been completed and one berth has become operational since the end of August 2007 and the balance berth of 181 metres is expected to be completed in fiscal 2008. We have deployed the equipments on Container Terminal II. The rail services on the Mundra-Adipur rail link commenced in November 2001, which was initially used for bulk cargo at our port and now transports both bulk cargo and container cargo following commencement of operations at Container Terminal I.

Between October 1, 1998 and June 30, 2007 Mundra Port has handled approximately 62.6 million tonnes of cargo comprised of approximately 42.2 million tonnes of bulk cargo, 5.6 million tonnes of crude oil cargo and 1,230,000 TEUs (approximately 14.8 million tonnes) of container cargo.

Total cargo volume at Mundra Port increased 68.7% from 11.7 million tonnes in fiscal 2006 to 19.8 million tonnes in fiscal 2007. The total cargo volume at Mundra Port for the three months ended June 30, 2007 was 5.7 million tonnes. Our income from operations has grown at a CAGR of 51.2%% from Rs. 1,676.7 million in fiscal 2004 to Rs. 5,797.4 million in fiscal 2007. For the three months ended June 30, 2007, our income from operations was Rs. 1,234.0 million. Our net profit was Rs 1,921.1 million in fiscal 2007 and Rs. 201.3 million for the three months ended June 30, 2007.

Changes in Accounting Policies

We have described below certain changes in accounting policies in relation to the preparation of our financial statements. In the restated unconsolidated financial statements for fiscal 2007 and for the three months ended June 30, 2007, we accounted for the reversal of certain provisions made in earlier fiscal periods. For the purpose of the restated unconsolidated financial statements, such reversal of provisions has been made to the respective years in which these were created.

Miscellaneous Expenditures

Prior to fiscal 2005, amounts categorised as “miscellaneous expenditures” were amortised over a five-year period from the date of incurrence or the commencement of commercial operations, except prepayment premiums on the early redemption of debentures and the early repayment of term loans which were amortised over the period such debentures or term loans remained outstanding. However, beginning in fiscal 2006, we have changed our accounting policy relating to the treatment of miscellaneous expenditures and have taken a charge for the entire unamortised balance of miscellaneous expenditures against our profit and loss account as of April 1, 2006. For the purpose of our restated unconsolidated financial statements, such expenditures have been charged against the respective years in which they were incurred.

For fiscal 2003, 2004, 2005, 2006, 2007 and the three months ended June 30, 2007, we had classified certain income and expenses as “prior period items” and for which we have made adjustments in the restated unconsolidated financial statements so such income and expenses are reflected in the period to which it pertains.

Depreciation

Prior to fiscal 2006, depreciation on individual assets valued at Rs. 5,000 or less was accounted for at a rate of 100% over one year from the date of purchase. Effective from April 1, 2006, depreciation on individual assets value at Rs. 5,000 or less is now accounted for at the rate of 100% in the month of purchase. Prior to fiscal 2006, depreciation on additions to fixed assets on account of foreign exchange fluctuation was provided at the rates of depreciation applicable to the respective assets. Effective April 1, 2006, depreciation on the same is being provided for prospectively over the remaining useful lives of the respective assets. Prior to fiscal 2006, depreciation on software acquired under the scheme of amalgamation with Adani Port Limited was being provided at the rate of 16.21%. Effective April 1, 2006, such depreciation of such software is at the rate of 33.33%. For the purpose of the restated unconsolidated financial statements, the impact of differential depreciation arising on account of the above changes has been adjusted for each of the periods, with a corresponding adjustment to the net block of fixed assets as at each of the reported dates.

Doubtful Debts

Doubtful debts and doubtful advances, written off sundry balances and written off sundry project expenditures relating to previous earlier accounting periods have been accounted for in the three months ended June 30, 2007. For the purpose of the restated unconsolidated financial statements, such amounts have been appropriately adjusted to the respective fiscal years to which they relate.

Insurance

Prior to fiscal 2006, insurance claims were accounted for in the period when the settlement with the insurers occurred. Effective April 1, 2006, income from insurance claims are accounted for in the period when the claim was made. For the purpose of the restated unconsolidated financial statements, income resulting from insurance claims has been adjusted to the respective fiscal years in which the claims were lodged.

Taxes

We file the income-tax returns where in the tax liability was computed as per the provisions of minimum alternate tax for fiscals 2003, 2004, 2005, 2006 and 2007. We are of the opinion that the re-computation of profit and loss account will not change our liability on account of the minimum alternate tax which is already paid on the basis of the standalone financial statements of respective years. Therefore no adjustments were made to the current and deferred tax provisions in recomputed profit and loss account for the respective fiscal years.

Preference Shares

Prior to fiscal 2006, a provision for the premiums payable on redemption of preference shares was not accounted for in the period such preference shares were issued because the liability for the premiums payable on redemption would be met out of the balance available in the securities premium account. Effective April 1, 2006, premiums payable on redemption are amortised on a straight line basis over the period between issuance and redemption of the preference shares. Accordingly, the redemption premium relating to three years, from the issuance of our preference shares to June 30, 2007, has been transferred from the securities premium account to the redemption reserve for preference share capital account.

Amalgamation

Pursuant to an order of the High Court of Gujarat dated April 21, 2005, APL merged with us with effect from April 1, 2003. Accordingly, all of APL's assets and liabilities was transferred to, and vested in, us with effect from April 1, 2003. This merger was only accounted for in fiscal 2005 because the order approving the merger was received on April 21, 2005. However, because the appointed date for the amalgamation was April 1, 2003, for the purposes of the restated unconsolidated financial statements, the effect has been considered in fiscal 2004 and the assets, liabilities, income, expenses and cash flows for fiscal 2004 have been adjusted accordingly. We have made appropriate adjustments in the restated unconsolidated financial statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in accordance with the groupings of the restated unconsolidated financial statement for for the three months ended June 30, 2007.

Retirement Benefits

Due to a revision of Accounting Standard 15, which became effective as of April 1, 2006, Indian companies will be required to account for actuarial gains and losses on retirement benefits. We do not believe that this change will have any material impact on our financial results.

Significant Factors Affecting Our Results of Operations

Our operating results may vary significantly from period to period primarily as a result of the following factors:

Cargo Volumes

Our operating results depend, to a significant extent, on the cargo volumes at Mundra Port. As of June 30, 2007, we handled a total of approximately 62.6 million tonnes of cargo at Mundra Port since trial operations commenced in October 1998. The cargo throughput at our port has more than trebled over the past three fiscal years, increasing from 5.2 million tonnes in fiscal 2004 to 19.8 million tonnes in fiscal 2007. For the three months ended June 30, 2007, we had 5.7 million tonnes of cargo throughput.

Factors that can impact cargo throughput at our port have been heavily influenced by the economic growth in India and the trade that such growth has generated. Over the last several years, the Indian economy has experienced real GDP growth of 8.5%, 7.5%, 8.4% and 9.4% in fiscal 2004, 2005, 2006 and 2007 respectively, according to the RBI based on 1999-2000 prices. Any slowdown in the Indian economy that results in a weakening of the volumes of bulk cargo, container cargo and crude oil cargo handled at Indian ports may have a significant adverse impact on our results of operations. In addition, increases in the prices of oil and petroleum products could result in increased inflation and reduced purchasing power of our customers. See "Risk Factors – Our business and results of operations are dependent on economic conditions in India and regional economic conditions and our rate of growth will be impacted if the rate of economic development in India is less than the rate projected." on page xxxi of this Red Herring Prospectus.

Other factors that impact cargo volumes include: (i) the levels of global and regional trade; (ii) the continuing increase in globalisation of world trade, which has led to an increase in the volume of seaborne cargo and growth in trade involving container cargo; (iii) competition from new and existing ports in India, particularly on the northwest coast; and (iv) industry trends such as consolidation and changes in shipping alliances.

Pricing

Generally, the prices we charge for our services depend on a number of factors including: (i) the volume of cargo handled; (ii) the types of customised and additional services undertaken for customers; (iii) specific incentives with individual customers, based on volume throughput, the extent of customers' commitment and other factors; and (iv) pressure from competitive pricing by other ports.

As a non-major port, we are able to set our own fees for most of our port services. For example, income relating to our bulk cargo, which accounted for more than 50.0% of our income from operations in fiscal 2007, is generated through services such as handling and storage of bulk cargo and related marine and other services, including the piloting and berthing of vessels. We are able to price and charge for these services separately or as a part of a total offering. However, to the extent that our pricing is not competitive, customers may choose to use alternative ports that offer more attractive rates.

Our pricing is primarily based on the volume and types of cargo in addition to the combination of others services provided to the customer. Although we are able to set our own cargo handling and other fees, we have not experienced a substantial increase in prices recently largely due to competition from major ports in India which have regulated prices. However, we have been able to increase our prices for value-added services such as the blending and bagging of bulk cargo and mechanised cargo handling. We believe that our customer-focused services and further efficiency, process and technology improvements will support higher prices for our services.

For some of our types of port services, particularly container cargo, crude oil cargo and railway services, the pricing has been set as part of negotiated long-term contractual arrangements where royalties and other charges are negotiated and set out as terms of the contract. See "Our Business – Long-term Contractual Arrangements" on page 88 of this Red Herring Prospectus.

Cargo and Service Mix

Our results of operations are, to a significant extent, influenced by the type of cargo that we handle and the other services that we provide. The mix of cargo handled and the services provided at Mundra Port has changed considerably since fiscal 2004, particularly with the addition of other cargo categories such as crude oil cargo and container cargo.

The fees for different bulk cargo, such as coal and coke, fertilisers and fertiliser ingredients and foodgrains, differ depending on the services and the value of the cargo, which impacts the ability to absorb the handling and other related fees. The handling fees for coal and coke range from Rs. 150.0 per tonne to Rs. 180.0 per tonne depending on the mode of transportation from our port (i.e. road or rail). The handling fees for fertilisers and fertiliser ingredients range from Rs. 180.0 per tonne to Rs. 260.0 per tonne depending on the type of ship (i.e. geared or ungeared), the mode of transportation from our port and whether any value-added services are provided, such as bagging. The handling fees for iron and steel range from Rs. 200.0 per tonne to Rs. 225.0 per tonne depending upon the nature of the commodity (i.e. plate, pipe or scrap), the type of ship and the mode of transportation. The handling fees for foodgrains range from Rs. 250.0 per tonne to Rs. 390.0 per tonne depending upon the type of ship, mode of transportation and whether any value-added services are provided. In addition, fees for cargo from domestic trade and international trade may also vary, with fees for international trade cargo being higher than for domestic cargo. Handling fees for domestic trade cargo are generally lower than for foreign cargo. However, currently the majority of cargo handled at Mundra Port is from international trade. The total volume of bulk cargo at Mundra Port has grown significantly between fiscal 2004 and fiscal 2007, the growth and fluctuation in our throughput volume was mainly due to coal and coke cargo and was also attributed to iron and steel and fertiliser and fertiliser materials. In comparison, foodgrains volume has been volatile in the past three fiscal years and the three months ended June 30, 2007. As we expand our bulk cargo capacity with the commencement of operations at Terminal II in March 2007, we will look, to the extent possible, to attract new, more profitable types of bulk cargo and enhance our operational efficiency.

As part of our strategy to expand the service mix and cargo categories at our port, we have added crude oil cargo and container cargo facilities over the past few years. In fiscal 2006, we began to receive income relating to the commencement of commercial crude oil cargo operations at the single point mooring, primarily comprised of IOCL's fixed payment of Rs. 320.0 million pursuant to the IOCL Port Services Agreement. In fiscal 2004, the container cargo operations commenced at Mundra Port and we started receiving royalties from MICT pursuant to its operation arrangement for Container Terminal I in addition to increased income from marine services and other related services to the container cargo throughput at our port. The operating income generated from container cargo and crude cargo has continued to grow.

We intend to continue expanding our facilities which we believe will result in further diversification of our operating income based on cargo and service types. Income attributable to crude oil cargo and container cargo is expected to continue to grow as a percentage of our overall operating income. As such, bulk cargo related income is expected to comprise a smaller percentage of our operating income and thus, the effect of changes in the composition of the bulk cargo we handle on our operating income will also be reduced.

Operating expenses tend to be lower for the handling of, and related services for, crude oil cargo than it is for bulk cargo, as the handling of bulk cargo is less automated and more time consuming per tonne of cargo than the handling of crude oil.

The different types and volume of bulk cargo may be affected by seasonality and government policies. Although we are an all weather port, bulk cargo volumes generally tend to reduce in the pre-monsoon and monsoon months in India typically from late May through September of any given year. In addition, the government of India may seek to increase or decrease imports of foodgrains and other cargo at any given time depending on government policies and domestic supply.

Capacity and Utilisation

Our results of operations are influenced by the available capacity of our facilities at Mundra Port, such as our terminal berths and back-up storage, and the utilisation and efficiency of such facilities.

Between fiscal 2004 and fiscal 2007, our cargo throughput at Mundra Port has increased at a rate of more than 56.6% CAGR. The utilisation rate and efficiency at our terminals, particularly at those used for bulk cargo, directly affects our ability to handle additional cargo and thus, affects our results of operations.

The berth occupancy at our bulk terminals was 68.9%, 73.4%, 62.7% and 40.8% in fiscal 2005, fiscal 2006, fiscal 2007 and for the three months ended June 30, 2007, respectively. Our port is increasingly receiving large bulk cargo vessels with vessels of more than 50,000 DWT accounting for 12.5% of the total bulk vessels visiting our port in the three months ended June 30, 2007 compared to 30.9% in fiscal 2007, 15.7% in fiscal 2006 and 13.7% in fiscal 2005. We are capable of handling approximately 20,000 tonnes of bulk cargo per day. The average ship turnaround time for such bulk cargo vessels at our port was approximately 4.1 days, 4.0 days, 4.9 days and 2.4 days in fiscal 2005, fiscal 2006, fiscal 2007 and for the three months ended June 30, 2007, respectively. The average berthing time for container cargo vessels at our port was approximately 14.5 hours, with the size of the container cargo vessels ranging from 2,000 to 4,000 TEUs.

In order to provide additional capacity necessary to meet our estimated future growth at Mundra Port, we have added Terminal II for bulk cargo, which has been fully operational since March 2007. We have commenced construction of Container Terminal II whose 450 metres berth length has been completed and one berth has become operational since end of August 2007 and the balance berth length of 181 metres is expected to be completed in fiscal 2008. We have deployed the equipment on Container Terminal II. Our overall berth capacity for bulk cargo is about 20 million tonnes, increasing from 10 million tonnes in fiscal 2007, with the addition of 4 berths at Terminal II. Largely as a result of our increased berths at Terminal II, the occupancy rate at our bulk terminals dropped to 40.8% for the three months ended June 30, 2007. Large bulk vessels of more than 50,000 DWT accounted for 12.5% of the total bulk vessel visiting our port in the three months ended June 30, 2007. The lower percentage of large vessels visiting our port as compared to smaller vessels from prior periods was largely a result of the type of cargo that was handled at our port in the three months ended June 30, 2007. During such period there was less fertilizer and fertilizer ingredients and foodgrains, which are generally shipped in larger size vessels, as compared to fiscal 2007. The average ship turn around time for bulk cargo vessels at our port was approximately 2.4 days in the three months ended June 30, 2007. The reduction in turn around time from prior periods was largely due to the immediate availability of berths as a result of the increased number of berths with the completion of Terminal II. For details, please see "Our Business – Long-term Contractual Arrangements – MICT Sub-concession agreement" on page 89 of this Red Herring Prospectus.

Initiatives and Investments

Our business and results of operations are also driven by investments in the expansion of our services and facilities. Expansion and investments will be affected by a number of factors, including, among others, the availability of projects that are complementary to our existing business at Mundra Port, availability of funds necessary for the required capital investments, our ability to execute a project plan and to integrate the resulting new service, facility or location into a profitable part of our operations. See "Our Business – Recent Initiatives and Investments" on page 82 of this Red Herring Prospectus.

We also bear the risk of inflation and, to some extent, fluctuations in currency exchange rates, and our operating results could be negatively affected by adverse changes in wage inflation rates, interest rates and foreign currency exchange rates. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations– Qualitative and Quantitative Disclosures About Market Risk" on page 266 of this Red Herring Prospectus.

Taxation

We operate in India principally from our port and offices located in the State of Gujarat. Services that we provide from these facilities rendered to domestic customers are generally taxable under Indian income tax laws and regulations.

Under Indian GAAP, we recognise deferred tax assets and liabilities for future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We recognise the effect on deferred tax assets and liabilities of a change in tax rates in income in the period that includes the enactment date.

Tax Exemptions

As a result of the approval we received on April 12, 2006 for the establishment of a SEZ covering Mundra Port and the surrounding areas and the subsequent notification by the Government of India for the SEZ, on June 23, 2006 and July 3, 2007, we now claim certain favourable tax treatments, which are significant in terms of our results of operations. Under Section 80-I AB of the Income Tax Act, 1961, certain tax incentives are provided to developers of a SEZ, including a 100% income tax holiday of profits from SEZ related income for a period of ten years within a period of 15 years from the day of notification of SEZ and exemptions from taxes on dividend distribution, other indirect taxes such as excise tax, value added tax, sales tax and duties such as stamp duty. As a result of the tax incentives, our operations in India for fiscal 2007 and the three months ended June 30, 2007 have been subject to relatively low tax liabilities in India.

Pursuant to Section 26 of the Special Economic Zones Act, 2005, a SEZ developer is exempt from taxes on goods and services to be procured for the authorised operations by the SEZ developer, which include the following:

- exemption from any customs duty under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law for the time being in force, on goods imported into, or service provided in, a SEZ;
- exemption from any excise duty, under the Central Excise Act, 1944 or the Central Excise Tariff Act, 1985 or any other law for the time being in force, on goods brought from a Domestic Tariff Area to a SEZ;
- drawback or such other benefits as may be admissible from time to time on goods brought or services provided from the Domestic Tariff Area into a SEZ or services provided in a SEZ by the service providers located outside India;

- exemption from service tax under Chapter V of the Finance Act, 1994 on taxable services provided to a SEZ developer; and
- exemption from the levy of taxes on the sale or purchase of goods under the Central Sales Tax Act, 1956.

Pursuant to the Income Tax Act, 1961, a SEZ Developer will also be entitled to the following benefits and exemptions:

- under Section 80-I AB, a deduction of 100% of the profits and gains derived from the business of developing a SEZ for ten consecutive assessment years, at the option of the developer, out of 15 years beginning from the year in which the SEZ has been notified by the Government of India;
- as per sub-section (6) of Section 115JB, provisions of Section 115JB relating to Minimum Alternate Tax shall not apply to the income accrued or arising from any business carried on, or services rendered, by a developer in a SEZ; and
- as per sub-section (6) of Section 115-0, no tax on distributed profits shall be chargeable in respect of the total income of an undertaking or enterprise engaged in developing a SEZ for any assessment year on any amount declared, distributed or paid by such developer or enterprise, by way of dividends (whether interim or otherwise) out of its current income either in the hands of the developer or enterprise or the person receiving such dividend not falling under clause (23G) of Section 10.

SEZ developers are also be entitled to fiscal benefits under Section 21 of the Gujarat Special Economic Zone Act, 2004, including (i) exemptions from stamp duty and registration fees payable on the transfer of land to the SEZ, and loan agreements, credit deeds and mortgages executed by the developer for the SEZ, and (ii) exemptions from sales tax, purchase tax, motor spirit tax, luxury tax, entertainment tax and other taxes and cess payable on sales and transactions in the SEZ.

Commercial operations at our port began in fiscal 2002. Since our operations began we were entitled to the benefit of certain tax incentives available to infrastructure companies under section 80 IA (4) (i) of the Income Tax Act, 1961, which would result in a lower effective tax rate. Such tax incentives however still required us to pay a Minimum Alternate Tax (MAT). Since we had unabsorbed depreciation in our initial years of operations we exercised the option of not claiming the deductions available under section 80 IA (4) (i) of the Income Tax Act, 1961 for the first five years. Accordingly we availed ourselves of the benefit of the unabsorbed depreciation under taxation laws and hence had no tax payments in fiscal 2002, fiscal 2003 and fiscal 2004,while we paid the MAT in fiscal 2005 and fiscal 2006. On June 23, 2006 and July 3, 2007 we received notification by the Government of India for the establishment of a SEZ covering Mundra Port and the surrounding areas. The tax incentives under section 80 IAB of the Income Tax Act, 1961 provided to developers of a SEZ are more beneficial than those we previously enjoyed and do not require the payment of a MAT. As such, we are no longer paying MAT and are claiming benefits of tax incentives under section 80 IAB of the Income Tax Act, 1961 available to developers of SEZ across all of our existing operations. We are of the view, based upon advice of tax counsel, that we can avail ourselves of the tax benefits under section 80 IAB of the Income Tax Act, 1961 available to developers of SEZ on the entire income of our company. The Central Board of Direct Taxes may have a contrary view in terms of the availability of tax benefits to our Company. Any ruling by the tax authorities to the contrary could have a material adverse effect on our tax position and our results of operations.

Critical Accounting Policies

Critical accounting policies are those that require application of our management's most difficult, subjective or complex judgments often as a need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. Our significant accounting policies are more fully described in the notes to our restated unconsolidated financial statements for fiscal 2003, 2004, 2005, 2006, 2007 and the three months ended June 30, 2007 included elsewhere in this Red Herring Prospectus.

We prepare our financial statements in conformity with Indian GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the financial reporting period, among other things. We primarily make estimates related to allowances for doubtful debts, provisions and contingent liabilities and assets, impairment of assets and income tax. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

We have described below the critical accounting policies that our management believes are the most significant judgments and estimates used in the preparation of our financial statements.

Income Recognition

Income is recognised to the extent that it is probable that the economics will flow to us and the income can be reliably measured. For income from our port operation services, we recognise such income as and when the services are rendered, and for income from long-term infrastructure usage agreements, such as the MICT Sub-concession Agreement, we recognise the premium received under such long-term infrastructure agreements on a pro rata basis over the period of such agreements. In comparison, rent receivable under such long-term infrastructure agreements is recognised as income on an accrual basis. Royalties are recognised on an accrual basis in accordance with the terms of the relevant agreement. We recognise interest income on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when we have a present obligation as a result of a 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 present value and are determined based on the best management estimate of what is required to settle such obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best management estimates. Contingent liabilities are not recognised but are disclosed in the notes to our restated unconsolidated financial statements. Contingent assets are neither recognised nor disclosed in our restated unconsolidated financial statements.

Fixed Assets

Fixed assets are valued at cost less accumulated depreciation and impairment losses, if any. The fixed asset cost is comprised of the purchase price and any attributable costs for bringing such asset into working condition for its intended use. Such costs include borrowing costs relating to the acquisition of the fixed asset until such asset is in working condition and put to its intended use. We capitalise insurance spares and stand-by equipment as part of the associated “mother” fixed asset.

Depreciation

Depreciation of our fixed assets is accounted for using the higher of a straight-line method at rates prescribed under the Companies Act, 1956, or the rates determined on the basis of the respective assets useful lives. However, for leasehold land development, marine structures and dredged channels, the cost is depreciated over the period of the Concession Agreement or their useful lives, whichever is lower. Depreciation on dredging pipes, included under plant and machinery, is provided on the basis of their useful lives which is estimated at eighteen months. Also, depreciation on additions to fixed assets on account of foreign exchange fluctuation is provided prospectively over the remaining useful lives of the respective assets and insurance spares and standby equipment are depreciated prospectively over the remaining useful lives of the respective “mother” asset. We provide for 100.0% depreciation on mobile phones, included under office equipment, furniture and fixtures and individual assets costing up to Rs. 5,000 in the month of purchase.

Impairment

We review the carrying amounts of assets at each balance sheet date to determine if there is any indication of impairment based on internal and/or external factors. An impairment loss is recognised 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 its value in use. In assessing value in use, we estimate future cash flows discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Goodwill

When we have an amalgamation or make an acquisition, we recognise the excess of our cost of acquisition over the value of our equity in the acquired company as goodwill. We determine the value of our equity interest on the basis of the book value of the acquired company on the date of our investment. We periodically review our goodwill in respect of each of the businesses we acquire for a decline other than temporary in its carrying value, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We assess the recoverability of goodwill based on the valuation methodology that we adopted as of the acquisition date, which typically takes account of strategic and synergistic factors that we believe will contribute to our business. Accordingly, we would consider that there exists a decline of goodwill, other than a temporary decline in the carrying value of goodwill, when, in conjunction with its valuation methodology, our expectations with respect to the underlying acquisitions we have made deteriorate with adverse market conditions. Our determination of the amount of goodwill, and whether or not to write down its carrying value, is a subjective determination which could lead to fluctuations in our operating results from time to time. As of June 30, 2007, our cumulative goodwill amounted to Rs. 666.7 million. We could be required to write off some or all of this amount to the extent that we determine that we are required to impair the value thereof in accordance with our accounting policy. This could have a material adverse effect on our results of operations. We generally conduct this goodwill impairment test annually at the time of our statutory audit. The last test was conducted on June 30, 2007.

Income Taxes

Tax expenses are comprised of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount we expect to pay to the tax authorities using the applicable tax rates in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 realised. If we have carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are reassessed 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 realised.

Minimum Alternate Tax ("MAT") credit is recognised as assets only when and to the extent, there is convincing evidence that we will be paying normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the profit and loss account and recognised as MAT Credit Entitlement. We review this at each balance sheet date and write down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that we will pay normal income tax during the specified period.

Overview of Income and Expenditure

Income

Our income consists of income from operations and other income. Historically, the principal component of our income has been income from operations. In fiscal 2007, we had total income of Rs. 5,961.2 million compared to Rs. 3,968.7 million in fiscal 2006, an increase of 50.2%. In the three months ended June 30, 2007, we had total income of Rs. 1,324.1 million.

Income from operations

Income from operations consists of income from services provided at our port relating to bulk cargo, container cargo, crude oil cargo and railway services in addition to income from leased premises. Historically, the principal component of our income from operations has been income from dry bulk and liquid bulk cargo received at Terminal I. We have increasingly generated income from services relating to container cargo and crude oil cargo in addition to railway services and land-related income.

Income from bulk cargo services consists of income for handling and storage of bulk cargo in addition to marine services we provide to bulk cargo vessels such as port dues, pilotage charges, berth hire charges and wharfage charges. Income from container cargo services consists of royalties we receive from the Container Sub-concessionaire pursuant to the MICT Sub-concession Agreement and income for the marine services we provide to container cargo vessels. Income from crude oil cargo consists of an annual fixed charge and per tonne royalties we receive from IOCL in relation to crude oil cargo handled at the single point mooring at Mundra Port in addition to income for marine services we provide to crude oil cargo vessels. Our railway service income consists of freight revenues generated by the cargo being transported on the railway to and from Mundra Port along the Mundra-Adipur rail link and income from rail haulage services within the Mundra Port area. Our land-related income is derived from the lease of land in the Mundra Port area which is recognised on an accrual basis and deferred income from one-time infrastructure charges which are paid by the tenant at the time of entering into a contract and then amortised over the period of such contract.

Our income from operations increased by 50.8% to Rs. 5,797.4 million in fiscal 2007 from Rs. 3,845.3 million in fiscal 2006. In the three months ended June 30, 2007 our income from operations was Rs. 1,234.0 million.

The following table sets out a breakdown of our income from operations by cargo and other services for the periods indicated.

	Fiscal Year									
	2004		2005		2006		2007		Three months ended June 30, 2007	
	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%
Bulk cargo[1]	1,108.0	66.1	1,697.3	64.3	2,253.7	58.6	3,428.7	59.1	600.7	48.7
Container cargo	111.5	6.6	377.5	14.3	529.0	13.8	715.0	12.3	183.1	14.8
Crude oil cargo	—	—	—	—	331.7	8.6	742.0	12.8	259.5	21.0
Railway services	124.2	7.4	220.9	8.4	324.7	8.4	554.0	9.6	90.0	7.3
Land and deferred income	333	19.9	345.1	13.1	406.3	10.6	357.7	6.2	100.8	8.2
Total	**1,676.7**	**100.0**	**2,640.9**	**100.0**	**3,845.3**	**100.0**	**5,797.4**	**100.0**	**1,234.0**	**100.0**

(1) Bulk cargo comprises income from bulk cargo and others, other than income attributable to container cargo, crude oil cargo, railway services and land and deferred income.

When we commenced our commercial operations in fiscal 2001, we only provided bulk cargo services, including handling, storage and marine services. The bulk cargo volume at the port increased from 4.6 million tonnes in fiscal 2004 to 9.9 million tonnes in fiscal 2007 with a CAGR of 29.4%. Bulk cargo income increased from Rs. 1,108.0 million in fiscal 2004 to Rs. 3,428.7 million in fiscal 2007 with a CAGR of 45.7%. For the three months ended June 30, 2007 bulk cargo volume at the port was 2.0 million tonnes and income from bulk cargo was Rs. 600.7 million. However, bulk cargo as a percentage of our total income from operations has gradually decreased, from 66.1% in fiscal 2004 to 59.1% in fiscal 2007 and 48.7% in the three months ended June 30, 2007, because of the commencement of container cargo and crude cargo operations and services at Mundra Port.

Container cargo commercial operations at Container Terminal I commenced at our port in July 2003 pursuant to the MICT Sub-concession Agreement. The container cargo volume at the port increased from 48,000 TEUs (approximately 0.6 million tonnes) in fiscal 2004 to 521,000 TEUs (approximately 6.2 million tonnes) in fiscal 2007. For the three months ended June 30, 2007 the container cargo volume at the port was 151,000 TEUs (approximately 1.8 million tonnes). The income relating to container cargo increased from Rs. 111.5 million in fiscal 2004 to Rs. 715.0 million in fiscal 2007. For the three months ended June 30, 2007 the income relating to container cargo was Rs. 183.1 million. The share of container cargo income to our total income from operations has gradually increased from 6.6% in fiscal 2004 to 12.3 % in fiscal 2007. The share of container cargo income to our total income from operations for the three months ended June 30, 2007 was 14.8%.

Commercial operations at the single point mooring commenced in fiscal 2006 and we began to receive income relating to crude oil cargo, primarily comprised of IOCL's fixed payment of Rs. 320.0 million pursuant to the IOCL Port Services Agreement. The crude oil cargo volume at the port was 0.1 million tonnes in fiscal 2006 and 3.6 million tonnes for fiscal 2007. The crude oil cargo volume at the port was 1.9 million tonnes for three months ended June 30, 2007. The crude oil cargo income was Rs. 331.7 million for fiscal 2006, Rs. 742.0 million for fiscal 2007 and was Rs. 259. 5 million for the three months ended June 30, 2007.

Rail services are generally used for transportation of bulk and container cargo to and from Mundra. Railway service income generated from the Mundra-Adipur rail link operated by Indian Railways and rail haulage services provided at our port has experienced a CAGR of 61.7% over the past three fiscal years from Rs. 124.2 million in fiscal 2004 to Rs. 554.0 million in fiscal 2007. Income from railway services was Rs. 90.0 million for the three months ended June 30, 2007.

Land and deferred income is mainly comprised of rental income from the lease of land at Mundra Port and fixed infrastructure payments which are generally one-time up front charges that we receive and treat as deferred income amortising the fee over the period of the long-term contractual arrangement.

We serve customers mainly in India which are primarily involved in the export and import trade, including shipping lines and shipping agents, exporters and importers, terminal operators, long-term customers like IOCL, rail services users. Our services range from marine services, to cargo handling and storage services, to rail services, to the lease of land. Each customer contract has different terms based on the scope, deliverables and complexity of the engagement driven by the trade characteristics and shipping characteristics of that particular cargo stream. The services we provide to our customers, and the income that we derive from those services, vary with the type, volume and complexity of services we provide under those contracts. For example, contracts with bulk cargo customers are generally short term in nature and they avail a combination of services comprising of marine, handling and storage, rail services.

For container cargo, the Container Sub-concessionaire operates Container Terminal I pursuant to the MICT Sub-concession Agreement and we provide the related marine services to a number of container shipping lines. At Container Terminal II we provide both marine services and container cargo handling services and operate Container Terminal II. As per the MICT Sub-concession Agreement, upon the occurrence of the earlier of (i) container traffic handled at Container Terminal I reaching 700,000 TEUs per year, or (ii) eight years from commencement of operations under the MICT Sub-concession Agreement (which will be February 17, 2009), MICT shall be entitled, but not required, to provide us written notice of 30 months requesting the hand over of the Second Stage Assets. The Second Stage Assets include the 618 metres quay wall in Navinal Creek and 19.633 hectares of back-up area for container storage. We must provide MICT with 30% of the back-up area within 18 months from the issue of MICT's written notice, and once the 30-month notice period has elapsed, we must provide MICT with the balance of the Second Stage Assets, subject to mutually agreed terms between MICT and us. MICT handled about 521,000 TEUs in fiscal 2007 at Container Terminal I. We have long-term contractual arrangements for crude oil cargo and railway services.

Our ability to attract and keep customers is primarily dependent on the overall cost savings to the customer, including the end-to-end logistics cost compared with competing ports. The cost savings, and our competitiveness, can be achieved in various ways, including by providing economies of scale through direct berthing facilities for large size vessels at our port, faster cargo handling services and vessel turnaround times, reduced cargo losses because of mechanised handling, and multiple transport options and reductions in inland freight transit distances.

In fiscal 2007, four of our customers, including Food Corporation of India, IOCL, Indian Railways and Adani Enterprises Limited along with the Container Sub-concessionaire, each contributed over 5.0% of our income from operations. Together, these four customers and the Container Sub-concessionaire accounted for 50.9% of our income from operations in the fiscal 2007, with our largest customer, Food Corporation of India, contributing 18.8% of our income from operations in this period. In the three months ended June 30, 2007 four of our customers including IOCL, Adani Enterprises Limited, Food Corporation of India and India Railways alongwith the Container Sub-concessionaire each contributed over 5.0% of our income from operations. Together these four customers and the Container Sub-concessionaire accounted for 44.6% of our income from operations in the three months ended June 30, 2007. We expect that a significant portion of our income will continue to be attributable to a limited number of customers in the near future. We expect that a significant portion of our income will continue to be attributable to a limited number of customers in the near future.

The following table shows the largest contributors to our operating income as a group as of 2004, 2005, 2006, 2007 and the three months period ended June 30, 2007:

	Fiscal Year									
	2004		**2005**		**2006**		**2007**		**Three months ended June 30, 2007**	
	(in Rs. million)	**%**	**(in Rs. million)**	**%**	**(in Rs. million)**	**%**	**(in Rs. million)**	**%**	**(in Rs. million)**	**%**
5 largest contributors	694.5	41.4	1,034.2	39.2	1,525.9	39.7	2,949.8	50.9	550.4	44.6
10 largest contributors	924.9	55.2	1,443.2	54.7	2,079.2	54.1	3,670.7	63.3	746.5	60.5
20 largest contributors	1,180.8	70.4	1,837.4	69.6	2,650.1	68.9	4,416.1	76.2	937.8	76.0

Other income

Other income consists of interest and other miscellaneous income. Historically, the principal component of our other income has been interest. Interest represents interest on our short-term deposits with banks, interest relating to the deferment of surplus funds and interest from surplus cash with banks or inter-corporate deposits.

Expenditures

Expenditures primarily consist of operating expenses, personnel expenses, administrative and other expenses, interest and finance charges and depreciation.

Other than payments received from shipping lines in relation to the marine services which is paid prior to their deberthing, we may have a long payment cycle which often requires us to pay expenses relating to services performed by us before receiving the related income, resulting in higher working capital requirements. This is primarily due to the evacuation of cargo from the port which gets prolonged depending upon the customers requirement and hence results in higher receivables. It is necessary for us to incur investment costs prior to the time that we begin earning corresponding income. We expect our expenditure to increase when we add new facilities due to increases in fixed expenses such as manpower, tug facilities, repairs and maintenance expenses and other facility-related operating costs and interest and depreciation costs. As business from our existing customers increases and as we expand our customer base, we expect to benefit from economies of scale and a more effective utilisation of resources.

Operating expenses

Our operating expenses are mainly comprised of costs relating to cargo handling and storage, provision of railway services, provision of marine services, including tugs and pilotage, royalty payments to the GMB under the Concession Agreement, power and fuel costs, maintenance dredging, repairs and maintenance of our mechanised handling systems and other operating expenses. We expect our operating expenses to continue to increase to support our planned growth.

Personnel expenses

Our personnel expenses are mainly comprised of salary and benefits paid to our direct employees, welfare expenses, contribution to provident fund and superannuation. We expect that personnel expenses to continue to increase in line with industry trends and with our efforts to hiring skilled and experienced personnel in the maritime sector. Such personnel expenses do not include amounts paid to third-party vendors for our temporary contract workers which are included in operating expenses and administrative and other expenses depending on the activity performed by such temporary contract workers.

Administrative and other expenses

Administrative and other expenses include, among other items, rents, rates and taxes, insurance, legal and professional fees including auditor fees, advertisement and publicity, travelling and conveyance expenses, directors payments, bank charges such as loan prepayment fees and guarantee fees. We expect our administrative and other expenses to increase because, among other reasons, we expect an increase in sales and marketing costs relating to the addition of more berth capacity and services and an increase in insurance costs due to higher premiums due to our growing asset base. However, administrative and other expenses generally tend to decrease for port companies as a percentage of income with the increase in cargo volumes and higher utilisation of port facilities.

Interest

Our interest expenses are comprised of expenses relating to interest paid on our outstanding bank loans and debt instruments. We expect our interest expenses to increase because of the total amount of indebtedness that we have outstanding from time to time may increase as our capacity additions are partly debt funded. Our average interest rates for such indebtedness and the resulting payment obligations may vary because the interest rates are generally linked to prime lending rates of the financing entities.

Depreciation and amortisation

Depreciation and amortisation pertains to the depreciation of our tangible assets and amortisation of intangible assets. Our depreciation expenditures include depreciation of buildings, marine structures, such as our terminals and the single point mooring, railway tracks, tugs, machinery, such as mobile harbour cranes and handling equipment, storage facilities, leasehold improvements, furniture and fixtures, computers and related hardware, office equipment and vehicles. As we add more customers and facilities to support the growth of our business, we expect our depreciation expenditures to increase, reflecting additional investments in our port such as the development of Terminal II and Container Terminal II and other infrastructure.

Results of Operations

The table below sets forth, for the periods indicated, certain income and expense items for our unconsolidated operations, expressed as a percentage of total income:

	Percentage of total income Fiscal Year									
	2004		2005		2006		2007		Three months ended June 30, 2007	
	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%	(in Rs. million)	%
Income										
Income from operations	1,676.7	96.8	2,640.9	95.2	3,845.3	96.9	5,797.4	97.3	1,234.0	93.2
Other income	56.3	3.2	133.5	4.8	123.5	3.1	163.8	2.7	90.0	6.8
Total income	1,733.0	100.0	2,774.4	100.0	3,968.7	100.0	5,961.2	100.0	1,324.1	100.0
Expenditure										
Operating expenses	495.9	28.6	745.8	26.9	1,068.1	26.9	1,943.7	32.6	293.9	22.2
Personnel expenses	63.0	3.6	65.2	2.3	88.0	2.2	147.9	2.5	61.0	4.6
Administrative and other expenses	213.3	12.3	228.6	8.2	577.7	14.6	629.8	10.6	171.2	12.9
Interest	514.3	29.7	343.3	12.4	507.2	12.8	667.6	11.2	253.0	19.1
Depreciation and amortisation	376.2	21.7	437.1	15.8	614.1	15.5	807.0	13.5	207.8	15.7
Total expenditure	1,662.7	95.9	1,820.0	65.6	2,855.1	71.9	4,196.0	70.4	986.9	74.5
Profit before interest, depreciation and tax	960.7	—	1,734.8	—	2,235.0	—	3,239.8	—	797.9	—
Profit before tax, prior period items and extraordinary items	70.3	4.1	954.4	34.4	1,113.6	28.1	1,765.2	29.6	337.2	25.5
Prior period items	(4.7)	(0.3)	(5.8)	(0.2)	13.2	0.3	(15.5)	(0.3)	(12.9)	(1.0)
Extraordinary items	2.8	0.2	—	—	34.7	0.9	—	—	116.6	8.8
Profit before tax	68.4	3.9	948.6	34.2	1,161.5	29.3	1,749.7	29.4	440.8	33.3
Provision for taxation										
Current tax	8.6	0.5	70.9	2.6	97.7	2.5	50.0	0.8	83.8	6.3
Deferred tax	—	—	215.2	7.8	389.1	9.8	(133.2)	(2.2)	131.0	9.9
Fringe benefit tax	—	—	—	—	2.4	0.1	8.5	0.1	2.2	0.2
MAT credit utilised	—	—	—	—	—	—	(50.0)	(0.8)	(47.8)	(3.6)
Net profit after tax	59.8	3.5	662.5	23.9	672.3	16.9	1,874.4	31.4	271.6	20.5
Adjustment on restatement	(193.2)	(11.1)	13.6	0.5	68.6	1.7	46.7	0.8	(70.2)	(5.3)
Net Profit	(133.4)	(7.7)	676.1	24.4	740.9	18.7	1,921.1	32.2	201.3	15.2

Our Three Months Ended June 30, 2007

Income

Income from operations

Income from operations was Rs. 1,234.0 million in the three months ended June 30, 2007. Income from operations for this period was primarily attributable to income from provision of marine services, bulk cargo handling and storage services, crude oil cargo services and container cargo royalty income.

Bulk cargo income accounted for Rs. 600.7 million, or 48.7 %, of our income from operations, for the three months ended June 30, 2007 and it was comprised of Rs. 406.8 million for bulk cargo handling and storage and Rs. 193.9 million for marine services. We handled 2.0 million tonnes of bulk cargo, or 34.8% of the total cargo, for the three months ended June 30, 2007, of which coal and coke, fertiliser, minerals and iron and steel accounted for approximately 80.9% of the bulk cargo volumes and foodgrains accounted for only 1.8% of the bulk cargo volumes. In the three months ended June 30, 2007 we started providing ship to ship transfer services as part of our marine services.

Container income accounted for Rs. 183.1 million, or 14.8% of our income from operations, for the three months ended June 30, 2007. Royalties received from the Container Sub-concessionaire, calculated as 10.0% of its gross revenue from its container terminal operations, was Rs. 46.7 million while income from marine services to container vessels amounted to Rs. 136.4 million.

Our income from crude oil cargo was Rs. 259.5 million, or 21.0% of our income from operations, for the three months ended June 30, 2007 with Rs. 68.1 million attributable to ship related marine services, Rs. 103.9 million attributable to variable payment and Rs. 87.5 million was the fixed payment received from IOCL pursuant to the IOCL Port Services Agreement. Fiscal 2008 shall be the first full year of operations for the crude oil cargo handling.

We earned Rs. 90.0 million and Rs. 100.8 million, or 7.3% and 8.2% of our income from operations, from our railway services income and land-related and deferred income, respectively, for the three months ended June 30, 2007.

Other income

Other income was Rs. 90.0 million in the three months ended June 30, 2007, representing 6.8% of our total income. The primary components of other income in the three months ended June 30, 2007 were income from a foreign exchange hedging gain of Rs. 62.4 million, interest in the amount of Rs. 9.9 million, excess provisions written back amounting to Rs. 9.6 million, rent in the amount of Rs. 4.2 million and sale of scrap in the amount of Rs. 1.8 million.

Expenditure

Operating expenses

Operating expenses for the three months ended June 30, 2007 amounted to 22.2% of our total income for that period. Operating expenses was Rs. 293.9 million in the three months ended June 30, 2007. The primary components of operating expenses in three months ended June 30, 2007 were handling and storage expenses of Rs. 137.1 million, power and fuel expenses of Rs. 37.5 million, railway operating expenses of Rs. 35.5 million, royalty payment to GMB of Rs. 28.3 million and plant and machinery repairs of Rs. 16.9 million.

Personnel expenses

Personnel expenses for the three months ended June 30, 2007 amounted to Rs. 61.0 million, or 4.6% of our total income for that period. The primary component of personnel expenses were salary and benefits paid to our staff of more than 700 employees.

Administrative and other expenses

Administrative and other expenses for the three months ended June 30, 2007 amounted to 12.9% of our total income for that period. Administrative and other expenses was Rs. 171.2 million in the three months ended June 30, 2007. The primary components of administrative and other expenses in three months ended June 30, 2007 were legal and professional expenses of Rs. 21.6 million, travelling and conveyance costs of Rs. 15.1 million, insurance costs of Rs. 11.9 million, charity and donations of Rs. 11.5 million, commission to directors of Rs. 10.2 million, foreign exchange difference of Rs. 7.49 million and provision for doubtful debts and advances of Rs. 7.0 million.

Interest

Interest for the three months ended June 30, 2007 amounted to 19.1% of our total income for that period. Interest amounted to Rs. 253.2 million in the three months ended June 30, 2007, primarily comprised of interest on other fixed loans in the amount of Rs. 250.3 million paid on our outstanding indebtedness of secured and unsecured loans of which we had Rs. 13,993.4 million as of June 30, 2007.

Depreciation and amortisation

Depreciation and amortisation costs for the three months ended June 30, 2007 amounted to 15.7% of our total income for that period. Depreciation and amortisation was Rs. 207.8 million in the three months ended June 30, 2007. This amount was primarily due to depreciation of buildings, marine structures such as our terminals and the single point mooring, railway tracks, tugs, machinery such as mobile harbour cranes and handling equipment, storage facilities, leasehold improvements, furniture and fixtures, computers and related, office equipment and vehicles.

Profit before interest, depreciation and tax

As a result of the foregoing, profit before interest, depreciation and tax was Rs. 797.9 million in the three months ended June 30, 2007.

Profit before tax, prior period items and extraordinary items

As a result of the foregoing, profit before tax, prior period items and extraordinary items was Rs. 337.2 million in the three months ended June 30, 2007.

Prior period items and extraordinary items

Prior period items and extraordinary items were negative Rs. 12.9 million and Rs. 116.6 million respectively in the three months ended June 30, 2007. The extraordinary item pertains to an insurance claim received by us.

Profit before tax

As a result of the foregoing, profit before tax was Rs. 440.8 million in the three months ended June 30, 2007.

Provision for tax

Provision for tax was Rs. 169.2 million in the three months ended June 30, 2007. The company has tax exemption under Section 80-I AB of the Income Tax Act, 1961. Pursuant to the tax exemption, we accounted for a minimum alternate tax of Rs. 83.8 million and availed a MAT credit of Rs. 47.8 million. There was a provision of Rs. 2.2 million for fringe benefit tax and we also provided for a deferred tax charge of Rs. 131.0 million for the three months ended June 30, 2007.

Net profit before adjustments

As a result of the foregoing, profit after tax before adjustments was Rs. 271.6 million in the three months ended June 30, 2007.

Adjustment on restatement

The adjustment on restatement was Rs. 70.2 million in the three months ended June 30, 2007. This was primarily due to adjustment of accounting for insurance claims, prior period expenses, provisions written back, provision of doubtful debts and loans and advances and the corresponding tax adjustment.

Net profit

As a result of the foregoing, net profit was Rs. 201.3 million in the three months ended June 30, 2007.

Our Fiscal Years 2007 and 2006

Income

Income from operations

Income from operations increased by 50.8% to Rs. 5,797.4 million in fiscal 2007 from Rs. 3,845.3 million in fiscal 2006. This increase was primarily due to an increase in cargo volumes at Mundra Port of 68.7% to 19.8 million tonnes in fiscal 2007 from 11.7 million tonnes in fiscal 2006. In fiscal 2007 we had volume growth in crude, container as well as bulk cargo.

Bulk cargo income accounted for Rs. 3,428.7 million, or 59.1%, of our income from operations in fiscal 2007, with Rs. 900.2 million attributable to ship related marine charges and Rs. 2,528.4 million attributable to cargo related handling and storage charges compared to Rs. 2,253.7 million in fiscal 2007 or 58.6% of our income from operations in fiscal 2006 with Rs. 431.5 million attributable to ship related marine charges and Rs. 1,822.2 million attributable to cargo related handling and storage charges. Bulk cargo income increased by 52.1% in fiscal 2007 over fiscal 2006. The increase in our bulk cargo income was attributable to a 22.6% increase in bulk cargo volumes to 9.9 million tonnes in fiscal 2007 from 8.1 million tonnes in fiscal 2006 and our ability to charge higher fees for foodgrain handling services in fiscal 2007. The major bulk cargo types, primarily coal and coke, foodgrain, iron and steel and fertiliser amounted to 8.7 million tonnes, or 87.5%, of the bulk cargo volumes in fiscal 2007 compared to 5.8 million tonnes, or 71.6%, of the bulk cargo volumes in fiscal 2006.

Container cargo income accounted for Rs. 715.0 million, or 12.3%, of our income from operations, with Rs. 539.0 million attributable to ship related marine charges and Rs. 176.0 million attributable to royalty payments as revenue share from the Container Sub-concessionaire compared to Rs. 529.0 million, or 13.8% of our income from operations in fiscal 2006 with Rs. 406.9 million attributable to ship related marine charges and Rs. 122.1 million attributable to royalty payments as revenue share from the Container Sub-concessionaire. Container cargo income increased by 35.2% in fiscal 2007 over fiscal 2006. The increase in container cargo income was attributable to a 74.9% increase in container cargo volumes to 6.2 million tonnes (approximately 521,000TEUs) in fiscal 2007 from 3.6 million tonnes (approximately 298,000 TEUs) in fiscal 2006.

Crude oil cargo income accounted for Rs. 742.0 million, or 12.8% of our income from operations in fiscal 2007, with Rs. 166.7 million attributable to ship related marine charges, Rs. 225.3 million attributable to variable payment and Rs. 350.0 million attributable to fixed payments pursuant to the IOCL Port Services Agreement, compared to Rs. 331.7 million, or 8.6%, of our income from operations in fiscal 2006, with Rs. 8.8 million attributable to ship related marine charges, Rs. 2.9 million attributable to variable payments and Rs. 320.0 million attributable to fixed payments pursuant to the IOCL Port Services Agreement. Crude oil cargo volume increased to 3.6 million tonnes in fiscal 2007 compared to 0.1 million tonnes in fiscal 2006.

Railway service income accounted for Rs. 554.0 million, or 9.6%, of our income from operations in fiscal 2007, compared to Rs. 324.7 million, or 8.4%, of our income from operations in fiscal 2006, an increase of 70.6%. Land related and deferred income accounted for Rs. 357.7 million, or 6.2%, of our income from operations in fiscal 2007, compared to Rs. 406.3 million, or 10.6%, of our income from operations in fiscal 2006, a decrease of 12.0%.

Other income

Other income increased to Rs. 163.8 million in fiscal 2007 from Rs. 123.5 million in fiscal 2006, representing an increase of 2.7% in our income from the previous year. The primary components of other income in fiscal 2007 were income from interest in the amount of Rs. 89.0 million, rents amounting to Rs. 17.0 million and sale of scrap in the amount of Rs. 13.0 million. The primary components of other income in fiscal 2006 were from interest in the amount of Rs. 110.4 million.

Expenditure

Operating expenses

Operating expenses for fiscal 2007 amounted to 32.6% of our total income for that period as compared to 26.9% of income in fiscal 2006. Operating expenses increased by 82.0% to Rs. 1,943.7 million in fiscal 2007 from Rs. 1,068.1 million in fiscal 2006. This increase was primarily due to an increase of 100.5% in cargo handling and storage expenses to Rs. 1,203.9 million in fiscal 2007 from Rs. 600.5 million in fiscal 2006 and power and fuel costs of Rs. 278.3 million in fiscal 2007, an increase of 115.2% from Rs. 129.3 million in fiscal 2006, both of which are directly related to the increase in cargo volume and usage of mechanisation for cargo handling and storage. We also experienced significant increases in our railway expenses, and expenses relating to plant and machinery repairs, particularly work on our mechanised cargo handling systems. Railway expenses increased by 31.4% to Rs. 160.3 million in fiscal 2007 from Rs. 122.0 million in fiscal 2006, and repairs to plant and machinery increased by 69.4% to Rs. 129.4 million in fiscal 2007 from Rs. 76.4 million in fiscal 2006. Our royalty payment to GMB increased by 89.8% to Rs. 86.9 million in fiscal 2007 from Rs. 45.8 million in fiscal 2006, which directly related to the increase in cargo volume, in 2007 as compared to 2006.

Personnel expenses

Personnel expenses for fiscal 2007 amounted to 2.5% of our total income for that period, as compared to 2.2% of income in fiscal 2006. Personnel expenses increased by 67.6% from Rs. 88.0 million in fiscal 2006 to Rs. 147.9 million in fiscal 2007, primarily due to an increase in manpower to manage our growth and continuing company-wide reorganisation in salary and benefit structure. We also experienced an increase in the number of employees during that period, from approximately 481 employees in fiscal 2006 to approximately 665 employees in fiscal 2007.

Administrative and other expenses

Administrative and other expenses for fiscal 2007 amounted to 10.6% of our total income for that period, as compared to 14.6% of income in fiscal 2006. Administrative and other expenses increased by 9.0% to Rs. 629.8 million in fiscal 2007 from Rs. 577.7 million in fiscal 2006. This increase was primarily due to increases in our rates and taxes, insurance, other repairs and maintenance, travelling and conveyance, commissions to directors, charity and donations and exchange differences. Rates and taxes expenses increased by 149.4% to Rs. 35.1 million in fiscal 2007 from Rs. 14.1 million in fiscal 2006, primarily as a result of an increase in local taxes on the assets. We also had insurance costs of Rs. 57.7 million, travelling and conveyance expenses of Rs. 53.4 million and commissions to directors of Rs. 36.5 million in fiscal 2007 compared with Rs. 40.1 million, Rs. 35.9 million and Rs. 21.4 million, respectively in fiscal 2006. Other expenses, which are mainly related to general office expenses, increased by 90.4% to Rs. 154.7 million in fiscal 2007 from Rs. 81.2 million in fiscal 2006, primarily due to an increase in other office expenses. Charity and donations increased by 340.9% to Rs. 26.9 million in fiscal 2007 compared to Rs. 6.1 million in fiscal 2006 due to contributions to local development. Exchange differences increased to Rs. 40.8 million in fiscal 2007 compared to Rs. 20.7 million in fiscal 2006, primarily due to losses on restating liabilities and losses on derivative transactions.

Interest

Interest for fiscal 2007 amounted to 11.2% of our total income for that period, as compared to 12.8% of income for fiscal 2006. Interest and finance charges increased 31.6% to Rs. 667.6 million in fiscal 2007 from Rs. 507.2 million in fiscal 2006. This increase was primarily due to interest costs for the loans used in the development of Terminal II, which commenced commercial operations in fiscal 2007, resulting in interest costs being incurred as an expense instead of being capitalised as a development project, and an increase in prime lending rates of banks in India, consequently increasing interest rates of our loans which are linked to prime lending rates of banks.

Depreciation and amortisation

Depreciation and amortisation for fiscal 2007 amounted to 13.5% of our total income for that period, as compared to 15.5% of income for fiscal 2006. Depreciation and amortisation increased by 31.4% to Rs. 807.0 million in fiscal 2007 from Rs. 614.1 million in fiscal 2006. The increase was primarily due to depreciation expenses relating to Terminal II, which commenced commercial operations in fiscal 2007

Profit before interest, depreciation and tax

As a result of the foregoing, profit before interest, depreciation and tax increased by 44.9% to Rs. 3,239.9 million in fiscal 2007 from Rs. 2,235.0 million in fiscal 2006.

Profit before tax, prior period items and extraordinary items

As a result of the foregoing, profit before tax, prior period items and extraordinary items increased toRs. 1,765.2 million in fiscal 2007 from Rs. 1,113.6 million in fiscal 2006.

Prior period items and extraordinary items

Prior period items and extraordinary items decreased to nil and a negative adjustment of Rs. 15.5 million in fiscal 2007 compared to Rs. 13.2 million and Rs. 34.7 million, respectively, in fiscal 2006, which was primarily due to demurrage charges of the prior period.

Profit before tax

As a result of the foregoing, profit before tax increased to Rs. 1,749.7 million in fiscal 2007 from Rs. 1161.5 million in fiscal 2006.

Provision for tax

Provision for tax was negative Rs. 124.7 million in fiscal 2007 from Rs. 489.2 million in fiscal 2006. The company has a tax exemption under Section 80-I AB of the Income Tax Act, 1961. Pursuant to the tax exemption, we accounted for a minimum alternate tax of Rs. 50.0 million in fiscal 2007, compared to Rs. 97.7 million in fiscal 2006. However, we availed of the MAT credit of Rs. 50.0 million for earlier year minimum alternate tax paid. There was a provision of Rs. 8.5 million in fiscal 2007, compared to Rs. 2.4 million in fiscal 2006 for fringe benefit tax. Our deferred tax has been recomputed and restated as of March 31, 2007 and this resulted in a reversal of deferred tax liability of Rs. 133.2 million in fiscal 2007.

Net profit before adjustments

As a result of the foregoing, profit after tax increased to Rs. 1,874.4 million in fiscal 2007 from Rs. 672.3 million in fiscal 2006.

Adjustment on restatement

The adjustment on restatement was Rs. 46.7 million in fiscal 2007, a 32% decrease from Rs. 68.6 million in fiscal 2006. This decrease was primarily due to the adjustment of prior period expenses, provisions written back, changes in rate of depreciation, changes in depreciation for foreign exchange losses, provision of doubtful debts and loans and advances, adjustment of the deferred tax and the corresponding tax adjustment.

Net profit

As a result of the foregoing, net profit was Rs. 1,921.1 million in fiscal 2007 from Rs. 740.9 million in fiscal 2006.

Our Fiscal Years 2006 and 2005

Income

Income from operations

Income from operations increased by 45.6% to Rs. 3,845.3 million in fiscal 2006 from Rs. 2,640.9 million in fiscal 2005. This increase was primarily due to an increase in cargo volumes at the Mundra Port of 36.4% to 11.7 million tonnes in fiscal 2006 from 8.6 million tonnes in fiscal 2005. In fiscal 2006, we also received our first annual fixed payment from IOCL following commencement of crude oil operations at the single point mooring.

Bulk cargo income accounted for Rs. 2,253.7 million, or 58.6% of our income from operations in fiscal 2006, with Rs. 431.5 million attributable to ship related marine charges and Rs. 1,822.2 million attributable to cargo related handling and storage charges compared to Rs. 1,697.3 million, or 64.3% of our income from operations with Rs. 404.6 million attributable to ship related marine charges and Rs. 1,292.7 million attributable to cargo related handling and storage charges for fiscal 2005. Bulk cargo income increased by 32.8% in fiscal 2006 over fiscal 2005. The increase in our bulk cargo income was attributable to a 33.6% increase in bulk cargo volumes to 8.1 million tonnes in fiscal 2006 from 6.1 million tonnes in fiscal 2005. The major bulk cargo types primarily coal and coke, fertiliser, iron and steel and foodgrains amounted to 5.8 million tonnes, or 71.6%, of the bulk cargo volumes in fiscal 2006 compared to 4.0 million tonnes, or 66.5%, of the bulk cargo volumes in fiscal 2005.

Container cargo income accounted for Rs. 529.0 million, or 13.8%, of our income from operations, with Rs. 406.9 million attributable to ship related marine charges and Rs. 122.1 million attributable to royalty payment as revenue share from the Container Sub-concessionaire compared to Rs. 377.5 million or 14.3% of our income for fiscal 2005 from operations with Rs. 285.8 million attributable to ship related marine charges and Rs. 91.7 million attributable to royalty payments as revenue share from the Container Sub-concessionaire. Cargo income increased by 40.1% in fiscal 2006 over fiscal 2005. The increase in container cargo income was attributable to a 40.6% increase in container cargo volumes to 3.6 million tonnes (approximately 298,000 TEUs) in fiscal 2006 from 2.5 million tonnes (approximately 212,000 TEUs) in fiscal 2005.

Crude oil cargo commercial operations at our port commenced in fiscal 2006 and for that period crude oil cargo income was Rs. 331.7 million or 8.6% of the income from operations, which was primarily from Rs. 320.0 million of fixed payments from IOCL pursuant to the IOCL Port Services Agreement.

Railway service income accounted for Rs. 324.7 million, or 8.4%, of our income from operations in fiscal 2006 compared to Rs. 220.9 million, or 8.4%, of our income from operations in fiscal 2005, an increase of 47.0%. Land related and deferred income accounted for Rs. 406.3 million, or 10.6%, of our income from operations in fiscal 2006 compared to Rs. 345.1 million, or 13.1%, of our income from operations in fiscal 2005, an increase of 17.7%.

Other income

Other income decreased to Rs. 123.5 million in fiscal 2006 from Rs. 133.5 million in fiscal 2005. The primary components of other income in fiscal 2006 was income from interest in the amount of Rs. 110.4 million. The primary components of other income in fiscal 2005 were from export incentives in the amount of Rs. 80.5 million and foreign exchange differences of Rs. 25.0 million.

Expenditure

Operating expenses

Operating expenses for fiscal 2006 amounted to 26.9% of our total income for that period, as compared to 26.9% of income in fiscal 2005. Operating expenses increased by 43.2% to Rs. 1,068.1 million in fiscal 2006 from Rs. 745.8 million in fiscal 2005. This increase was primarily due to an increase of 60.6% in cargo handling and storage expenses to Rs. 600.0 million in fiscal 2006 from Rs. 373.8 million in fiscal 2005, which are directly related to the increase in cargo volume. We also experienced significant increases in our railway expenses, and expenses relating to plant and machinery repairs, particularly work on our mechanised cargo handling systems. Railway expenses increased by 64.0% to Rs. 122.0 million in fiscal 2006 from Rs. 74.4 million in fiscal 2005, and repairs to plant and machinery increased by 40.2% to Rs. 76.4 million in fiscal 2006 from Rs. 54.5 million in fiscal 2005. We had power and fuel costs of Rs. 129.3 million in fiscal 2006, an increase of 144.4% from Rs. 52.9 million in fiscal 2005.

Personnel expenses

Personnel expenses for fiscal 2006 amounted to 2.2% of our total income for that period, as compared to 2.3% of income in fiscal 2005. Personnel expenses increased by 35.0% to Rs. 88.0 million in fiscal 2006 from Rs. 65.2 million in fiscal 2005 primarily due to a company-wide reorganisation in salary and benefit structure, resulting in an average increase of more than 30% in overall compensation. We also experienced an increase in the number of employees during that period, from approximately 462 employees in fiscal 2005 to approximately 481 employees in fiscal 2006.

Administrative and other expenses

Administrative and other expenses for fiscal 2006 amounted to 14.6% of our total income for that period, as compared to 8.2% of income in fiscal 2005. Administrative and other expenses increased by 152.8% to Rs. 577.7 million in fiscal 2006 from Rs. 228.6 million in fiscal 2005. This increase was primarily due to increases in our miscellaneous expenditures written off and in our legal and professional expenses. Miscellaneous expenditures written off increased by 477.2% to Rs. 113.7 million in fiscal 2006 from Rs. 19.7 million in fiscal 2006 because we had to write off a prepayment when we paid off the related IFCI term loan and LIC term loan. Our legal and professional expenses increased by 198.2% to Rs. 117.5 million in fiscal 2006 from Rs. 39.4 million in fiscal 2005 as a result of the fees incurred in the refinancing of the term loan for the single point mooring at Mundra Port in fiscal 2006. Advertisement and publicity expenses increased by 371.4% to Rs. 46.2 million from Rs. 9.8 million in fiscal 2005 primarily as a result of a branding and awareness initiative to raise the profile of Mundra Port. We also had insurance costs of Rs. 40.1 million, travelling and conveyance expenses of Rs. 35.9 million commissions to directors of Rs. 21.4 million in fiscal 2006 compared with Rs. 24.2 million, Rs. 18.8 million and nil, respectively. Other expenses, which are mainly related to general office expenses, increased by 82.9% to Rs. 81.2 million in fiscal 2006 from Rs. 44.4 million in fiscal 2005, primarily due to expenses related to the amalgamation of MSEZ and ACL in 2006 and an increase in other office expenses. Loan prepayment expenses increased by 322.9% to Rs. 40.6 million in fiscal 2006 from Rs. 9.6 million in fiscal 2005 due to prepayment expenses paid on refinancing of the loan used to finance the single point mooring and other loans.

Interest

Interest for fiscal 2006 amounted to 12.8% of our total income for that period, as compared to 12.4% of income for fiscal 2005. Interest and finance charges increased 47.7% to Rs. 507.2 million in fiscal 2006 from Rs. 343.3 million in fiscal 2005. This increase was primarily due to interest costs for the loans used in the development of the single point mooring which commenced commercial operations in fiscal 2006, resulting in depreciation costs being incurred as expense instead of being capitalised as a development project.

Depreciation and amortisation

Depreciation and amortisation for fiscal 2006 amounted to 15.5% of our total income for that period, as compared to 15.8% of income for fiscal 2005. Depreciation and amortisation increased by 40.5% to Rs. 614.1 million in fiscal 2006 from Rs. 437.1 million in fiscal 2005. The increase was primarily due to depreciation expenses relating to the single point mooring which commenced commercial operations in fiscal 2006 which were previously being capitalised while the development project was ongoing.

Profit before interest, depreciation and tax

As a result of the foregoing, profit before interest, depreciation and tax increased by 28.8% to Rs. 2,235.0 million in fiscal 2006 from Rs. 1,734.8 million in fiscal 2005.

Profit before tax, prior period and extraordinary items

As a result of the foregoing, profit before tax, prior period and extraordinary items increased to Rs. 1,113.6 million in fiscal 2006 from Rs. 954.4 million in fiscal 2005.

Prior period items and extraordinary items

Prior period items and extraordinary items increased to Rs. 13.2 million and Rs. 34.7 million respectively in fiscal 2006 from a negative adjustment of Rs. 5.8 million and nil respectively in fiscal 2005, which was primarily due to our receipt of Rs. 34.7 million for insurance claims.

Profit before tax

As a result of the foregoing, profit before tax increased to Rs. 1,161.5 million in fiscal 2006 from Rs. 948.6 million in fiscal 2005.

Provision for tax

Provision for tax increased by 70.9% to Rs. 489.2 million in fiscal 2006 from Rs. 286.1 million in fiscal 2005. This increase was primarily due to current tax and deferred tax of Rs. 97.7 million and Rs. 389.1 million, respectively, in fiscal 2006 compared to Rs. 70.9 million and Rs. 215.2 million, respectively in fiscal 2005. These increases were the result of an increase in deferred taxation. There was also a fringe benefit tax of Rs. 2.4 million in the fiscal 2006 and there was no such tax due in fiscal 2005.

Net profit before adjustments

As a result of the foregoing, profit after tax increased to Rs. 672.3 million in fiscal 2006 from Rs. 662.5 million in fiscal 2005.

Adjustment on restatement

The adjustment on restatement was Rs. 68.6 million in fiscal 2006, a 402.4% increase from Rs. 13.6 million in fiscal 2005. This adjustment was primarily due to adjustment of prior period expenses, change in misc. expenditure provision, changes in depreciation for foreign exchange losses, provision of doubtful debts and loans and advances, write off of insurance claims and the corresponding tax adjustment.

Net profit

As a result of the foregoing, net profit increased by 9.6% to Rs. 740.9 million in fiscal 2006 from Rs 676.1 million in fiscal 2005.

Our Fiscal Years 2005 and 2004

Income

Income from operations

Income from operations increased 57.5% to Rs. 2,640.9 million in fiscal 2005 from Rs. 1,676.7 million in fiscal 2004. This increase was primarily due to increases in cargo volumes at Mundra Port to 8.6 million tonnes in fiscal 2005 from 5.2 million tonnes in fiscal 2004, or an increase of 66.9%.

Bulk cargo income accounted for Rs. 1,697.3 million, or 64.3%, of our income from operations in fiscal 2005 with Rs. 404.6 million attributable to marine services and Rs. 1,292.7 million attributable to cargo handling and storage charges compared to Rs. 1,108.0 million, or 66.1%, of our income from operations in fiscal 2004 with Rs. 242.0 million attributable to marine services and Rs. 866.0 million attributable to cargo handling and storage charges. The bulk cargo income increased by 53.2% in fiscal 2005 over fiscal 2004 primarily due to a 32.2% increase in bulk cargo volumes to 6.1 million tonnes in fiscal 2005 from 4.6 million tonnes in fiscal 2004. The major bulk cargo types, primarily coal and coke, fertiliser, iron and steel and foodgrains, accounted for 4.0 million tonnes, or 66.5%, of the bulk cargo volumes in fiscal 2005 compared to 2.2 million tonnes, or 48.9%, of the bulk cargo volumes in fiscal 2004.

Fiscal 2005 was the first full year of operations at Container Terminal I and it represented Rs. 377.5 million, or 14.3%, of our income from operations for that period, with Rs. 285.8 million attributable to marine services and Rs. 91.7 million from royalties from revenue share from the Container Sub-concessionaire. In fiscal 2004 container related income was Rs. 111.5 million, or 6.6%, of our income from operations with Rs. 91.9 million attributable to marine services and Rs. 19.6 million from royalties from revenue share from the Container Sub-concessionaire. Container cargo increased to 2.5 million tonnes (approximately 212,000 TEUs) in fiscal 2005 from 0.6 million tonnes (approximately 48,000 TEUs) in fiscal 2004.

Railway service income accounted for Rs. 220.9 million, or 8.4%, of our income from operations in fiscal 2005 compared to Rs. 124.2 million, or 7.4%, of our income from operations in fiscal 2004 registering a growth of 77.9%. The land related and deferred income accounted for Rs. 345.1 million, or 13.1%, of our income from operations for fiscal 2005 compared to Rs. 333.0 million, or 19.9%, of our income from operations for fiscal 2004, an increase of 3.6%.

Other income

Other income increased to Rs. 133.5 million in fiscal 2005 from Rs. 56.3 million in fiscal 2004. The primary components of other income in fiscal 2005 were income from export incentives in the amount of Rs. 80.5 million and foreign exchange difference of Rs. 25.0 million. The primary components of other income in fiscal 2004 were from interest in the amount of Rs. 39.0 million.

Expenditure

Operating expenses

Operating expenses for fiscal 2005 amounted to 26.9% of our total income for that period, as compared to 28.7% of income in fiscal 2004. Operating expenses increased by 50.4% to Rs. 745.8 million in fiscal 2005 from Rs. 495.9 million in fiscal 2004. This increase was primarily due to an increase of 56.5% in cargo handling and storage expenses to Rs. 373.8 million in fiscal 2005 from Rs. 238.8 million in fiscal 2004, which are directly related to the increase in cargo volume. We also experienced significant increases in our railway expenses and costs relating to repairs our plant and machinery. Railway expenses increased by 83.3% to Rs. 74.4 million in fiscal 2005 from Rs. 40.6 million in fiscal 2004, and repairs to plant and machinery increased by 128.0% to Rs. 54.5 million in fiscal 2005 from Rs. 23.9 million in fiscal 2004. We paid royalties to the GMB in the amount of Rs. 50.7 million in fiscal 2005, an increase of 57.5% from Rs. 32.2 million in fiscal 2004.

Personnel expenses

Personnel expenses for fiscal 2005 amounted to 2.4% of our total income for that period, as compared to 3.6% of income in fiscal 2004. Personnel expenses increased by 3.5% to Rs. 65.2 million in fiscal 2005 from Rs. 63.0 million in fiscal 2004 primarily due an increase in the number of employees during that period from approximately 380 in fiscal 2004 to approximately 462 employees in fiscal 2005.

Administrative and other expenses

Administrative and other expenses for fiscal 2005 amounted to 8.2% of our total income for that period, as compared to 12.3% of income in fiscal 2004. Administrative and other expenses increased by 7.2% to Rs. 228.6 million in fiscal 2005 from Rs. 213.3 million in fiscal 2004. This increase was primarily due to increases in our insurance costs and our rates and taxes. Insurance costs increased by 72.9% to Rs. 24.2 million in fiscal 2005 from Rs. 14.0 million in fiscal 2004 due to the addition of the single point mooring to the insurance policy. Rates and taxes increased to Rs. 15.2 million in fiscal from Rs. 0.6 million in fiscal 2004 because of cess on land paid to the local authorities. Our legal and professional expenses decreased by 15.1% to Rs. 39.4 million in fiscal 2005 from Rs. 46.4 million in fiscal 2004 as a result of the fees incurred in relation to the MICT Sub-concession Agreement in fiscal 2004. We also had travelling and conveyance expenses of Rs. 18.8 million in fiscal 2005 compared with Rs. 37.0 million in fiscal 2004. Other expenses, which are mainly related to general office expenses, increased by 7.8% to Rs. 44.4 million in fiscal 2005 from Rs. 41.2 million in fiscal 2004. We incurred loan prepayment expenses of Rs. 9.6 million in fiscal 2005 primarily due to the prepayment expenses related to refinancing of our existing loans.

Interest

Interest for fiscal 2005 amounted to 12.4% of our total income for that period, as compared to 29.7% of total income for fiscal 2004. Interest decreased 33.2% to Rs. 343.3 million in fiscal 2005 from Rs. 514.3 million in fiscal 2004. This decrease was the result of decrease in interest rate spreads from 1.5% to negative 3.5% on other fixed loans of Rs. 2,981.0 million.

Depreciation and amortisation

Depreciation for fiscal 2005 amounted to 15.8% of our total income for that period, as compared to 21.7% of income for fiscal 2004. Depreciation and amortisation increased by 16.2% to Rs. 437.1 million in fiscal 2005 from Rs. 376.2 million in fiscal 2004. This increase was primarily due to depreciation on our ordinary course capital expenditures.

Profit before interest, depreciation and tax

As a result of the foregoing, profit before interest, depreciation and tax increased by 80.6% to Rs. 1,734.8 million in fiscal 2005 from Rs. 960.7 million in fiscal 2004.

Profit before tax, prior period items and extraordinary items

As a result of the foregoing, profit before tax, prior period items and extraordinary items increased to Rs. 954.4 million in fiscal 2005 from Rs. 70.3 million in fiscal 2004.

Prior period items and extraordinary items

Prior period items and extraordinary items increased to a negative adjustment of Rs. 5.8 million fiscal 2005 from a negative adjustment of Rs. 4.7 million in fiscal 2004.

Profit before tax

As a result of the foregoing, profit before tax increased to Rs. 948.6 million in fiscal 2005 from Rs. 68.4 million in fiscal 2004.

Provision for tax

Provision for tax increased by 3,228% to Rs. 286.1 million in fiscal 2005 from Rs. 8.6 million in fiscal 2004. This increase was primarily due to current tax, paid as minimum alternate tax on our profit before tax, and deferred tax of Rs. 70.9 million and Rs. 215.2 million, respectively, in fiscal 2005. Deferred tax was not due in fiscal 2004.

Net profit before adjustments

As a result of the foregoing, profit after tax increased to Rs. 662.5 million in fiscal 2005 from Rs. 59.8 million in fiscal 2004.

Adjustment on restatement

The adjustment on restatement was Rs. 13.6 million in fiscal 2005 from a negative adjustment of Rs. 193.2 million in fiscal 2004. This adjustment was primarily due to adjustment of prior period expenses, change in miscellaneous expenditure provisions, changes in depreciation for foreign exchange losses, provision of doubtful debts and loans and advances, write off of sundry balances and the corresponding tax adjustment.

Net profit

As a result of the foregoing, net profit increased to Rs. 676.1 million in fiscal 2005 from a loss of Rs. 133.4 million in fiscal 2004.

Liquidity and Capital Resources

Cash Flows

We need cash primarily to fund capital expenditures such as development of additional terminals, berths and additional port back-up and storage areas as well as the purchase of mechanised handling systems and other equipment. We also need cash to fund our working capital needs and for other general corporate purposes. We fund these capital requirements through a variety of sources, including cash from operations, short- and long-term lines of credit and issuances of share capital. These sources of funding, and our ability to fund our capital expenditure needs, could be adversely affected by decreases in cargo volumes, pricing or other factors adversely impacting our profitability and consequently decreasing our internal accruals or by increases in working capital requirement or an inability to obtain funds from external sources on acceptable terms or in a timely manner.

As of June 30, 2007, we had cash and cash equivalents of Rs. 865.1 million. This represents cash and bank balances with banks in India. We do not have cash and bank balances outside of India.

Our summarised statement of unconsolidated cash flows for each of the last four fiscal years and for the three months ended June 30, 2007 is set forth below:

	Fiscal Year				
	2004	2005	2006	2007	Three months ended June 30, 2007
	(in Rs. million)				
Net cash flow from operating activities	3,232.9	2,892.6	2,350.9	4,470.1	815.0
Net cash flow from (used in) investing activities	(3,000.5)	(4,249.6)	(4,532.3)	(6,620.5)	(1,551.5)
Net cash flow from (used in) financing activities	(191.6)	1,545.3	2,832.1	1,743.6	1,032.6
Cash and cash equivalents at the beginning of the year	31.6	117.5	305.8	956.5	569.0
Acquired under the scheme of amalgamation	45.1	—	—	19.3	-
Cash and cash equivalents at the end of the year	117.5	305.8	956.5	569.0	865.1

Operating activities

Net cash generated from our operating activities for the three months ended June 30, 2007 amounted to Rs 815.0 million. This consisted of net profit after tax of Rs. 426.7 million and a net positive adjustment of Rs. 388.3 million relating to various non-cash items, of Rs. 131.0 million, principally comprised of a positive adjustment for depreciation of Rs. 207.8 million and negative adjustment of Rs. 76.8 million for amortisation of amounts under a long-term infrastructure usage agreement and a positive adjustment for interest expense and income, amounting to Rs. 237.9 million and a net decrease in working capital of Rs. 18.8 million. The working capital decrease included marginal decrease in trade and other receivables of Rs. 269.0 million.

Net cash generated from our operating activities in fiscal 2007 amounted to Rs. 4,470.1 million. This consisted of net profit after tax of Rs. 1,681.6 million and a net positive adjustment of Rs. 2,788.5 million relating to various non-cash items, of Rs. 587.6

million, principally comprised of a positive adjustment for depreciation of Rs. 807.0 million and negative adjustment of Rs. 219.4 million for amortisation of amounts under a long-term infrastructure usage agreement and a positive adjustment for interest expense and income, amounting to Rs. 578.6 million, a net increase in working capital of Rs. 1,422.7 million, and an increase in unamortised balance under infrastructure use amounting to Rs. 2,999.8 million. The working capital increase included trade and other receivables of Rs. 2,706.9 million. Our receivables increased because of payment to be received from Mundra Integrated Textile and Apparel Park Private Limited and Adani Power Limited under the Infrastructure Use Agreement and due to IOCL's fixed payment of Rs. 350.0 million as commercial crude oil cargo operations that commenced at Mundra Port. The receivables also increased due to an overall increase in cargo volume and business at our port.

Net cash generated from our operating activities in fiscal 2006 amounted to Rs. 2,350.9 million. This consisted of net profit after tax of Rs. 1,094.7 million, a net positive adjustment of Rs. 1,256.3 million relating to various non-cash items of Rs. 427.6 million, principally comprised of depreciation of Rs. 611.1 million and a negative adjustment for amortisation of amounts under long-term infrastructure usage agreements of Rs. 183.5 million and other items, which are comprised of interest expense and income, amounting to Rs. 396.7 million, and a net decrease in working capital of Rs. 170.7 million and an increase in unamortised balance under infrastructure use amounting to Rs. 235.2 million. The working capital included an increase in trade and other receivables of Rs. 356.7 million. Our receivables increased as a result of an increase in our overall business.

Net cash generated from our operating activities in fiscal 2005 amounted to Rs. 2,892.6 million. This consisted of net profit after tax of Rs. 991.5 million, a net positive adjustment of Rs. 1901.1 million relating to various non-cash items of Rs. 238.8 million, comprised of depreciation of Rs. 410.2 million and a negative adjustment for amortisation of amounts under long term infrastructure usage agreements of Rs. 171.4 million and other items, which are comprised of interest expense and income, amounting to Rs. 326.5 million and a net decrease in working capital of Rs. 1,142.1 million and increase in unamortised balance under infrastructure use amounting to Rs. 201.4 million. The working capital included an increase in trade and other receivables of Rs 215.6million. Our receivables increased as a result of an increase in our overall business.

Net cash used in our operating activities in fiscal 2004 amounted to Rs. 3,232.9 million. This consisted of net loss after tax of Rs. 124.6 million, a net positive adjustment of Rs. 3,357.3 million relating to various non-cash items amounting to Rs. 250.1 million, comprising of depreciation of Rs. 399.6 million and a negative adjustment for amortisation of amounts under long-term infrastructure usage agreements of Rs. 149.5 million and other items, which are comprised of interest expense and income, amounting to Rs. 469.5 million and a net increase in working capital of Rs. 1,448.0 million and increase in unamortised balance under infrastructure use amounting to Rs. 4036.2 million. The working capital decrease included a decrease in trade and other receivables of Rs. 38.2 million.

Investing activities

In the three months ended June 30, 2007, we used Rs. 1,551.5 million of cash in investing activities. These investing activities primarily included capital expenditures of Rs. 1,047.4 million incurred towards the purchase of fixed assets, primarily in connection with the development of Container Terminal II. These cash expenditures were in part offset with cash received from interest income of Rs. 9.1 million. The company invested Rs. 96.7 million which primarily comprised of investment in liquid mutual funds & the company has also invested as share application an amount of Rs 416.5 million.

In fiscal 2007, we used Rs. 6,620.5 million of cash in investing activities. These investing activities primarily included capital expenditures of Rs. 5,662.3 million incurred towards the purchase of fixed assets, primarily in connection with the development of Terminal II and Container Terminal II, and other investment of Rs. 1,111.7 million which included the purchase of investments of transferor companies MSEZ and ACL, in the amount of Rs. 588.5 million. These cash expenditures were in part offset by cash received from interest income of Rs. 153.5 million.

In fiscal 2006, we used Rs. 4,532.3 million of cash in investing activities. These investing activities primarily included capital expenditures of Rs. 3,618.2 million in the construction of single point mooring system and other investments of Rs. 968.5 million. These cash expenditures were in part offset by cash received from interest income of Rs. 54.4 million.

In fiscal 2005, we used Rs. 4,249.6 million of cash in investing activities. These investing activities primarily included capital expenditures of Rs. 3,671.3 million, mainly in connection with the construction of the single point mooring at Mundra Port, and investments of Rs. 620.3 million, including our investment in KRCL. These cash expenditures were partially offset by cash received from interest income of Rs. 42.0 million.

In fiscal 2004, we used Rs. 3,000.5 million of cash in investing activities. These investing activities primarily included capital expenditures of Rs. 3,008.0 million in the construction and improvement of fixed assets, including the construction and capital dredging of the drafts for Container Terminal I. These cash expenditures were in part offset by cash received from interest income of Rs. 7.5 million.

Financing activities

In the three months ended June 30, 2007 cash from financing activities amounted to Rs. 1,032.6 million. This was primarily comprised of procurement of loan funds of Rs. 1,355.0 million in relation to the container terminal II and repayment of loan funds of Rs. 68.9 million and interest payment of Rs. 251.9 million.

In fiscal 2007, cash from financing activities amounted to Rs. 1,743.6 million. This was primarily comprised of procurement of loan funds of Rs. 4,885.4 million in relation to Terminal II and Container Terminal II and repayment of loan funds of Rs. 1,649.4 million and interest payment of Rs. 662.5 million dividend and distribution tax payment of Rs. 771.4 million.

In fiscal 2006, cash from financing activities amounted to Rs. 2,832.1 million. This was primarily in due to procurement of loan funds of Rs. 4,708.7 million which includes loan funds in relation to Terminal II and single point mooring system unsecured short-term loan of an amount of Rs. 371.3 million. The outflows comprised of repayment of the term loans amounting to Rs. 1,360.7 million and the interest payments of Rs. 515.9 million.

In fiscal 2005, cash from financing activities amounted to Rs. 1,545.3 million. This was primarily due to the procurement of loan funds in the amount of Rs. 2,097.6 million in relation to single point mooring system. The outflows comprised of repayment of the term loans amounting to Rs. 217.8 million and the interest payments of Rs. 334.5 million.

In fiscal 2004, cash from financing activities amounted to a net cash outflow of Rs. 191.6 million. This was primarily due to the procurement of Rs. 7,601.4 million of loan funds and the repayment of loans in the amount of Rs. 10,080.8 million. The repayment included the prepayment of term loans taken in relation to the construction of Container Terminal I. Other outflows included an interest payment of Rs. 523.2 million. We also raised Rs. 2,811.0 million through an issue of preference share in fiscal 2004.

Working Capital, Cash and Indebtedness

We fund our short-term working capital requirements through cash flow from operations and short-term borrowings from banks and other third parties, including some of our customers. As of March 31, 2004, 2005, 2006, 2007 and for the three months ended June 30, 2007 we had cash and cash equivalents of Rs. 117.5 million, Rs. 305.8 million, Rs. 956.5 million, Rs. 569.0 million and Rs. 865.1 million, respectively.

There was an increase in cash and cash equivalents, excluding investments in liquid debt market mutual funds, of Rs. 188.3 million, or 198.5%, in fiscal 2005 compared to fiscal 2004 primarily due to cash flows from our operations. Our cash flow towards investments in fixed assets was met primarily through cash flow from financing activities while our acquisition funding was met primarily through cash flows from our operations. This in turn resulted in a major portion of our internal cash generation being retained in the form of higher cash and cash equivalents. There was an increase in cash and cash equivalents of Rs. 650.7 million, or 245.5%, in fiscal 2006 compared to fiscal 2005. Our cash flow towards investment in fixed assets and acquisition funding activities was primarily met through financing and operating activities. There was a decrease in cash and cash equivalents to the extent of negative Rs. 406.8 million in fiscal 2007 compared to Rs. 650.7 in fiscal 2006, primarily due to our investments such as share application money, new businesses and payment of dividend and distribution tax. There was an increase in cash and cash equivalents of Rs. 296.1 million or 52.0% as of June 30, 2007 compared to Rs. 569.0 million as of March 31, 2007.

We believe that our existing credit lines under our short-term loans, together with cash generated from our operations and the proceeds of this Issue, will be sufficient to finance our working capital needs for the next twelve months. Our total borrowings, particularly term loans from banks and other financial institutions, have rapidly increased from Rs. 4,390.8 million as of March 31, 2004 to Rs. 9,618.2 million as of March 31, 2006, Rs. 12,882.4 million as of March 31, 2007 and Rs. 13,993.4 million as of June 30, 2007. The increased borrowings reflect increased capital expenditures to expand our port facilities and for such borrowings, assets of the corresponding capital development project are generally secured by the terms of the corresponding financing agreement. See "Risk Factors – Any breach of the terms under our financing arrangements could trigger a cross-default under our other financing arrangements, lead to termination of one or more of our financing arrangements and/or force us to sell assets."

Long-term borrowings due more than one year from the respective dates were Rs. 4,090.8 million, Rs. 5,943.8 million, Rs. 8,946.9 million, Rs. 12,822.4 million and Rs. 13,993.4 million as of March 31, 2004, 2005, 2006, 2007 and June 30, 2007, respectively. Our short-term borrowings as of June 30, 2007, were nil as compared to nil as of March 31, 2007.

Our ratio of total long-term borrowings (non-current borrowings and current portion of long-term borrowings) to shareholders' equity was 1.09:1, 1.58:1, 1.73:1 and 1.92:1 as of March 31, 2005, 2006, 2007 and June 30, 2007, respectively.

The following table sets forth the components of our borrowings (secured and unsecured) as of the periods indicated:

	As of March 31,				As of June 30, 2007
	2004	2005	2006	2007	
	(in Rs. Million)				
Secured Loans					
Non-convertible redeemable debentures	321.8	282.8	87.5	73.5	70.0
Term loans from banks	2,672.7	4,381.4	5,091.5	9,308.4	10,575.3
Term loans from financial institutions	739.7	1,001.9	3,687.9	3,431.4	3,339.7
Deferred payment credits from the suppliers of tugs, secured by hypothecation of the tugs	293.2	232.4	52.2	—-	—
	4,027.3	5,898.5	8,919.2	12,813.4	13,985.0
Unsecured Loans					
Short-term loans	299.9	199.9	571.3	—	—
Other-term loans	—	100.0	100.0	0	—
Other-term foreign currency loans	63.4	45.3	27.7	9.0	8.4
	363.3	345.3	699.0	9.0	8.4
Total	**4,390.7**	**6,243.8**	**9,618.2**	**12,822.4**	**13,993.4**

As of June 30, 2007, our aggregate outstanding debt was Rs. 13,993.4 million. Our total borrowings included Rs. 13,985.0 million in secured loans and Rs. 8.4 million in unsecured loans. Secured loans included long-term loans from banks of Rs. 10,574.8 million, long-term loans from financial institutions of Rs. 3,339.7 million and debentures of Rs. 70.0 million. The unsecured loans included foreign currency loan of Rs. 8.4 million. For the secured term loans, the balance maturity of the loan is ranges from five to ten years. For details on our outstanding loans and indebtedness, see "Financial Indebtedness" on page 274 of this Red Herring Prospectus.

Under the terms of our long-term borrowings, we are required to comply with various financial covenants, including maintenance of a debt to equity ratio that must not to exceed 2:1. Our debt under these borrowings may be accelerated if we default, including defaults triggered by failure to comply with these financial covenants. Payment defaults, as well as defaults under covenants leading to acceleration of debt repayment, in any of these borrowings would trigger a default in the other borrowings, and would prevent us from obtaining new borrowings. We are currently in compliance with all of these covenants.

Decreases in cargo volumes, downward pricing pressure or other factors, such as our inability to generate cash from the lease of land, may adversely impact our profitability and consequently decrease our cash flow, creating the possibility of a liquidity shortage and the inability to comply with certain covenants under our borrowings. If we are not able to comply with such covenants, we may have to apply for amendments to the financial covenants or seek waivers in any events of default, including cross defaults arising from the breach of the covenants. We cannot assure you that we will be able to obtain such amendments or waivers on satisfactory terms, or at all. If our debt obligations are accelerated as described above, we will face significant liquidity constraints, and may be unable to pay all of our repayment obligations. In addition our borrowings are secured by certain of our assets, and the acceleration of loan repayments could result in foreclosure on the mortgages or security interests held by lenders over such assets.

Our ability to incur additional debt in the future is subject to a variety of uncertainties including, among other things, the amount of capital that other Indian entities may seek to raise in the domestic and foreign capital markets, economic and other conditions in India that may affect investor demand for our securities and those of other Indian entities, the liquidity of Indian capital markets and our financial condition and results of operations. We intend to continue to utilise long-term debt towards our financing requirements based on business requirements and prevailing market conditions, based on our ability to borrow at competitive rates.

Contractual Commitments and Capital Expenditures

In addition to the payment obligations under our borrowings set forth above, we also have continuing obligations to make payments on capital expenditure contracts. Our other principal contractual commitments include our operating leases, our obligations under our foreign currency contracts and our estimated tax-related claims. As of June 30, 2007, our contractual commitments totalled Rs. 3858.4 million.

The amount of contracts remaining to be executed on capital account and not provided for net of advances was Rs. 3,858.4 million as of June 30, 2007, which was primarily due to our capital commitments in relation to the construction of Terminal II and Container Terminal II. We expect to continue to make, substantial capital expenditures in connection with the construction of Container Terminal II and related facilities. For more details, see "Objects of the Issue" on page 31 and "Our Business – Recent Initiatives and Investments" on page 82 of this Red Herring Prospectus.

As of June 30, 2007, our contingent liabilities were Rs. 1,188.1 million, which includes a corporate guarantee of Rs. 750.0 million provided by us on behalf of Adani Power Limited to its lender in relation to Adani Power Limited's recent purchase of land from us.

As of September 30, 2007, our unconsolidated debt has increased to Rs. 17,064.8 million from Rs. 13,993.4 million as of June 30, 2007.

Off-Balance Sheet Arrangements

We use derivative instruments, such as interest rate swaps and forward contracts in both Rupee and other currencies. The following table sets forth the outstanding portion of our derivative instruments as of June 30, 2007:

Type	Amount (in millions)	Purpose
Principal only swap	US$ 13.0	Hedging of loan
Principal only swap	Rs. 1,230.5	Hedging of loan
Coupon only swap	Rs. 2,500.0	Hedging of interest liability

Other than as stated above and in this Red Herring Prospectus, we do not have any material off-balance sheet arrangements or obligations.

Quantitative and Qualitative Disclosures About Market Risk

General

Market risk is the loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables.

Our exposure to market risk is a function of our borrowing activities and income generating activities in foreign currencies. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss. Most of our exposure to market risk arises out of our foreign currency accounts receivable.

Risk management procedures

We manage market risk through our treasury operations. We act, in this regard, on the basis of a policy manual approved by our board. The activities of our treasury operations include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, if any, and ensuring compliance with market risk limits and policies.

Components of Market Risk

Interest rate risk

Our exposure to interest rate risk arises principally from interest on our outstanding debt and from secured and unsecured loans taken during the fiscal year. As of June 30, 2007, Rs. 156.3 million, equal to 1.12% of our then-outstanding secured debt, effectively bore interest at fixed rates. The remaining Rs. 13,828.7 million, equal to 98.9% of our then-outstanding secured loans, bore interest at floating rates linked to the prime lending rates of banks. Our long-term secured debt as of June 30, 2007 was Rs. 13,985.0 million, of which Rs. 13,828.7 million bore floating interest rates, with a weighted average interest rate of 10.3%.

Exchange rate risk

Our functional currency is the Indian rupee. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rate of exchange prevailing on the related balance sheet dates. Transactions in foreign currencies are translated into functional currency at the rate of exchange prevailing on the date of the transaction. All transaction-related foreign exchange gains and losses are recorded in the accompanying consolidated statement of operations. The assets and liabilities of subsidiaries are translated into Indian rupees at the rate of exchange prevailing on the related balance sheet date. Income and expenses are translated into Indian rupees at average exchange rates prevailing during the period.

Some of our operating income, primarily port dues and pilotage and berth hire charges, is denominated in US Dollars (20.8% in fiscal 2007 and 24.0% for the three months ended June 30, 2007). Most of our expenses are incurred and paid in Indian rupees, with the exception of a relatively small amount of charges such as consultant fees and other expenses which we may incur from time to time. The exchange rates among the Indian rupee and the US Dollar have changed substantially in recent years and may fluctuate substantially in the future. Our exchange rate risk primarily arises from our foreign currency income, receivables and payables. We have entered into forward foreign exchange and other foreign currency derivative contracts as part of our foreign currency hedging activities, primarily for the payment of our interest and loan payments.

Significant Developments occurring after June 30, 2007

There have been no significant developments occurring after June 30, 2007 in respect of our Company.

Analysis of Certain Changes

Please read the following disclosure in conjunction with the detailed analysis of our financial results above in "Management's Discussion and Analysis of the Financial Condition and Results of Operations" of this Red Herring Prospectus.

Unusual or infrequent events or transactions

To our knowledge, except as disclosed in this Red Herring Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

Significant economic changes

To our knowledge, except as disclosed in this Red Herring Prospectus, there have been no significant economic changes during the periods under review that have materially affected or are likely to affect our income.

Known trends or uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "– Significant Factors Affecting Our Results of Operations" and the uncertainties described in the section titled "Risk Factors" beginning on page xv of this Red Herring Prospectus. To our knowledge, except as disclosed in this Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on our income.

Future relationship between expenditures and income

Our expenditures and profitability are affected by the factors described above in "– Significant Factors Affecting Our Results of Operations" and "Risk Factors" of this Red Herring Prospectus.

Increase in income

Increases in our income are due to the factors described above in "– Significant Factors Affecting Our Results of Operations" and "Risk Factors" of this Red Herring Prospectus.

New products or business segments

We have not announced and do not expect to announce in the near future any new products or business segments, except in the ordinary course of our business.

Seasonality

Our results of operations do not generally exhibit seasonality. However, there may be some variation in our quarterly income or profit after tax as a result of various factors, including those described above in "– Significant Factors Affecting Our Results of Operations" and "Risk Factors" of this Red Herring Prospectus.

Dependence on certain customers

We derive a significant proportion of our income from a limited number of large customers, including a number of Adani Group companies and other related parties. We expect that a significant portion of our income will continue to be attributable to a limited number of customers in the near future. For further details, see "Risk Factors – We rely on a small number of customers for a large proportion of our income." of this Red Herring Prospectus.

Competitive conditions

We expect competition from both domestic and international, including port and logistics companies, to intensify. For further details, see "Risk Factors – We operate in a highly competitive environment and if we are not able to compete effectively, our income and profitability will be adversely affected." and "About the Company – Our Business – Competition" of this Red Herring Prospectus.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND US GAAP

Our financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from US GAAP. Such differences involve methods for measuring the amounts shown in the financial statements of the Issuer, as well as additional disclosures required by US GAAP, which we have not made.

The following general summary of certain significant differences between Indian GAAP and US GAAP is limited to certain differences that we believe are relevant to our financial statements. However, they should not be construed as exhaustive as no attempt has been made by our management to quantify the effects of those differences, nor has a complete reconciliation been made of Indian GAAP to US GAAP. Had any such quantification or reconciliation been undertaken by our management, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto.

We have not prepared financial statements in accordance with US GAAP. Therefore, the Company cannot presently estimate the net effect of applying US GAAP on its results of operations or financial position.

Further, no attempt has been made to identify future differences between Indian GAAP and US GAAP as a result of prospective or future expected changes in accounting standards. Regulatory bodies that promulgate Indian GAAP and US GAAP have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP and US GAAP that may affect the financial information as a result of transactions or events that may occur in the future.

Potential investors should consult their own potential advisors for an understanding of the principal differences between Indian GAAP and US GAAP and how these differences might affect the Financial Statements beginning on page 164 of this Red Herring Prospectus.

No.	Particulars	Indian GAAP	US GAAP
1.	Historical cost convention	Uses historical cost, but assets maybe written down to reflect an impairment loss, if required. Property, plant and equipment maybe revalued. No comprehensive guidance available for derivatives.	Uses historical cost, but assets maybe written down to reflect an impairment loss, if required. No revaluations are allowed except in case of securities and derivatives, which are fair valued under specified circumstances.
2.	Correction of errors	Effect is included in the current year income statement as a prior period item. The nature and amount of prior period items should be disclosed separately in the statement of profit and loss in such a manner that their impact on current year profits or losses can be readily perceived.	The correction of material errors usually results in the restatement of relevant prior periods.
3.	Preparation of consolidated financial statements	All listed companies as per listing requirements/companies that are in the process of getting their securities listed are required to present consolidated financial statements in their presentation of annual financial statements. Consolidated financial statements are however not mandatory for interim period financial statements.	Presentation of consolidated financial statements is mandatory for all enterprises for all periods presented.
4.	Consolidation of variable interest entities	There is no specific guidance with respect to variable interest entities.	Entities are required to evaluate if they have any interest in variable interest entities, as defined by the standard. Consolidation of such entities may be required if certain conditions are met.

No.	Particulars	Indian GAAP	US GAAP
5.	Business combinations	Restricts the use of pooling of interest method to circumstances which meet the criteria listed for an amalgamation in the nature of a merger. In all other cases, the purchase method is used.	Business combinations are accounted for by the purchase method only (except as discussed below). Several differences can arise in terms of date of combination, calculation of share value to use for purchase price, especially if the Indian GAAP method is 'amalgamation' or pooling. In the event of combinations of entities under common control, the accounting for the combination is done on a historical cost basis in a manner similar to a pooling of interests for all periods presented.
6.	Goodwill	Goodwill arising on consolidation is computed as the excess of the purchase price over the carrying value of the net assets acquired. Such goodwill is tested for impairment annually for listed entities and other specified categories of entities satisfying certain turnover/borrowings criteria. Where a scheme of amalgamation/merger sanctioned by the Court specifies a different accounting treatment for goodwill, that treatment is followed and disclosures made for impact of deviation from the treatment specified under the relevant accounting standard. Such goodwill arising out of a business combination is allowed to be amortised over a period of five years.	Goodwill is computed as the excess of the purchase price over the fair value of the net assets acquired. Goodwill is not amortised but, tested for impairment annually.
7.	Negative goodwill arising on consolidation (i.e., the excess of the fair value of net assets acquired over the aggregate purchase consideration)	Negative goodwill arising on consolidation is computed based on the book value of assets (not the fair value) of assets taken over/acquired and is credited to the capital reserve account, which is a component of shareholders' funds.	Negative goodwill is allocated to reduce proportionately the fair value assigned to non-monetary assets. Any remaining excess is considered to be an extraordinary gain.
8.	Intangible assets	Intangible assets are capitalised if specific criteria are met and are amortised over their useful life, generally not exceeding 10 years. The recoverable amount of an intangible asset that is not available for use or is being amortised over a period exceeding 10 years should be reviewed at least at each financial year end even if there is no indication that the asset is impaired.	When allocating purchase price of a business combination, companies need to identify and allocate such purchase price to intangible assets, based on specific criteria. Intangibles that have an indefinite useful life are required to be tested, at least annually, for impairment. Intangible assets that have finite useful life are required to be amortised over their estimated useful lives.
9.	Segment information	Specific requirements govern the format and content of a reportable segment and the basis of identification of a reportable segment. Both	A public company is required to report information about its products and services, the geographical areas in which

No.	Particulars	Indian GAAP	US GAAP
		business and geographical segments are identified and either of the two is classified as primary segment (with the other one being classified as the secondary segment). Segments are identified based on risks and returns and the internal reporting structure. While reporting Segmental information, accounting policies used for preparing the financial statements of the consolidated group or enterprise must be used.	it operates and its major customers. Reportable business segments are required to be identified based on specified criteria. Disclosures are required for both business and geographic segments. Segments are identified on the basis that the chief operating decision maker uses while evaluating financial information for purposes of allocating resources and assessing internal performance. While reporting segmental information, internal financial reporting policies may also be used, even if they differ from the group accounting policy or the accounting policies applied in preparation of the stand alone entity's financial statements.
10.	Dividends	Dividends are reflected in the financial statements of the year to which they relate even if proposed or approved after the year end.	Dividends are accounted for when approved by the board/shareholders. If the approval is after year end, the dividend is not considered to be a subsequent event that needs to be reflected in the financial statements.
11.	Property, plant and equipment	Fixed assets are recorded at the historical costs or revalued amounts. Foreign exchange gains or losses relating to liabilities incurred in the procurement of property, plant and equipment from outside India are required to be adjusted to the cost of the asset. Depreciation is recorded over the asset's useful life. Schedule XIV of the Companies Act prescribes minimum rates of depreciation and typically companies use these as the basis for useful life.	Revaluation of fixed assets is not permitted under US GAAP. All foreign exchange gains or losses relating to the payables for the procurement of property, plant and equipment are recorded in the income statement. Depreciation is recorded over the asset's estimated useful life, which maybe different from the useful life based on Schedule XIV.
12.	Investment in securities	Investments are categorised into: • Current investments (where changes in fair value are taken directly to profit or loss) • Long term investments which are carried at cost unless there is a other than temporary diminution in value, in which case, a provision for diminution is required to be made by the entity.	Investments are categorised into: • Held to maturity (measured at amortised cost using effective interest method) • Trading (where changes in fair value, regardless of whether they are realised or unrealised are recognised as profit or loss) • Available for sale (where unrealised gains or losses are accounted as a component of equity and recognised as profit or loss when realised)

No.	Particulars	Indian GAAP	US GAAP
13.	Inventory valuation	Measured at cost or net realisable value whichever is lower. Cost may be determined on FIFO or weighted average basis. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Reversal (limited to the amount of original write down) is required for a subsequent increase in value of inventory previously written down.	Measurement is done at lower of cost or market value. FIFO, LIFO and Weighted average method are acceptable methods of determining cost. Market value is defined as being current replacement cost subject to an upper limit of net realisable value (i.e. estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal) and a lower limit of net realisable value less a normal profit margin. Reversal of a write down is prohibited, as a write down creates a new cost basis.
14.	Impairment of long lived assets other than goodwill, intangible assets with indefinite useful lives and intangible assets not available for use	The standard requires the company to assess whether there is any indication that an asset is impaired at each balance sheet date. If impairment is indicated, the assets are written down to their recoverable amount, which is the higher of net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Reversal of impairment losses is required subsequently if circumstances indicate that an asset is no longer impaired.	An impairment analysis is performed if impairment indicators exist by comparing the carrying value of the asset with the value of its undiscounted cash flows. If the asset is impaired, an impairment loss is recognised to the extent that the carrying value of the asset exceeds its market value or the value of its discounted cash flows. Reversal of an impairment loss previously recognised is prohibited.
15.	Pension, gratuity, post retirement benefits (defined benefit plans)	The liability for defined benefit plans like gratuity and pension is determined as per actuarial valuation determined based on projected unit credit method. Discount rate to be used is determined by reference to market yields on government bonds. Actuarial gains or losses are recognised immediately in the statement of income. Past service costs are not deferred and are recognised immediately to the extent that the related benefits have already vested.	The liability for defined benefit schemes is determined using the projected unit credit actuarial method. The discount rate for obligations is based on market yields of high quality corporate bonds. If at the beginning of the year, the actuarial gains or losses exceed 10% of the greater of the projected benefit obligation or the market-related value of plan assets, then such amount is not recognised immediately, but amortised over the average remaining service period of active employees expected to receive benefits under the plan. Past service costs are amortised over the service period or life expectancy of workers.
16.	Leases	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.	The criteria to classify leases as capital or operating include specific quantitative thresholds.

No.	Particulars	Indian GAAP	US GAAP
17.	Approach for recognition of deferred taxes	Deferred taxes are accounted for using the income statements approach, which focuses on timing differences. Deferred tax asset/liability is classified as long term. The tax rate applied on deferred tax items is the enacted or the substantively enacted tax rate as on the balance sheet date. Except for deferred tax on certain expenses written off directly against equity which is required to be adjusted in equity, deferred tax is always recognised in the income statement	Deferred taxes are accounted for using the balance sheet liability method which focuses on temporary differences. Deferred tax asset/liability is classified as current and long-term depending upon the timing difference and the nature of the underlying asset or liability. The tax rate applied on deferred tax items is the enacted tax rate. Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.
18.	Revenue recognition	Revenues are recognised when all significant risks and rewards of ownership are transferred.	US GAAP has extensive literature on revenue recognition topics and application of these guidelines could result in a different measurement of revenues across accounting periods.
19.	Stock based compensation	Entities have a choice of accounting methods for determining the costs of benefits arising from employees' stock compensation plans. Although the fair value approach is recommended, entities may use the intrinsic value method and give fair value disclosures.	Entities are only allowed to use the fair value approach with effect from periods beginning after December 15, 2005. Prior to that date, companies could opt to use the intrinsic value method to record compensation expense and provide disclosures under the fair value method. There are transition rules prescribed by the standard with respect to outstanding options granted in prior periods.
20.	Derivatives	There is no comprehensive guidance available under the Indian GAAP with regard to accounting for derivatives. The only guidance that is available is with regard to forward contracts and accounting for equity index and equity stock futures.	Comprehensive guidance is available with regard to accounting for derivative transactions. It is required to recognise all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation.

FINANCIAL INDEBTEDNESS

Our aggregate borrowings (unconsolidated) as of September 30, 2007 are as follows;

(in Rs. million)

S. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	17,064.8
2.	Unsecured Borrowings	-

The details of our secured borrowings are as follows:

S. No.	Nature of Facility	Amount Outstanding as on September 30, 2007 (in million)	Repayment Schedule and Interest Rate
1.	Term Loan of Rs. 650.0 million vide agreement dated August 9, 2004 from State Bank of India	Rs. 635.2	Repayable in 20 equal half yearly instalments commencing after 8 quarters from commercial operations. Interest rate is 1.75 % below SBAR
2.	Term Loan of Rs. 400.0 million vide agreement dated August 9, 2004 from State Bank of India	Equivalent to Rs. 184.1	Repayable in 12 equal quarterly instalments of Rs.33.3 millions each commencing after the moratorium of 3 years. Interest rate is 1.75 % below SBAR
3.	Standard loan agreement dated April 11, 2005 with Bayerische Hypo-Und Vereins Bank Akiengesellschaft, Munich for USD-counter value of Euros 4.4 million (eq. USD 5.2 million)	USD 3.7 equivalent to Rs. 147.9	Repayable in 14 equal consecutive semi-annual instalments, starting from six months after the commissioning date or September 30, 2005, whichever is earlier. Interest rate is LIBOR plus 0.65%
4.	Contract dated October 2, 2002 with Kowa Company Limited for JPY 392.9 (includes interest) for the purchase of the Tug	Nil	Repayable in 12 equal quarterly instalments of JPY 32.7 million starting from July 15, 2003
5.	Loan of Rs. 270.0 million vide agreement dated May 30, 2001 with Life Insurance Corporation of India.	Rs. 82.5	Repayable in 40 equal quarterly instalments of Rs. 6.8 million starting from July 1, 2003 Interest rate is 2 % above the PLR
6.	Loan of USD 13.9 million vide agreement dated April 29, 1997 with the Industrial Finance Corporation of India	USD 6.3 equivalent to Rs. 247.9	Repayable in 22 equal half yearly instalments starting from August 14, 2001. Interest rate is LIBOR + 3.25 %
7.	Term loan of Rs. 250.0 million vide agreement dated November 30, 2004 with Oriental Bank of Commerce	Rs. 150.5	Repayable in 20 half yearly installments starting from April 2008 Interest rate is 3.50% below PLR
8.	Conversion of rupee term loan to USD 8.0 million loan vide sanction letter dated April 19, 2004 with State Bank of India	USD 5.2 equivalent to Rs. 207.4	Repayable in 40 consecutive equal quarterly instalments commencing from August 31, 2004 Interest rate is 3.50 % over LIBOR
9.	Term loan of Rs. 500.0 million vide loan agreement dated May 12, 2001 with the Canara Bank	Rs. 275.0	Repayable in 20 equal half yearly instalments commencing from August 2003 Interest rate is 3.25% below PLR

S. No.	Nature of Facility	Amount Outstanding as on September 30, 2007 (in million)	Repayment Schedule and Interest Rate
10.	Subscription agreement dated February 9, 2000 with Life Insurance Corporation of India for allotment of 1,400,000 Secured Redeemable Non Convertible Debentures of face value of Rs. 100.	Rs. 66.5	Debentures to be redeemed in 40 quarterly installments beginning August 1, 2002 Interest rate is 15 % per annum.
11.	Loan of Rs. 682.4 million vide agreement dated March 18, 2006 with Allahabad Bank	Rs. 562.4	Repayable in 40 equal quarterly installments starting from 44 months from the date of the month in which first disbursement under the facility took place or on December 31, 2009 whichever is earlier. Interest rate is 2.00% per annum below Bank's PLR
12.	Dollar loan up to the limit of USD 13.9 million vide agreement dated September 5, 1997 with Export-Import Bank of India	USD 5.0 equivalent to Rs. 197.0	Repayable in 22 substantially equal half yearly instalments commencing from April 2001 Rate of interest is 3.25% over LIBOR
13.	Loan in USD 2.9 Mn (equivalent of Deutsche Mark 6, 375,000.00) vide agreement dated May 3, 2000 with Westdeutsche Landesbank Girozentrale, Dusseldorf	Nil	Repayable in 14 equal consecutive, semi-annual instalments starting 6 months after the average weighted delivery or May 31, 2001 Rate of Interest is 0.6 % p.a. above USD-LIBOR
14.	Term Loan of Rs. 750.0 million vide agreement dated November 30, 2004 with Oriental Bank of Commerce.	Rs. 743.6	Repayable in 20 half yearly installments starting from April 2008. Rate of Interest is 3.50% below PLR
15.	Term loan of Rs. 1,500.0 million vide agreement dated February 25, 2005 with Allahabad Bank. The loan availed is Rs. 817.6 million.	Rs. 684.5	Repayable in 16 equal half yearly installments commencing at the end of 6 months from the date of disbursement. Rate of Interest is PLR minus 3.50%
16.	Loan of Rs. 500.0 million vide agreement dated March 25, 2004 with Syndicate Bank	Rs. 208.7	Repayable in 20 equal half yearly installments starting from August 2004 Interest rate is 3.0% less than the Bank's PLR with a reset option at the end of the 5th year.
17.	Loan of Rs. 3,000.0 million vide agreement dated May 20, 2005 with Infrastructure Development Finance Company Limited	Rs. 2737.9	Repayable in 180 monthly installments commencing from July 25, 2005 Interest rate is the rate equal to the benchmark plus the spread for each disbursed tranche.
18.	Term loan of Rs. 1,200.0 million vide loan agreement dated March 3, 2006 from UTI Bank Limited* * This sanctioned term loan includes L/C facilities of Rs. 495 million that shall get converted to term loan upon L/C retirement.	Rs. 942.7	Repayable in 20 equal half yearly instalments starting from the end of 44 months from the month in which first disbursement took place or December 31, 2009, whichever is earlier. Interest rate is Bank's PLR-3.75 %.

S. No.	Nature of Facility	Amount Outstanding as on September 30, 2007 (in million)	Repayment Schedule and Interest Rate
19.	Loan of Rs. 1,000.0 million vide agreement dated June 30, 2006 with Syndicate Bank	Rs. 775.2	Repayable in 20 equal half yearly installments after a moratorium of 44 months from the date of first draw down or December 21, 2009 whichever is earlier. Rate of interest is 2 % less than the Bank's PLR.
20.	Term Loan of Rs. 1,000.0 million vide agreement dated June 27, 2006 with Corporation Bank	Rs. 330.0	Repayable in 40 equal quarterly installments starting from the 24 months from the date of commercial operations, or December 31, 2009 or whichever is earlier Interest rate is 2% below Corporation Bank Bench Mark Advance Rate (COBAR)
21.	Loan of Rs. 500.0 million vide agreement dated August 2, 2004 with Syndicate Bank	Rs. 305.6	Repayable in 16 equal half yearly instalments starting from August 2004 Interest rate is 2.5% less than the Bank's PLR.
22.	Term loan of Rs. 1,500.0 million vide sanction letter dated June 2, 2006 with State Bank of India and Term loan of Rs. 1440.0 million.	Rs.2639.6	Repayable in 14 equal half yearly instalments commencing from December 31, 2009 or 24 months from date of commercial operations, whichever is earlier. Interest rate is 1.25% below SBAR
23.	Loan for Rs.1,000.0 million vide sanction letter dated March 10, 2006 with Allahabad Bank	Rs. 303.8	Repayable in 40 equal quarterly instalments, commencing at the end of 44 months from the month in which first disbursement took place or on December 31, 2009 whichever is earlier. Interest rate is 2% below PLR
24	Loan for Rs.1,000.0 million vide sanction letter dated July 11, 2006 with Canara Bank	Rs. 989.1	Repayable in 20 equal half yearly instalments, commencing at the end of 44 months from the month in which first disbursement took place or on December 31, 2009 whichever is earlier Interest rate is 9%
25	Loan for Rs.1,000.0 million vide sanction letter dated July 11, 2006 with Canara Bank	Rs. 506.4	Repayable in 40 equal quarterly instalments, commencing at the end of 24 months from the commercial operations date or on December 31, 2009 whichever is earlier. Interest rate is 9%
26	Term loan of Rs. 500.0 million vide sanction letter dated April 28, 2006 with State Bank of Hyderabad and Term loan of Rs. 500.0 million	Rs 797.3	Repayable in 14 equal half yearly instalments commencing from December 31, 2009 or 24 months from date of commercial operations, whichever is earlier. Interest rate is 2.25% below SBHPLR
27.	Bills accepted under letters of credit issued against Secured Term Loans sanctioned by banks	Rs. 1,758.7	Repayment and Interest terms as per the respective Secured Term Loans

S. No.	Nature of Facility	Amount Outstanding as on September 30, 2007 (in million)	Repayment Schedule and Interest Rate
28.	Vehicle Loan from ICICI Bank	Rs. 0.3	Repayable under Equated Monthly Instalment scheme

(**Note**: 1 USD = Rs. 39.74; 100 JPY = Rs. 34.48; EURO = 56.30)

1. As security for the repayment of the loans, we have created charge on a variety of our assets for the repayment of our loans and debt obligations. These assets are as follows:
   (i) The immovable and movable assets and properties (including the tugs and other marine vessels) including the proposed Terminal 2 assets, Container Terminal II assets fixed assets of the SPM project and all our intangible assets including the goodwill and future immovable assets acquired for the project;
   (ii) Our revenue/receivables from the operations of Mundra Port and the SPM facility, TRA account and other bank accounts except in relation to IOC's SPM project;
   (iii) Our rights under the concession agreement and various sub concession agreements, insurance contracts, lease deeds and other port services agreements excluding the agreements related to IOC's SPM project;
   (iv) A first charge on all the revenue/receivables of the Company from the project or otherwise; and
   (v) Capital goods required for implementation of railway project at Mundra Port.
2. Our Company can also not undertake the following actions without the prior approval of our lenders:
   (i) Change our capital structure or the Memorandum of Association/Articles of Association;
   (ii) Formulate any scheme of amalgamation or reconstruction or undertake any merger or compromise with our creditors;
   (iii) Invest in shares or advance funds to or place a deposit with any other concern other than in the normal course of business;
   (iv) Declare dividends for any year except out of profit relating to that year;
   (v) Sell or transfer whole or substantial part of our business;
   (vi) Change our management control or our promoter's control or material change in composition of our Board of Directors;
   (vii) Undertake any guarantee/obligations on behalf of any other company;
   (viii) Undertake any new project or change the scope of present projects; and
   (ix) Take loans from other lenders.

   In addition, in the event of default on payment of the loans, some of our lenders have the right to appoint directors.
3. Under the loan agreement dated August 9, 2004 with the State Bank of India, the Adani Group has undertaken to maintain a minimum shareholding of 51% in our Company throughout the tenor of the loan.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our subsidiary, our Promoter and our Promoter Group and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issue by the Company and its Subsidiary, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and its subsidiary and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Subsidiary, its Promoters, Promoter Group and Directors.

Litigation involving the Company

Cases against the Company

Show Cause notices against the Company

1. The Commissioner of Customs (Preventive) Jamnagar has issued a show cause notice dated July 29, 2005 to the Company for recovery of customs duty amounting to Rs. 20.71 million and penalty on the import of a tug and bunkers by the Company. The Company has filed its reply and has denied the allegations. The matter is currently pending.
2. The Assistant Commissioner of Customs, Mundra by his letter dated March 21, 2003 has asked the Company to pay customs duty amounting to Rs. 1.42 million on 73.159 million tonnes of Acrylonitrile. The Assistant Commissioner of Customs further issued a show cause notice dated July 3, 2003 asking the Company to explain as to why customs duty on 73.159 million tonnes of Acrylonitrile should not be recovered as per the provisions of the Customs Act, 1962. The matter is currently pending for hearing.
3. The Additional Director General, Directorate of Revenue, Intelligence, Ahmedabad issued a show cause notice dated November 4, 2004 asking the Company as to why Rs. 2.66 million should not be demanded and recovered from it as customs duty on 457.54 million tonnes of crude petroleum oil. The Commissioner of Customs (Preventive), Jamnagar by his order dated December 27, 2005 confirmed the demand for duty. The Company has filed an appeal against the said order before the Customs, Excise and Service Tax Appellate Tribunal, Mumbai. In the meanwhile, the Company along with the importers filed an application before the Tribunal and the Tribunal by its order dated September 6, 2006 held that the duty and penalties imposed on the Company is not maintainable and must be waived. The appeal is currently pending.
4. Seventeen show cause notices were issued dated December 1, 2006 asking the Company to pay duty as it was involved in the short delivery of goods and quantity to the 17 importers, for whom the Company had been appointed as the custodian. The Joint Commissioner of Customs by his order dated March 31, 2007 decided the 17 show causes by a common order and confirmed the demand for differential duty amounting to Rs. 0.24 million. The Company has filed an appeal with the Commissioner of Customs (Appeals), Ahmedabad dated June 3, 2007. The matter is currently pending for hearing.
5. Thirty one show cause notices were issued dated September 1, 2006 to the Company under Section 17 of the Customs Act, 1962. The Joint Commissioner of Customs passed an order dated January 31, 2007 and imposed a penalty of Rs. 0.05 million in respect of the 31 show cause notices. An appeal was filed before the Commissioner (Customs) dated April 10, 2007 and the matter is currently pending for hearing.
6. Three 'less charge' demand notices bearing number F.NO.VII/48-07/CRA/MP& SEZ/2006 dated December 7, 2006 were issued directing the cash-remittance of Rs. 0.098 million, Rs. 0.29 million and Rs. 0.057 million towards education cess against import of steel sole plates by the Company. A reply to the above mentioned notices was filed with the Deputy Commissioner of Customs, Mundra on May 29, 2007.

Suits against the Company

1. Maheshwari Handling Agency Private Limited ("MHAPL") has filed a suit (Special Civil Suit No. 75/02) in the Court of Civil

Judge (Senior Division), Gandhidham against the Company for recovery of damages caused to its machinery in an earthquake. The amount claimed against the Company is Rs. 3.71 million. The Company has filed the written statement and the suit is currently pending.

2. Deepak Fertilizers and Petrochem Corporation has filed a suit (Special Civil Suit No. 9/04) before the Civil Judge, Bhuj against the Company for recovery of Rs. 9.44 million on account of damages caused to its cargo stored in the Company's godown. The Company has denied the charge and has made a counter claim of Rs. 6.09 million. The plaintiff has filed an application for the settlement of dispute by way of arbitration. The matter is currently pending.

3. Louis Drefus India (P) Limited has filed a suit (Special. Civil Suit No. 47/04) in the court of Civil Judge (Senior Division), Bhuj-Kutch against the Company for the damages incurred due to mishandling of wheat cargo. The amount claimed aggregates to Rs. 62 million. The suit is currently pending.

4. Bina Balakrishnan has filed a suit (Suit No. 1313 of 2006) against P K Das and the Company before the Bombay High Court for recovery of Rs. 0.27 million as pending consultancy charges from P K Das for her work towards the special economic zone. The plaintiff has prayed that the amount payable from the Company to P K Das be withheld. No other relief has been claimed against the Company. The matter is pending.

5. Six fishermen residing in Shekhadia village of district Kutch had filed a public interest litigation in 2007 before the Gujarat High Court against the Government of Gujarat, the Company and others. The fisherman had challenged the construction of air strips in their area on the ground that it hinders their passage and route to the sea coast, thereby depriving them of their livelihood and violating their fundamental rights. The fishermen had asked for the respondents to provide alternative accommodation closer to the sea coast to 100 families or else, provide alternative roads. The Gujarat High Court vide its order dated March 30, 2007 accepted the terms of the settlement entered into by our Company with the fishermen and disposed off the petition.

6. We have received a notice from MICT's Advocates on August 24, 2007, under the Sub-Concession Agreement ("SCA") entered into by us with MICT. MICT alleged that we had breached the provisions of the SCA by developing Second Stage Assets at the Mundra Port. Subsequently, MICT filed an application before the City Civil Court at Ahmedabad, under Section 9 of the Arbitration and Conciliation Act, 1996 read with Section 151 of the Code of Civil Procedure, 1908, for the resolution of a dispute and alleging that we were in breach of the Framework Agreement dated November 8, 2002 and as amended from time to time ("FA") entered into among Adani Exports Limited, Adani Infrastructure Services Private Limited, Adani Agro Private Limited, Mr Gautam S. Adani, his family members and MICT, Adani Port Limited, P&O Ports (Mundra) Limited, P&O Ports Private Limited and the Company. The FA, inter alia, provided for the parties to enter into the SCA. MICT has alleged that the construction of the Second Stage Assets was in violation of the Framework Agreement and the SCA, based on the non-compete clauses laid down in the two agreements. MICT requested the Court to grant an interim injunction against the Company in relation to the development of the Second Stage Assets. The City Civil Court by its order dated September 13, 2007 refused to grant an interim injunction on the grounds that the amendment to the SCA dated April 17, 2003 overrides the FA and that the Company was not in violation of the provisions relating to the non-compete clause of the SCA dated April 17, 2003. The arbitration proceedings are pending for resolution of the dispute. MICT has now filed an appeal against the order of the City Civil Court before the High Court at Ahmedabad and notice of the same was received by the Company on October 18, 2007. The date for hearing is November 28, 2007.

Notices

MICT has sent the Company a letter dated September 26, 2007 alleging breach of the Framework Agreement ("FA"), Sub-Concessionaire Agreement ("SCA") and making misstatements in the Draft Red Herring Prospectus. It was alleged that the development of Second Stage Assets by the Company is in breach of the non-compete provisions under the SCA and the FA. It was further alleged that the Company is in breach of the non-compete provision under the FA for committing to develop Dholera Port.

Apart from the above, it has been alleged that we have made misleading statements in the Draft Red Herring Prospectus filed with SEBI. The allegation for misstatement include, *inter alia,* that the Company has misrepresented by claiming to have developed the Container Terminal I instead of just transferring the quay wall for the terminal on which MICT claims to have spent Rs. 1,245 crores towards the development of the such terminal. It is further alleged by MICT that the description of the SCA as described in the Draft Red Herring Prospectus filed with SEBI does not include appropriate disclosure as to the activities that MICT is allowed to perform under the SCA. It has also been alleged that the Company has wrongly stated in the Draft Red Herring Prospectus that P&O Ports (Mundra) Private Limited has been taken over by Dubai Ports World on February 14, 2006.

The Company has also been alleged to have not disclosed material facts/agreements in the Draft Red Herring Prospectus.

The Company has replied to the above letter by way of letter dated October 4, 2007 denying all the allegations made by MICT. The Company has stated that the FA ceased to exist after the amendment to the SCA dated April 17, 2007. The Company has also made reference to the order passed by the City Civil Court, Ahmedabad, dated September 13, 2007, where the Court had refused to grant interim injunction to MICT on the grounds that the Company was not in breach of the non-compete clause of the SCA.

Cases by the Company

Application by the Company

1. Fair Deal Supplies Private Limited ("FDSPL") has filed a suit (No 2373 of 2005) in the City Civil Court, Ahmedabad against Elementis Coke Private Limited ("ECPL") and others for a declaration that ECPL does not have a right to take delivery of coking coal lying in the custody of the Company without paying the amount owed by it to FDSPL. It also sought an injunction against the Company restraining delivery of the coal to ECPL. The Court by its order dated December 28, 2005 granted the injunction. Subsequently, FDSPL and ECPL filed a consent term dated February 1, 2006 before the Court. The Court passed its judgment and decree on February 8, 2006 on the basis of the consent term. ECPL has subsequently filed application no. 260 of 2006 for setting aside the aforesaid decree on the ground that consent was obtained through coercion. The Company has filed its reply claiming lien over the coal lying in the Port and has prayed for the permission to sell it and set off the sale proceeds against the pending dues amounting to Rs. 1.36 million. The suit and the application are pending.

Suits by the Company

1. The Company has filed as suit (Admiralty Suit No. 9 of 2006) in the Gujarat High Court, Ahmedabad against M.V. Bahia Blanca ("MVBB") seeking damages worth Rs. 67.2 million on account of collision of ship belonging to MVBB with the mooring dolphin files and the jetty at Mundra Port. The Court in its order dated October 19, 2006 had asked the Registrar of the High Court to issue a warrant for the arrest of the ship. By a subsequent order on October 24, 2006 the Court directed the Registrar to release the ship upon MVBB furnishing a bank guarantee of Rs. 67.2 million. MVBB furnished the bank guarantee and the Registrar by his order dated November 27, 2006 has released the ship. The suit is currently pending.
2. The Company has filed a suit (Special Civil Suit No. 57/04) in the Court of Civil Judge (Senior Division), Bhuj-Kutch against Duncan Industries Limited for recovery of Rs. 5.77 million. The Company was awarded the work of stevedoring, clearing and forwarding the cargo of fertilisers at Mundra Port by the defendant, in return for which the said amount allegedly remains unpaid. The defendant has filed the written statement and an application seeking the dismissal of the suit. The Company has filed its reply to the application. The suit and the application are currently pending.
3. The Company has filed an application before the High Court of Gujarat against the Government of Gujarat and the Chief Revenue Controlling Authority seeking the quashing of show cause notices issued by the Chief Revenue Controlling Authority dated January 5, 2007 and January 25, 2007. The show cause notice is in relation to payment of stamp duty on a debenture trust deed dated June 20, 2000 between the Company and UTI Bank Limited. The Company has submitted that the stamp duty on the debenture trust deed was paid after adjudication by the Collector and Additional Superintendent of Stamps and that the show cause notice is illegal as it is barred by limitation. The matter is pending.

Mundra SEZ Textile and Apparel Park Private Limited: Nil

Litigation involving Mundra SEZ Textile and Apparel Park Private Limited: Nil

Contingent liabilities as of March 31, 2007:

- Contract remaining to be executed on capital account (net of securities deposit): Nil.

Gujarat Adani Aviation Private Limited

Litigation involving Gujarat Adani Aviation Private Limited: Nil

- Contingent liabilities as of March 31, 2007: Since Gujarat Adani Aviation Private Limited was incorporated on July 11, 2007, the financial statements of the company have not been prepared yet.

MPSEZ Utilities Private Limited

Litigation involving MPSEZ Utilities Private Limited : Nil

- Contingent liabilities as of March 31, 2007: Since MPSEZ Utilities Private Limited was incorporated on July 13, 2007, the financial statements of the company have not been prepared yet.

Mundra Aviation Limited

Litigation involving Mundra Aviation Limited: Nil

Contingent liabilities as of March 31, 2007: Since Mundra Aviation Limited was incorporated on May 15, 2007, the audited financial statements of the company have not been prepared.

Litigation against Directors

Mr. Rajesh S. Adani

1. SEBI has filed a criminal complaint (CC 686/Misc/2004) against Mr. Rajesh S. Adani and Ms. Shilin R. Adani (in their capacity as a trustees of Rajeshbhai S. Adani Family Trust), Adani Exports Limited (presently known as Adani Enterprises Limited), Adani Agro Limited, Adani Impex Limited, Shahi Property Developers Limited, Adani Properties Limited, Advance Exports, Inter Continental (India), Vinodbhai S. Adani Family Trust (represented by its trustees Mr. Vinod S. Adani and Ms. Ranjan V. Adani), Vasantbhai S. Adani Family Trust (represented by its trustees Mr. Vasant S. Adani and Ms. Pushpa V. Adani) and Mahsukhbhai S. Adani Family Trust (represented by its trustees Mr. Mahsukh S. Adani and Ms. Suvarna M. Adani) before the Additional Chief Metropolitan Magistrate, Mumbai. For further details in relation to the said litigation, please see "Outstanding Litigation and Material Developments – Litigation against Adani Enterprises Limited" on page 283 of this Red Herring Prospectus.
2. The Additional Director General, Directorate of Revenue Intelligence, Mumbai had issued show cause notice (F.No.DRI/AZU/INV-14/98-PT.VIII) dated October 24, 2002 to Mr. Rajesh S. Adani, Partner, Advance Exports under Section 124 of the Customs Act, 1962 ("Customs Act") asking him to show cause why penalty should not be imposed against him under Section 114 of the Customs Act for his role along with others in the fraudulent export of CD ROMs by Advance Exports. It is alleged that Advance Exports had obtained the DEPB license by wilful mis-declaration and suppression of facts and by gross overvaluation of CD ROMs exported by them and subsequently sold it to Adani Exports Limited who utilised it for duty free import of RBD Palmolein (Edible Grade) in bulk. The Commissioner of Customs, Kandla confirmed the demand and imposed a penalty of Rs. 0.5 million. However, the Central Excise and Service Tax Appellate Tribunal ("CESTAT") had stayed the said penalty vide its order dated September 15, 2004. Further CESTAT vide its order dated June 14, 2007 has held the penalty imposed on Mr. Rajesh S. Adani by the Commissioner of Customs as not in accordance with law on the grounds the transactions entered into by Advance Exports to obtain DEPB license were not fraudulent but were transactions entered into by independent legal entities and in accordance with the law in force. No appeal has been filed to the said order.
3. Commissioner of Customs and Central Excise, Goa has issued show cause notice (S/25-18/2003 AP) dated September 11, 2003 to Mr. Rajesh Adani, AEL, M/s. Pioneer Business Enterprises and others under Section 28 and Section 124 of the Customs Act, 1962 asking them to explain why the exemption claimed by Pioneer Business in respect of import of CD ROMs should not be denied as it did not satisfy the condition of interactivity. The show cause notice has also demanded why a customs duty of Rs. 11,545,822 should not be imposed. Mr. Rajesh S. Adani and others have also been asked to explain why the CD ROMS should not be confiscated and penalty not be imposed upon them under Section 114 (A) and Section 112 (a) and (b) of the Customs Act, 1962. The Commissioner of Customs, Goa has confirmed the penalty of Rs. 14.04 million on AEL and Mr. Rajesh S. Adani. However, the CESTAT, vide its order dated February 21, 2006 has stayed the operation of the order of the Commissioner of Customs. The matter is currently pending before CESTAT.
4. There is a matter currently pending against AEL, Mr. Rajesh S. Adani and Mr. Saurin Shah, before the Enforcement Directorate in relation to violation of provisions of the Foreign Exchange Regulation Act and the Customs Act. The Enforcement Directorate had imposed a consolidated penalty. However, the same was set aside by the Appellate Tribunal and the matter has been remanded to the Enforcement Directorate, where it is currently pending.

Mr. Gautam S. Adani

1. The Additional Director General, Directorate of Revenue Intelligence, Mumbai had issued a show cause notice (F.No.DRI/AZU/INT-4/99-PT.IV) dated November 9, 2001 to AEL and Mr. Gautam Adani, Chairman, AEL among others. Mr. Gautam S. Adani had been asked to show cause as to why penalty should not be imposed against him under Section 112 (a)/112 (b) of the Customs Act, 1962 for aiding AEL in misuse of the advance license granted to a third party for the import of metallurgical coke and evasion of customs duty in relation thereof. The Commissioner of Customs, Kandla confirmed the demand of customs duty and imposed a penalty of Rs. 1.2 million on Mr. Gautam S. Adani. CESTAT had stayed the said demand and penalty vide its order dated October 30, 2003. CESTAT vide its order dated February 12, 2007 set aside the order passed by the Commissioner of Customs, Kandla. The department has filed the civil application in the Supreme Court and a notice has been issued by the Supreme Court. The matter is pending for disposal.
2. Container Corporation of India ("Concor") has filed a civil suit against Mr. A. K. Kohli, Mr. Gautam S. Adani and Adani Logistics Limited before the Delhi High Court (the "High Court") seeking to restrain the said defendants from proceeding with a cold chain project. Concor has alleged that the said project is exactly the same as the project proposed by it, which was later abandoned. The court has passed an interim order on August 9, 2005 restraining Mr. A. K. Kohli from implementing or being involved in any project on the basis of know how relating to Concor's project or proposal. Mr. Kohli has filed an application to set aside the said interim order. The matter was listed for May 14, 2007 for framing of issues and arguments, where the personal presence of both Mr. Kohli and Mr. Gautam Adani was sought by the High Court. However, Mr. Gautam Adani failed to present himself before the High Court and a fine of Rs. 25,000 was imposed on him. The matter has been adjourned till November 13, 2007 and Mr. Gautam Adani has been ordered by the High Court to appear in person.

Mr. S. Venkiteswaran

1. The canteen contractor of Shri Shanmukhananda Fine Arts and Sangeetha Sabha ("Trust") had filed a suit (RAD Suit No. 229 of 1984), in the Small Causes Court against the then trustees of the Trust. The plaintiff has taken out Contempt Petition No. 190 of 2003 against the Trust and all the present trustees including our Director, Mr. S. Venkiteswaran. The petition is currently pending.

Mr. H. K. Dash

Nil

Mr. K. N. Venkatasubramanian

Nil

Mr. Ameet H Desai

Nil

Mr. Surendra Kumar Tuteja

Nil

Mr. Arun Duggal

Nil

Mr. D. T. Joseph

Nil

Mr. Rajeev Ranjan Sinha

Nil

Litigation involving our Promoters

Adani Port Infrastructure Private Limited

Litigation involving Adani Port Infrastructure Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Adani Infrastructure Services Private Limited

Litigation involving Adani Infrastructure Services Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Litigation involving our Promoter Group

Adani Enterprises Limited

Litigation against Adani Enterprises Limited:

1. SEBI has filed a criminal complaint (CC 686/Misc/2004) against Adani Exports Limited (presently known as Adani Enterprises Limited), Adani Agro Limited, Adani Impex Limited, Shahi Property Developers Limited, Adani Properties Limited, Advance Exports, Inter Continental (India), Vinodbhai S. Adani Family Trust (represented by its trustees Mr. Vinod S. Adani and Ms. Ranjan V. Adani), Rajeshbhai S. Adani Family Trust (represented by its trustees Mr. Rajesh S. Adani and Ms. Shilin R. Adani), Vasantbhai S. Adani Family Trust (represented by its trustees Mr. Vasant S. Adani and Ms. Pushpa V. Adani) and Mahsukhbhai S. Adani Family Trust (represented by its trustees Mr. Mahsukh S. Adani and Ms. Suvarna M. Adani) before the Additional Chief Metropolitan Magistrate, Mumbai. As per the complaint, it is alleged that the promoters of AEL had executed off-market deals amongst themselves in violation of Section 2 (i) (a) and 16 of Securities Contract Regulation Act, 1956 ("SCRA") and SEBI's notification dated March 1, 2000. It is alleged that the off-market deals transacted by the accused were executed after a considerable delay and hence were in violation of the above sections and the SEBI notification and the same is punishable under Section 23 read with Section 24 of the SCRA, 1956 read with Section 120-B of the IPC. It is further alleged that since the accused were responsible for the day to day conduct of the business of the accused companies/firms, they are responsible for the off-market deal in respect of the scrip of AEL. The complainant has prayed that the court take cognizance of the violations of Section 2 (i) (a) and 16 of SCRA and the aforesaid SEBI notification. The matter is pending.
2. Two notices were issued to AEL by the Government of India under the Customs Act, 1962 ("Customs Act") and the Foreign Exchange Management Act, 1999 ("FEMA"), respectively, in relation to foreign exchange violations arising out of mis-declaration and over invoicing by M/s. Vaishal Impex of goods that it had imported. In relation to the show cause notice under the Customs Act, CESTAT, Bangalore, vide an order dated December 8, 2006, has quashed the said notice. In relation to the show cause notice under FEMA, the Appellate Tribunal for Foreign Exchange, New Delhi had in an order dated January 4, 2006 asked AEL to deposit the penalty amount pending adjudication. However, pursuant to an appeal filed by AEL, the Gujarat High Court in an order dated April 4, 2006 has quashed the said order and remanded the matter to the Directorate General of Service Tax, Mumbai. Further, the Directorate General of Service Tax filed a Special Leave Petition (C) (No. 21705 of 2006) before the Supreme Court of India ("Supreme Court") against the above mentioned order of the Gujarat High Court. We have filed the counter affidavit before the Supreme Court and the matter is pending for hearing.
3. The Government of India has filed a special leave petition before the Supreme Court of India against a decision of the Gujarat High Court giving partial relief to AEL, which had challenged a notification of the Director General of Foreign Trade restricting the benefits available to 'status holders' under the special strategic package of the export import policy. AEL has also filed a special leave petition before the Supreme Court against the decision of the Gujarat High Court. The matter is pending.
4. The Commissioner of Customs, Mumbai has issued a show cause notice (F. No. DRI/BZU/E/2/98 Pt. III/S/10-7/99) dated April 20, 1999 to AEL and others for the recovery of Rs. 3.7 million as customs duty for the import of goods, confiscation of the said imported goods and imposition of penalty. CESTAT, Mumbai has passed an order in favour of AEL. The department has subsequently filed an appeal before the Supreme Court of India. The matter is pending.
5. The Commissioner of Customs, Gujarat has issued a show cause notice (No.VIII/10-14/Commr/98-APP) dated May 19,

1998 to Mahima Trading and Investment Private Limited and Vikshara Trading and Investment Private Limited, their raw material suppliers and exporters including AEL, in relation to export of certain items. Pursuant to this show cause notice AEL's liability under the show cause notice has been determined to be Rs. 2.23 million. In the event that the liability is confirmed, AEL may, subject to the content of order, seek to challenge the same before an appropriate forum. AEL has replied to the show cause notice on November 30, 1998 and has denied any liability. The matter is pending.

6. The Commissioner of Customs and Central Excise, Goa has issued a show cause notice (S/25-18/2003 AP) dated September 11, 2003 to AEL, Mr. Rajesh S. Adani, M/s. Pioneer Business Enterprises and others under Section 28 and Section 124 of the Customs Act, 1962. The matter is currently pending before CESTAT. For further details, please see "Outstanding Litigation and Material Developments – Litigation against Mr. Rajesh S. Adani" on page 281 of this Red Herring Prospectus.

7. The Additional Director General, Directorate of Revenue Intelligence, Mumbai has issued a show cause notice (F.No.DRI/AZU/INT-4/99-PT.IV) dated November 9, 2001 to AEL, Mr. Gautam S. Adani and others. The matter has been decided by CESTAT vide its order dated February 12, 2007, in favour of Mr. Gautam S. Adani and M/s Adani Exports Private Limited. The department has filed the civil application in the Supreme Court and a notice has been issued by the Supreme Court. The matter is pending for disposal. For further details, please see "Outstanding Litigation and Material Developments – Litigation against Mr. Gautam S. Adani" on page 282 of this Red Herring Prospectus.

8. There is a matter currently pending against AEL, Mr. Rajesh S. Adani and Mr. Saurin Shah, before the Enforcement Directorate in relation to violation of provisions of the Foreign Exchange Regulation Act and the Customs Act. The Enforcement Directorate had imposed a consolidated penalty. However, the same was set aside by the Appellate Tribunal of Foreign Exchange and the matter has been remanded to the Enforcement Directorate, where it is currently pending.

9. There are also seven (7) cases pending against AEL before various forums in relation to the import and export of different items such as coal, raw silk and CD Roms. The aggregate amount involved in these cases is Rs. 9.7 million.

Penalty paid by Adani Enterprises Limited

1. Adani Enterprises Limited through a letter dated March 25, 2003, paid a penalty of Rs. 60,000 under the SEBI Regularisation Scheme, 2002, in relation to regularisation of disclosures under Regulation 6 and 8 of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, filed between 1998 and 2002.

Litigation by Adani Enterprises Limited:

1. AEL has filed a suit against the Oriental Insurance Company before the Civil Judge, Gandhidham seeking to recover Rs. 528 million on account of goods being destroyed in a cyclone.

2. AEL has filed a complaint under Section 138 of the Negotiable Instruments Act, 1938 for the recovery of Rs. 3.38 million.

3. AEL has filed an application before the High Court of Gujarat against the Government of Gujarat and the Chief Revenue Controlling Authority seeking the quashing of a show cause notice issued by the Chief Revenue Controlling Authority dated January 5, 2007. The show cause notice is in relation to payment of stamp duty on a debenture trust deed dated July 7, 2000 between AEL and UTI Bank Limited. AEL has submitted that the stamp duty on the debenture trust deed was paid after adjudication by the Collector and Additional Superintendent of Stamps and that the show cause notice is illegal as it is barred by limitation. The matter is pending.

Contingent liabilities as on March 31, 2007:

Particulars	Amount (in Rs. million)
Claims against the Company not acknowledged as debts	303.5
In respect of corporate guarantee given	
• To companies under the same management	924.6
• For obligations to other parties	2,063.5
Demand against the Company not admitted as debts regarding sales tax against which appeals are pending	103.8
In respect of bank guarantees given to government agencies	51.1
Bills of Exchange discounted	5,899.0
In respect of partly paid shares	0.2

Exports obligation of Rs. 66.2 (previous year nil) is pending which is equivalent to 8 times of duty saved Rs. 8.3 (previous year nil)

Adani Energy Limited

Litigation involving Adani Energy Limited: Nil

Contingent liabilities as on March 31, 2007: Rs. 6.1 million

Adani Logistics Limited

Litigation involving Adani Logistics Limited

1. Container Corporation of India has filed a suit against Mr. A K Kohli, Mr. Gautam S. Adani and Adani Logistics Limited. For further details, please see "Outstanding Litigation and Material Developments – Litigation against Mr. Gautam S. Adani' on page 282 of this Red Herring Prospectus.

Contingent liabilities as on March 31, 2007:

- Unredeemed bank guarantees: Rs. 5,000,000
- Letter of credit outstanding: Rs. 390,400,000

Inland Conware (Ludhiana) Private Limited

Litigation involving Inland Conware (Ludhiana) Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Adani Petronet (Dahej) Port Private Limited

Litigation involving Adani Petronet (Dahej) Port Private Limited: Nil

Contingent liabilities as on March 31, 2007:

- Unexecuted capital contracts (net of advances): Rs. 1,534,425,374

Shantikrupa Services Private Limited

Litigation involving Shantikrupa Services Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Shantikrupa Estate Private Limited

Litigation involving Shantikrupa Estate Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Dahej Power Private Limited

Litigation involving Dahej Power Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Adani Shipyard Private Limited

Litigation involving Adani Shipyard Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Inland Conware Private Limited

Litigation involving Inland Conware Private Limited: Nil

Contingent liabilities as on March 31, 2007: Unredeemed Bank Guarantee Rs. 100,000

Adani Agro Private Limited

Litigation against Adani Agro Private Limited:

1. SEBI has filed a criminal complaint (CC 686/Misc/2004) against Adani Agro Private Limited and others before the Additional Chief Metropolitan Magistrate, Mumbai. For further details, please see "Outstanding Litigation and Material Developments – Litigation against Adani Enterprises Limited' on page 283 of this Red Herring Prospectus.
2. SEBI had issued a show cause notice (No. IVD/ID2/PKN/AEL/29865) dated January 3, 2005 under Sections 11(4) (b) and 11B of SEBI Act, 1992 read with Regulation 11 and 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 to Adani Agro Private Limited and others. Further, SEBI by its order dated May 25, 2007 prohibited the promoters of Adani Exports Limited viz., Adani Agro Private Limited, Adani Impex Private Limited., Crown International, Shahi Property Developers Private Limited, Adani Properties Private Limited, Advance Exports and Intercontinental India from accessing securities market directly or indirectly and also prohibited them from buying, selling or otherwise dealing in securities, in any manner whatsoever, for a period of two years, for aiding and abetting Ketan Parekh entities in manipulating the scrip of Adani which lead to excessive volatility on the stock exchanges from October 1991 till March 2001.

   An appeal was filed with SAT against the above mentioned SEBI order wherein SAT, vide its interim order dated July 13, 2007 stayed the SEBI order and allowed the promoters of Adani Exports Limited listed above, to access the markets. The matter is pending for hearing on December 18, 2007.

Litigation by Adani Agro Private Limited:

1. Adani Agro Private Limited has filed a suit against the Oriental Insurance Company before the National Consumer Disputes Redressal Commission for the recovery of Rs. 3.8 million. The matter is pending.

Contingent liabilities as on March 31, 2007: Nil

Adani Properties Private Limited

Litigation involving Adani Properties Private Limited:

1. SEBI has filed a criminal complaint (CC 686/Misc/2004) against Adani Properties Private Limited and others before the Additional Chief Metropolitan Magistrate, Mumbai. For further details, please see "Outstanding Litigation and Material Developments – Litigation against Adani Enterprises Limited' on page 283 of this Red Herring Prospectus.
2. SEBI had issued a show cause notice (No. IVD/ID2/PKN/AEL/29865) dated January 3, 2005 under Sections 11(4) (b) and 11B of SEBI Act, 1992 read with Regulation 11 and 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 to Adani Properties Private Limited and others. Further, SEBI passed an order against Adani Properties Private Limited, to which a SAT appeal was filed that passed an interim order to stay the said SEBI order. For further details, please see "Outstanding Litigation and Material Developments – Litigation against Adani Agro Private Limited" on page 286 of this Red Herring Prospectus.

Contingent liabilities as on March 31, 2007:

- Estimated amount of contract remaining to be executed of Rs. 21,500,000 against which advance paid Rs. 16,415,219.

B2B India Private Limited

Litigation involving B2B India Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Adani Retails Limited

Litigation involving Adani Retails Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Ventura Trade and Investments Private Limited

Litigation involving Ventura Trade and Investments Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Pride Trade and Investment Private Limited

Litigation involving Pride Trade and Investment Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Radiant Trade and Investment Private limited:

Litigation involving Radiant Trade and Investment Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Trident Trade and Investment Private Limited:

Litigation involving Trident Trade and Investment Private Limited: Nil

Contingent liabilities as on March 31, 2007: Nil

Litigation involving Adani Investment: Nil

Litigation involving Crown International

1) SEBI had issued a show cause notice (No. IVD/ID2/PKN/AEL/29865) dated January 3, 2005 under Sections 11(4) (b) and 11B of SEBI Act, 1992 read with Regulation 11 and 13 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 to Crown International and others. Further, SEBI passed an order against Crown International, to which a SAT appeal was filed that passed an interim order to stay the said SEBI order. For further details, please see "Outstanding Litigation and Material Developments – Litigation against Adani Agro Private Limited" on page 286 of this Red Herring Prospectus.

Litigation involving Advance Investment: Nil

Litigation involving Shantilal Bhudarmal Adani Family Trust: Nil

Litigation involving Gautam S. Adani Family Trust: Nil

Litigation involving Rajesh S. Adani Family Trust:

1. SEBI has filed a criminal complaint (CC 686/Misc/2004) against Rajesh S. Adani Family Trust and others before the Additional Chief Metropolitan Magistrate, Mumbai. For further details, please see "Outstanding Litigation and Material Developments – Litigation against Adani Enterprises Limited' on page 283 of this Red Herring Prospectus.

Litigation involving Gautambhai S. Adani HUF: Nil

Litigation involving Rajeshbhai S. Adani HUF: Nil

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals for the Issue

1. In-principle approval from the National Stock Exchange of India Limited dated October 12, 2007; and
2. In-principle approval from the Bombay Stock Exchange Limited dated October 1, 2007.

General

1. Fresh Certificate of incorporation consequent upon change of name from Gujarat Adani Port Limited to Mundra Port and Special Economic Zone Limited dated July 7, 2006 from the Registrar of Companies, Maharashtra (Mumbai)

SEZ Related Approvals

1. Approval No. F.2/11/2003-EPZ dated April 12, 2006 from Deputy Secretary, Department of Commerce, Ministry of Commerce and Industry, Government of India approving establishment of a multi-product Special Economic Zone over an area of 1081.91 hectares at Mundra, Gujarat.
2. Approval No. F.2/11/2003-EPZ dated April 12, 2006 from Deputy Secretary, Department of Commerce, Ministry of Commerce and Industry, Government of India approving establishment of a multi-product Special Economic Zone over an area of 2658.19 hectares at Mundra, Gujarat.
3. Letter No. KASEZ/P&C/5/53/06-07 dated August 4, 2006 from Deputy Development Commissioner; Kandla Special Economic Zone permitting demarcation of certain areas as the processing area as part of the multi-product Special Economic Zone.
4. Letter No. IC/Infra/SEZ/4765 dated September 23, 2005 from Industries Commissioner; Special Economic Zone Development Authority, Government of Gujarat granting exemption under Section 21 (3) of Gujarat Special Economic Zone Act, 2004 from payment of all taxes and duties under the laws of Gujarat.
5. Letter No.F.2/11/2003-EPZ dated December 8, 2004 from Deputy Secretary, Department of Commerce, Ministry of Commerce and Industry, Government of India listing the activities that can be carried out in the SEZ.
6. Notification S.O. 936 (E) dated June 23, 2006 by Department of Commerce, Ministry of Commerce and Industry, Government of India declaring 2406.75 hectares of land at Mundra, as a Special Economic Zone.
7. Notification S.O. 1071 (E) dated July 3, 2007 by Department of Commerce, Ministry of Commerce and Industry, Government of India declaring an additional 251.4 hectares of land at the Mundra Special Economic Zone.
8. Letter No. F.2/11/2003-EPZ dated September 6, 2006 from Director, Department of Commerce (SEZ Section), Ministry of Commerce and Industry, Government of India approving the change in name to Mundra Port and Special Economic Zone Limited.

Environment Related Approvals

1. Letter No.J-16011/13/95-IA.III dated August 25, 1995 from Additional Director, Ministry of Environment and Forests, Government of India granting clearance for construction of a jetty and storage facilities at Navinal Island, Mundra Port.
2. Letter No.PC/NOC/KUTCH-222/10536 dated May 9, 1995 from Member Secretary, Gujarat Pollution Control Board granting a No Objection Certificate for establishing facilities for import, storage and distribution of General Cargo, Liquid Chemicals/ Petroleum Products and LPG (Cryogenic/Pressurised System) at the Mundra Port.
3. Letter No.PC/NOC/KTCH-222 (2) 16836 dated May 18, 2000 from Environmental Engineer, Gujarat Pollution Control Board granting a No Objection Certificate for setting up of liquid cargo backup facility.

4. Letter No.PC/NOC/KTCH-222 (3) 1160 dated January 7, 2002 from Environmental Engineer , Gujarat Pollution Control Board granting a No Objection Certificate for setting up of an industrial plant at Port for import, storage and distribution of bitumen.
5. Letter NO: PC/NOC/KUTCH/391/18424 dated June 10, 1999 from Environmental Engineer, Gujarat Pollution Control Board granting a No Objection Certificate for certain activities as part of the expansion project of Mundra Port. The activities include construction of a quay, dredging activities for development of Mundra Port, rail link between Mundra and Adipur and other infrastructural services.
6. Letter NO: KUTCH-HAZ/CHEM-23-(2)/9711 dated April 3, 2002 from Environmental Engineer, Gujarat Pollution Control Board granting storage permission for various chemicals in liquid break bulk cargo area under Hazardous Chemical Rules, 1989.
7. Letter NO: KUTCH-HAZ/CHEM-23-(2)/9713 dated April 3, 2002 from Environmental Engineer, Gujarat Pollution Control Board granting storage permission for various chemicals in liquid terminal area under Hazardous Chemical Rules, 1989.
8. Letter NO: KUTCH-HAZ/CHEM-23-(2)/9715 dated April 3, 2002 from Environmental Engineer, Gujarat Pollution Control Board granting storage permission for the storage of certain white and black oil in 1/5 acres of land for POL terminal at Mundra under Hazardous Chemical Rules, 1989.
9. Letter NO: HAZ/KTCH-20/32577 dated October 18, 2002 from Senior Environmental Scientist, Gujarat Pollution Control Board granting authorisation to operate a facility for collection and storage of hazardous waste on the premises. The approval is valid until July 30, 2007. The application for renewal of the same has been filed on July 2, 2007.
10. Letter No.J-16011/40/99-IA.III dated September 20, 2000 from Additional Director, Ministry of Environment and Forests, Government of India granting environment clearance for the proposed port expansion project including dry/break bulk cargo container terminal, railway link and related ancillary and back-up facilities at Mundra Port.
11. Letter No.FCA/1097/2049/K dated August 10, 2000 from Deputy Secretary, Forests and Environment Department, Government of Gujarat approving the diversion of 57.75 hectares of forest land for constructing railway line passing through forest area.
12. Letter No. 8-163/97-FC dated July 24, 2000 from Assistant Inspector General of Forests, Ministry of Environment and Forests, Government of India to the Secretary (Forests), Government of Gujarat approving the diversion of 57.75 hectares of forest land for constructing railway line passing through forest area.
13. Letter NO: PC/NOC/KTCH/222 (2)/16880 dated May 31, 1999 from Environmental Engineer; Gujarat Pollution Control Board granting a No Objection Certificate for establishment of storage and handling facility for the storage and handling of containers break bulk cargo and dry bulk cargo at Mundra Port.
14. Letter NO: PC/NOC/391/1039 dated January 8, 2002 from Environmental Engineer, Gujarat Pollution Control Board granting a No Objection Certificate for setting up of three SPMs and a crude oil terminal and its connecting pipeline at Mundra Port.
15. Consent Order NO: 535 dated October 18, 2003 from Environmental Engineer, Gujarat Pollution Control Board granting consent and authorisation under Section 25 of the Water Act, Section 21 of the Air Act, and Rules 3 (c) and 5 (5) of the Hazardous Waste Rules for the operation of Port/Jetty having facilities for import, export, storage and distribution of bitumen-6460 KL per month. The approval is valid until August 2, 2007. The application for renewal of the same has been filed on July 2, 2007.
16. Consent Order NO: 586 dated October 22, 2003 from Environmental Engineer, Gujarat Pollution Control Board granting consent and authorisation under Section 25 of the Water Act, Section 21 of the Air Act, and Rules 3 (c) and 5 (5) of the Hazardous Waste Rules for use of outlet for the discharge of domestic effluent and emission due to operation of Port/Jetty having facilities for import, export, storage and distribution of general liquid cargo. The approval is valid until July 30, 2007. The application for renewal of the same has been filed on July 2, 2007.
17. Consent Order NO: PC/CCA-KUTCH-38/5192 dated February 27, 2006 from Environmental Engineer, Gujarat Pollution Control Board amending the Consent Order No. 586 dated October 22, 2003 and granting consent and authorisation under Section 25 of the Water Act, Section 21 of the Air Act, and Rules 3 (c) and 5 (5) of the Hazardous Waste Rules for use of outlet for the discharge of pigging waste, used oil/spent oil and oily sludge.
18. Letter No.J-16011/30/2003-IA.III dated July 21, 2004 from Additional Director, Ministry of Environment and Forests,

granting environment clearance for the proposed Single Point Mooring (SPM), Crude Oil Terminal (COT) and connecting pipes at Mundra Port. The application for renewal of the same has been filed on July 2, 2007.

Other Approvals

1. Letter No. GMB/GAPL/CA/18 dated June 15, 1999 from Vice Chairman & Chief Executive Officer; Gujarat Maritime Board stating that Mundra Port is an "All Weather Direct Berthing Port".
2. Letter No. GMB/GAPL/CA/19-3314 dated June 16, 1999 from Vice Chairman & Chief Executive Officer, Gujarat Maritime Board confirming that the Multi-purpose Terminal at Mundra Port can handle approximately 10 million tonnes of cargo (dry cargo and liquid cargo) per annum.
3. Letter dated July 21, 1999 from Joint Chief Controller of Explosives amending License No. P-12 (25) 2844/ dated November 17, 1998 for the storage of Petroleum Class 'A' and/or 'B' and/or 'C'- 1,00,862 KL.
4. License No. P-12 (25) 2844/Terminal dated April 18, 2000 from Joint Chief Controller of Explosives is for the storage of Petroleum Class 'A' and/or 'B' and/or 'C'- 220382 KL.
5. License GMB/N/PVT/GAPL/11360 dated February 7, 2002 from Vice Chairman & Chief Executive Officer, Gujarat Maritime Board authorizing the Company to construct and maintain the port facilities and offer services as per the Gujarat Maritime Board Act, 1981.
6. Notification No. G/PF/1/2002/IPA/1397/G/760/GH dated May 24, 2002 from Ports & Fisheries Department, Government of Gujarat altering the limit of Mundra Port.
7. License No.T.423/38/ADANI/MUNDRA dated October 9, 1997 from Chief Transportation Planning Manager, Western Railways granting in principle approval for construction of railway line from Adipur Station to Mundra.
8. License No. DGS/SOC/018 dated June 8, 2004 from Deputy Nautical Advisor, Government of India certifying compliance with the provisions of chapter XI-2 and part A of the International Code for the Security of Ships and of Port Facilities. The license is valid till May 28, 2009.
9. License No.5-NT (7)/97-III dated September 4, 2006 from Nautical Surveyor-cum-Deputy Director General of Shipping (Tech) extending the Navigation Safety in Ports Committee (NSPC) clearance up to December 31, 2006. The application for renewal of the same has been for on July 2, 2007.

We have also been granted approvals to construct jetties, pipelines, storage terminals for both liquid and dry cargo and chemicals, container terminals, crude oil terminals, sidings, single point moorings and other infrastructure for the Mundra Port. Further, the Concession Agreement with the Gujarat Maritime Board and the GPIDCL dated February 17, 2001 permits us to carry out the aforesaid activities.

Customs Related Approvals

1. Customs Notification No. 17/99-CC dated September 23, 1999 from Commissioner of Customs, Ahmedabad granting approval for unloading of imported goods and loading of export goods and notification of certain area as Customs area.
2. Customs Notification No. 13/2001-CC dated June 12, 2001 from Commissioner of Customs, Ahmedabad allocating certain area for the purpose of boarding and disembarkment of vessels by Customs officials.
3. Customs Notification No. 18/99-CC dated September 23, 1999 from Commissioner of Customs, Ahmedabad appointing the Company as custodian of the Western and Eastern Berths and Structures at Mundra for unloading of imported goods and loading of export goods.
4. Customs Notification No. 17/98 dated September 9, 1998 from Commissioner of Customs, Ahmedabad appointing the Company as custodian of the Open Pier type RCC jetty Berth Mundra for unloading of imported goods and loading of export goods.
5. Customs Notification No. 16/98 dated September 7, 1998 from Commissioner of Customs, Ahmedabad approving the Open Pier type RCC jetty Berth of the Company as the landing place for unloading of imported goods, loading of export goods and notification of certain area as Customs area.

Labour Related Approvals

1. License No. ENFIV/309 dated May 12, 1995 from the Regional Provident Fund Commissioner; Gujarat allotting code No .GJ/AH/75236 under Section 1(4) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1958.
2. Letter No. MMK/LAY/1136/2002 dated July 17, 2002 from the Assistant Labour Commissioner; Gandhidham allotting Certificate of Registration No. 27/2002 under sub-section (2) of section (7) of the Contract Labour (Regulation & Abolition) Act, 1970 in respect of infrastructure facilities.
3. Letter No. MMK/Gandhidham/2162/1995 dated August 17, 1995 from the Assistant Labour Commissioner; Gandhidham allotting Certificate of Registration No. 47 under sub-section (2) of section (7) of the Contract Labour (Regulation & Abolition) Act, 1970 in respect of storage tanks, piling and civil works.
4. License No. 091245 dated May 31, 2005 from Joint Director, Industrial Safety and Health Department, Government of Gujarat granting the factory license.

Tax Related Approvals

1. Services tax registration number AR/GIM/PS-01/2003-04 granted on July 14, 2003 by Superintendent (S-Tax) Assessment Range; Gandhidham for payment of service tax on services of port services (minor port)/goods transport services.
2. Certificate from the Income Tax Department allotting PAN AAACG7917K to the Company.

Intellectual Property

1. India Trademark Application No. 1513508 in class 37 dated December 15, 2006 for the word "Mundra Port and Special Economic Zone Limited".
2. India Trademark Application No. 1513510 in class 39 dated December 15, 2006 for the word "Mundra Port and Special Economic Zone Limited".
3. India Trademark Application No. 1513509 in class 37 dated December 15, 2006 for the logo being used by the Company.
4. India Trademark Application No. 1513511 in class 39 dated December 15, 2006 for the logo being used by the Company.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board dated January 30, 2007.

The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on January 31, 2007.

Prohibition by SEBI

Our Company, our Directors, our Promoters, Promoter Group (other than as disclosed in this Red Herring Prospectus), the directors or the person(s) in control of the Promoter and companies in which our Directors are directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

For orders passed by SEBI against some of our Promoter Group entities, please see "Outstanding Litigation and Material Developments – Litigation against Adani Agro Private Limited".

Prohibition by RBI

Our Company, our Directors, our Promoters, the Promoter Group, the directors or the person(s) in control of the Promoter and companies in which our Directors are directors have not been declared as wilful defaulters by RBI or any other governmental authorities.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.2 of the SEBI Guidelines, which states as follows:

"2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

(a)(ii) The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded.

AND

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 100 million.

OR

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares , subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;

(c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)"

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Net Issue are proposed to be allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.

- We are complying with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated 10% and 30% of the Net Issue respectively.
- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-issue face value capital of the Company shall be Rs. 4,006.79 million which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

Further, the Issue is subject to the fulfillment of the following conditions as required by Rule 19(2)(b) SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;
- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with allocation of 60% of the Net Issue size to QIBs as specified by SEBI.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 13, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

(i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

(D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE MINIMUM PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

The filing of the Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 or section 68 of the companies act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, Ahmedabad in terms of 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, Ahmedabad in terms of section 56, section 60 and section 60B of the Companies Act.

Disclaimer from the Company and the Book Runners

Our Company, our Directors and the Book Runners accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.portofmundra.com, would be doing so at his or her own risk.

The Book Runners accept no responsibility, save to the limited extent as provided in the MOU entered into between the Book Runners and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the Book Runners to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither us nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933 (the "US Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, "US persons" (as defined in Regulation S under the US Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) within the United States to "qualified institutional buyers", in reliance on Rule 144A under the US Securities Act, and (ii) outside the United States to non-US persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the United States of Securities Act, 1933.

Disclaimer clause of the BSE

The BSE has, *vide* its letter no. DCS/IPO/NP/IPO-IP/1039/2007-08 dated October 01, 2007, given us permission to use its name in this Prospectus as one of the stock exchanges on which our securities are proposed to be listed. The BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

The NSE has, vide its letter Ref. NSE/LIST/58140-4 dated October 12, 2007, given us permission to use its name in this Prospectus as one of the stock exchanges on which our securities are proposed to be listed. The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Gujarat, Dadra and Nagar Haveli (Ahmedabad) at RoC Bhavan, CGO Complex, Opposite Rupal Park Society, Near Ankur Bus Stand, Naranpura, Ahmedabad 380 013.

Listing

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalisation of the Basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue, and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue, the Monitoring Agent, Legal Counsel to Issuer and Legal Counsels to the Underwriters, to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

S R Batliboi & Associates, Chartered Accountants, have given their written consent to the inclusion of their report in relation to tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

S R Batliboi & Associates, Chartered Accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

G K Choksi & Co, Chartered Accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Expert to the Issue

Other than as stated above, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] million. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(in Rs. million)

Activity	Expenses *	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management, underwriting and selling commission	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others (Monitoring agency fees, Registrar's fee, legal fee, listing fee, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**To be completed after finalisation of issue price*

Fees Payable to the Book Runners and the Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Members will be as per the engagement letter dated March 1, 2007 with DSPML, JMF, SSKI, Enam and SBI Caps and engagement letters dated August 27, 2007 and August 17, 2007 with I Sec and KMCC respectively, issued by our Company, copies of which are available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MOU between our Company and the Registrar to the Issue dated February 26, 2007.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

We have not made any previous rights and public issues in India or abroad in the five years preceding the date of this Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 21 of this Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

Companies under the Same Management

No company under the same management (within the meaning of section 370(1)(B) of the Companies Act) as us has not made any capital issue during the last three years.

Promise v performance – Promoter Group

For details in relation to promise v performance of the promoter group, please see "Our Promoters and Promoter Group" on page 129 of this Red Herring Prospectus.

Outstanding Debentures, Bond Issues, or Preference Shares

We have issued certain redeemable preference shares. For more details in relation to the same, see "Capital Structure" on page 21 of this Red Herring Prospectus.

We have no debentures or bonds outstanding.

Stock Market Data for our Equity Shares

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least six months from the last date of despatch of the letters of allotment, dematerialised credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances

Our Company or the Registrar to the Issue shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have also appointed Mrs. Dipti Shah, Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Mrs. Dipti Shah
Adani House, Near Mithakhali Six Roads
Navrangpura, Ahmedabad 380 009
Tel: (91 79) 26565555-25555555
Fax: (91 79) 2665500
Email: dshah@adanigroup.com

Change in Auditors

Name	Date of Change	Reason
G.K. Choksi and Co.,	September 30, 2006	Resignation
S.R. Batliboi and Associates	September 30, 2006	Appointment

Capitalisation of Reserves or Profits

Our Company has not capitalised our reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 21 of this Red Herring Prospectus.

Revaluation of Assets

We have not revalued our assets in the last five years.

Purchase of Property

Other than as disclosed in this Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated elsewhere in this Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Red Herring Prospectus, and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorised by a resolution of our Board dated January 30, 2007 and by special resolution adopted pursuant to Section 81(1A) of the Companies Act, at an extraordinary general meeting of the shareholders of our Company held on January 31, 2007.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, please see “Main Provisions of the Articles of Association” on page 331 of this Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividends to our shareholders in accordance with the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of the Price Band is Rs. 400 per Equity Share and at the higher end of the Price Band is Rs. 440 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company’s Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled “Main Provisions of the Articles of Association” on page 331 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of 15 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Ahmedabad.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "Main Provisions of our Articles of Association" on page 331 of this Red Herring Prospectus.

ISSUE STRUCTURE

Issue of 40,250,000 Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] million. The Issue comprises a Net Issue of 40,100,000 Equity Shares to the public and a reservation of 150,000 Equity Shares for Eligible Employees. The Issue and the Net Issue will constitute 10.05% and 10.01% respectively of the fully diluted post Issue paid up capital of the Company

The Issue is being made through the 100% Book Building Process.

	QIBs	**Non-Institutional Bidders**	**Retail Individual Bidders**	**Employee Reservation Portion**
Number of Equity Shares*	At least 24,060,000 Equity Shares	4,010,000 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	12,030,000 Equity Shares or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 150,000 Equity Shares.
Percentage of Issue Size available for Allotment/ allocation	At least 60% of Net Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	10% of Issue or Net Issue less allocation to QIB and Retail Individual Bidders	30% of Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 150,000 Equity Shares.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) 1,203,000 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 22,857,000 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	15 Equity Shares.	15 Equity Shares and in multiples of 15 Equity Shares thereof.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	2,010 Equity Shares
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Bid Lot	15 Equity Shares in multiples of 15 Equity Shares.	15 Equity Shares in multiples of 15 Equity Shares.	15 Equity Shares in multiples of 15 Equity Shares.	15 Equity Shares in multiples of 15 Equity Shares.
Allotment Lot	15 Equity Shares in multiples of 15 Equity Share	15 Equity Shares in multiples of 15 Equity Share	15 Equity Shares in multiples of 15 Equity Share	15 Equity Shares in multiples of 15 Equity Share.
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, Eligible NRIs and HUF (in the name of Karta)	Eligible Employee
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding	Full Bid Amount on bidding.

* Subject to valid Bids being received at or above the Issue Price. In accordance with Rule 19 (2) (b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. However, if the aggregate demand from Mutual Funds is less than 1,203,000 Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders in

proportion to their Bids. Further, 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Book Runners and the Designated Stock Exchange. Under subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Portion and Retail Portion at the discretion of the Book Runners. In case of under subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the dematerialised account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Withdrawal of the Issue

Our Company, in consultation with the Book Runners, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the Allotment of Equity Shares without assigning any reason therefore.

Bidding/Issue Programme

BID/ISSUE OPENS ON	**:**	**THURSDAY,**	**NOVEMBER 01, 2007**
BID/ISSUE CLOSES ON	**:**	**WEDNESDAY,**	**NOVEMBER 07, 2007**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders, Non-Institutional Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Employees bidding under the Employee Reservation Portion where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days.

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the Book Runners at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured and submitted only through the Book Runners or their affiliate syndicate members. In case of QIB Bidders, the Company in consultation with the Book Runners may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for such rejection shall be provided to such Bidder in writing. In case of Employee Reservation Portion, Non-Institutional Bidders and Retail Individual Bidders our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Eligible Employees	Pink

Who can Bid?

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;

- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Foreign Venture Capital Investors registered with SEBI;
- Multilateral and bilateral development financial institutions; and
- Eligible Employees.

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by Associates of Book Runners and Syndicate Members

The Book Runners and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Book Runners and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 1,203,000 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at our Registered Office and with members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

AS PER THE CURRENT REGULATIONS, THE FOLLOWING RESTRICTIONS ARE APPLICABLE FOR INVESTMENTS BY FIIS:

THE ISSUE OF EQUITY SHARES TO A SINGLE FII SHOULD NOT EXCEED 10% OF OUR POST-ISSUE ISSUED CAPITAL (I.E. 10% OF 400,678,820 EQUITY SHARES OF RS. 10 EACH). IN RESPECT OF AN FII INVESTING IN OUR EQUITY SHARES ON BEHALF OF ITS SUB-ACCOUNTS, THE INVESTMENT ON BEHALF OF EACH SUB-ACCOUNT SHALL NOT EXCEED 10% OF OUR TOTAL ISSUED CAPITAL OR 5% OF OUR TOTAL ISSUED CAPITAL IN CASE SUCH SUB-ACCOUNT IS A FOREIGN CORPORATE OR AN INDIVIDUAL. AS OF NOW, THE AGGREGATE FII HOLDING IN US CANNOT EXCEED 24% OF OUR TOTAL ISSUED CAPITAL. WITH THE APPROVAL OF THE BOARD AND THE SHAREHOLDERS BY WAY OF A SPECIAL RESOLUTION, THE AGGREGATE FII HOLDING CAN GO UP TO 100%. HOWEVER, AS ON THIS DATE, NO SUCH RESOLUTION HAS BEEN RECOMMENDED TO THE SHAREHOLDERS OF THE COMPANY FOR ADOPTION.

SUBJECT TO COMPLIANCE WITH ALL APPLICABLE INDIAN LAWS, RULES, REGULATIONS GUIDELINES AND APPROVALS IN TERMS OF REGULATION 15A(1) OF THE SECURITIES EXCHANGE BOARD OF INDIA (FOREIGN INSTITUTIONAL INVESTORS) REGULATIONS 1995, AS AMENDED, AN FII OR ITS SUB ACCOUNT MAY ISSUE, DEAL OR HOLD, OFF SHORE DERIVATIVE INSTRUMENTS SUCH AS PARTICIPATORY NOTES, EQUITY-LINKED NOTES OR ANY OTHER SIMILAR INSTRUMENTS AGAINST UNDERLYING SECURITIES LISTED OR PROPOSED TO BE LISTED IN ANY STOCK EXCHANGE IN INDIA ONLY IN FAVOUR OF THOSE ENTITIES WHICH ARE REGULATED BY ANY RELEVANT REGULATORY AUTHORITIES IN THE COUNTRIES OF THEIR INCORPORATION OR ESTABLISHMENT SUBJECT TO COMPLIANCE OF "KNOW YOUR CLIENT" REQUIREMENTS. AN FII OR SUB-ACCOUNT SHALL ALSO ENSURE THAT NO FURTHER DOWNSTREAM ISSUE OR TRANSFER OF ANY INSTRUMENT REFERRED TO HEREINABOVE IS MADE TO ANY PERSON OTHER THAN A REGULATED ENTITY.

BIDS BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

AS PER THE CURRENT REGULATIONS, THE FOLLOWING RESTRICTIONS ARE APPLICABLE FOR SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 15 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

(c) **For Employee Reservation Portion:** The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. The maximum Bid in this category cannot exceed 2,010 Equity Shares per employee.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

(a) Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.

(d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the Book Runners or Syndicate Members or their authorised agent(s) to register their Bids.

(e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

(a) Our Company and the Book Runners shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Red Herring Prospectus with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Gujarati newspaper with wide circulation. This advertisement, subject to the provisions of section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 date January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(b) The Bid/Issue Period shall be for a minimum of three working days and shall not exceed seven working days. The Bid/ Issue Period maybe extended, if required, by an additional three working days, subject to the total Bid/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Gujarati newspaper with wide circulation and also by indicating the change on the websites of the Book Runners and at the terminals of the members of the Syndicate.

(c) During the Bid/Issue Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.

(d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids".

(f) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) During the Bid/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 310.

Bids at Different Price Levels and Revision of Bids

(a) The Price Band has been fixed at Rs. 400 to Rs. 440 per Equity Share, Rs. 400 being the Floor Price Band and Rs. 440 being the Cap Price. The Bidders can bid at any price with in the Price Band, in multiples of Re.1 (One).

(b) Our Company, in consultation with the Book Runners reserves the right to revise the Price Band, during the Bid/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

(c) Our Company, in consultation with the Book Runners can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(d) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion may bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

(e) Retail Individual Bidders who bid at the Cut-off Price agree that they shall purchase or subscribe the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at the Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price). The Retail Individual Bidders, who bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account.

(f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

(g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account. In any event the Company, in consultation with the Book Runners shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company and the Members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid.

Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall with the submission of the Bid cum application Form draw a cheque or demand draft for the applicable Margin Amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the section titled "Issue Procedure-Payment Instructions" on page 318 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its QIB Margin Amount only to a Book Runner or Syndicate Members duly authorised by the Book Runner in this regard. Bid cum application Forms accompanied by cash/ Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date and no later than 15 (fifteen) days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 302 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the Book Runners. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the Book Runners on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor.
- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, Members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 321.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Book Runners are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the Book Runners on a regular basis.

(c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the Company in consultation with the Book Runners based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the Book Runners will analyse the demand generated at various price levels and discuss the pricing strategy with the Company.

(b) The Company in consultation with the Book Runners shall finalise the Issue Price.

(c) The allocation to QIBs will be at least 60% of the Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 10% and 30% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

(d) Under subscription, if any, in the Non-Institutional Portion and the Retail Portion would be met with spill over from any other category at the discretion of our Company in consultation with the Book Runners. However, if the aggregate demand by Mutual Funds is less than 1,203,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the Book Runners and the Designated Stock Exchange.

(e) Under subscription, if any, in the Employee Reservation Portion will be added back to the Non Institutional Portion and Retail Portion at the discretion of the Book Runners. In case of under subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.

(f) Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(g) The Book Runners, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(h) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

(i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the Book Runners and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two widely circulated newspapers (one each in English and Hindi) and a Gujarati newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Book Runners or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The Book Runners or members of the Syndicate will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth under the section "Issue Procedure" on page 313 of this Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 (fifteen) days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the Resident Bid cum Application Form (White in colour) or Non-Resident Bid cum Application Form (Blue in colour) as the case may be;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;

(d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) If your total Bid Amount is for Rs. 50,000 or more, ensure that you have mentioned your PAN. In case, your PAN has not been allotted, mention "Not Allotted" in the appropriate place. If you have mentioned "Applied for" or "Not Applicable" in the Bid cum Application Form in the section dealing with PAN Number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof. (see "Issue Procedure – PAN Number" on page 320 of this Red Herring Prospectus);

(h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for bid amount in excess of Rs. 100,000 and for Bidders in Employee Reservation Portion bidding in excess of Rs. 100,000);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 15 Equity Shares and in multiples of 15 thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of 15 Equity Shares thereafter. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the Book Runners nor the Registrar to the Issue nor the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME

GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, Escrow Collection Banks nor the Book Runners shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depositary Participant Details).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids by Eligible Employees

The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. Bidders under the Employee Reservation Portion can apply for a maximum of the size of the Issue. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid-at Cut-off Price.

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of the Company incorporated in India who are Indian Nationals, are based in India and are physically present in India on the date of submission of the Bid- cum-Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form).

b) The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. The maximum Bid in this category by an Eligible Employee cannot exceed the size of the Issue.

c) Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid cum Application Form.

d) The sole/ first bidder should be Eligible Employees as defined above.

e) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

f) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.

g) Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.

h) Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.

i) If the aggregate demand in this category is less than or equal to 150,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

j) Under subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to the Public, and the ratio amongst the investor categories will be at the discretion of the Company and the Book Runners. In case of under subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.

k) If the aggregate demand in this category is greater than 150,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 323 of this Red Herring Prospectus.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the

Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the Book Runners may deem fit.

Payment Instructions

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum application Form and for amounts payable pursuant to allocation/Allotment in the Issue.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

Payment into Escrow Account

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Book Runners.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
   (a) In case of Resident QIB Bidders: "Escrow Account – MPSEZ – QIB - R"
   (b) In case of Non Resident QIB Bidders: "Escrow Account – MPSEZ – QIB - NR"
   (c) In case of Resident Retail and Non-Institutional Bidders: "Escrow Account – MPSEZ - R"
   (d) In case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account – MPSEZ - NR"
   (e) In case of Employees: "Escrow Account – MPSEZ – Employees"
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.
5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in

support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
10. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid Cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder(s), or in the case of a Bid in joint names, each of the Bidder(s), should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. In case the PAN has not been allotted, mention "Applied for" or "Not Applicable" in the appropriate places and submit Form 60 or Form 61 as the case may be together with permissible documents as proof of address. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**. In case the sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61, as the case may be.**

Unique Identification Number ("UIN")

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the Cut-off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000 and option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Our Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the Book Runners may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders.
- Bids for number of Equity Shares which are not in multiples of 15;
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the Book Runners or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect where the Bid cum Application form do not reach the Registrar to the Issue prior to the finalisation of the Basis of Allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by international QIBs not submitted through the Book Runners or their affiliates;
- Bids by QIBs not submitted through members of the Syndicate;
- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;

- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

Equity Shares In Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

(a) Agreement dated October 10, 2002 with NSDL, the Company and MCS Limited, the Registrar and Transfer Agent of the Company;

(b) Agreement dated April 5, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum application Form or Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum application Form vis-à-vis those with his or her Depository Participant.

(g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or dematerialised credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 12,030,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 12,030,000 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 15 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 4,010,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 4,010,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 15 Equity Shares. For the method of proportionate basis of Allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

    (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

    (iii) Under subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than 24,060,000 Equity Shares

D. For Employee Reservation Portion

The Bid must be for a minimum of 15 Equity Shares and in multiples of 15 Equity Shares thereafter. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price.

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 150,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Under subscription, if any, in the Employee Reservation Portion will be added back to the Non-Institutional Portion and Retail Portion at the discretion of the Book Runners.
- If the aggregate demand in this category is greater than 150,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 15 Equity Shares and in multiple of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees eligible to apply under Employee Reservation Portion.

Metshod of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the Book Runners and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 15 Equity Shares per Bidder, the Allotment shall be made as follows:

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
- Each successful Bidder shall be allotted a minimum of 15 Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than 15 but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	**Issue size**	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	**50**
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

 # A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11,40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 302.

2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494;
   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494; and
   - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the Book Runners shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the dematerialised account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect

of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or dematerialised credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings

Our Company undertakes the following:

- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to the Non-Resident Indians shall be despatched within specified time; and
- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- Details of all monies utilised out of the funds received from Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised; and
- Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the port and SEZ sector is permitted upto 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the Non-Resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/debentures and/or on their consolidation/splitting are detailed below:

The regulations contained in Table 'A' of Schedule I to the Companies Act (Act 1 of 1956) shall not apply only in so far as the same are not provided for or are not inconsistent with these Articles and the regulations for the management of the Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration or of addition to, its regulations by special resolution, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

The Company has by way of a share resolution passed at its EGM on October 16, 2007 approved the amendments to its Articles. All rights relating to investors have been removed except for Article 76B which relates to tag along rights that certain shareholders have vis-à-vis the Promoters of the Company.

CAPITAL

Increase of Capital by the Company and how carried into effect

Article 4 provides that "The Company may in General Meeting, from time to time by ordinary resolution, increase its capital by creation of new shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new shares shall be issued upon such terms and conditions with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of Act. Whenever the Capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act".

New Capital same as existing capital

Article 5 provides that "Except in so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares, shall be considered as part of existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise".

Redeemable Preference Shares

Article 6 provides that "Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company are liable to be redeemed in accordance with Section 80A of the Act and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption".

Provisions to apply on issue of Redeemable Preference Shares

Article 7 provides that "On the issue of redeemable preference shares under the provisions of Article 6 hereof, the following provisions shall take effect.

(a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purposes of the redemption.

(b) No such shares shall be redeemed unless they are fully paid.

(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Share Premium Account, before the shares are redeemed.

(d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits, which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the Shares redeemed and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

(e) Subject to the provisions of Sections 80 and 80A of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

Reduction of Capital

Article 8 provides that "The Company may (Subject to the provisions of Sections 78, 80 and 100 to 105, both inclusive and other applicable provisions, if any of Act) from time to time by special resolution reduce (a) the share capital (b) any capital redemption reserve account or (c) any share premium account in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. These Articles is not to derogate from any power Company would have, if it were omitted".

SHARES AND CERTIFICATES

Modifications of Rights

Article 10 provides that "Whenever the capital, by reason of the issue of the preference shares or otherwise is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourth of the issued capital of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares that class and all the provisions herein after contained as to general meeting shall mutatis mutandis apply to every such meeting. This Article is not to derogate from any power the Company would have if this Article was omitted."

Article 11 provides that "The Company may, subject to compliance with the provision of Section 76 of the Act, exercise the power of paying commission on the issue of share and debentures. The commission may be satisfied in cash or in share(s), debenture(s), debenture stock of the Company."

Article 12 provides that "The Company may pay a reasonable sum for brokerage."

Consolidation Division, Sub-division and Cancellation of Shares

Article 13 provides that "Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time by an ordinary resolution alter the conditions of its Memorandum as follows:

(a) Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.

(b) Sub-divide its shares or any of them into shares of smaller amount than fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on such reduce share shall be the same as it was in the case of the share from which the reduced share is derived.

(c) Cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. Cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clauses (a), (b) and (c), the Company shall within thirty days thereafter give notice thereof to the Registrar as required by Section 95 of the Act, specifying, as the case may be, the shares consolidated, divided, sub-divided or cancelled".

Dematerialisation of Securities

Article 13 A provides that

(1) "The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.

(2) (i) The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.

(ii) Option for Investors:

Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.

If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security.

(iii) Securities on Depositories to be in fungible form:

All securities of the Company held by the Depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C & 372A of the Act shall apply to a Depository in respect of the securities of the Company held by it on behalf of the beneficial owners.

(iv) Rights of Depositories & Beneficial Owners:

a) Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security of the Company on behalf of the beneficial owner.

b) Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.

c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

(v) Service of documents:

Notwithstanding anything contained in the Act to the contrary, where securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities:

Nothing contained in Section 108 of the Act, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(vii) Allotment of securities dealt with in a depository:

Notwithstanding anything contained in the Act, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(viii) Distinctive numbers of Securities held in a depository:

Nothing contained in the Act regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

(ix) Option to opt out in respect of any security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(x) Register and Index of members:

The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Act and the

Depositories Act, 1996 with the details of shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of a electronic media.

The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or country.

(xi) Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures, or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 and any statutory modification or re-enactment thereof for the time being in force shall apply".

Further issue of shares

Article 14 provides that

(1) "Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of unissued share capital or out of increased share capital then.

(a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.

(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason, to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.

(2) Notwithstanding anything contained in sub-clauses thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in General; or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any of the Chairman) by members who, being entitled so to do, vote, in person or where proxies are allowed by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of clause (1) hereof shall be deemed;

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and

(b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans".

Shares under control of Directors

Article 15 provides that "Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may allot or otherwise dispose off the same to such person on such terms and conditions and at such time, as they think fit with full power, subject to the sanction of the Company in General Meeting to give any person the option to call for or be allotted shares of any class of the Company either at a premium or at par or at a discount subject to the provisions of Sections 78 and 79 of the Act, at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit."

Application of premium received on shares

Article 16 provides that

(1) "Where the Company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount of value of the premium on these shares shall be transferred to an account, to be called "The Share Premium Account" and the provisions of the Act, relating to the reduction of the share capital of the Company shall, except as provided in this Article, apply as if the share premium account were paid up share capital of the Company.

(2) The share premium account may, notwithstanding anything in clause (1) hereof be applied by the Company:

  (a) in paying up unissued shares of the Company, to be issued to the members of the Company, as fully paid bonus shares;

  (b) in writing off the preliminary expenses of the Company;

  (c) in writing off the expenses of or the commission paid or discount allowed on any issue of shares or debentures of the Company; or

  (d) in providing for the premium payable on the redemption of any redeemable preference shares or any debentures of the Company".

Power also to Company in General Meeting to issue shares

Article 17 provides that "In addition to and without derogating from the powers for that purpose conferred on the Board under these Articles, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, by Special Resolution other than Bonus Share Issue, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to any person (whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full powers to give any class of the Company either (subject to compliance with the provisions of Sections 78 & 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such considerations as may be directed by such General Meeting of the Company and General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares."

Shares at a discount

Article 18 provides that "The Company may issue at a discount shares in the Company of a class already issued, if the following conditions are fulfilled namely:

(1) The issue of the shares at a discount is authorised by a resolution passed by the Company in General Meeting and sanctioned by the Company Law Board;

(2) The resolution specifies the maximum rate of discount (not exceeding ten percent or such higher percentage as the

Company Law Board may permit in any special case) at which the shares are to be issued; and

(3) The shares to be issued at a discount are issued within two months after the date in which the issue is sanctioned by the Company Law Board or within such extended time as the Company Law Board may allow."

Instalment of shares to be duly paid

Article 19 provides that "If by the conditions of any allotment of any shares the whole or any part of the amount or issue price thereof shall be payable by instalments, every such instalments shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives and shall for the purposes of these Articles, be deemed to be payable on the date fixed for payment and in the case of non-payment the provisions of this Articles as to payment of interest and expenses of forfeiture and like and all the other relevant provisions of these Articles shall apply as if such instalments were a call duly made and notified as hereby provided."

The Board may issue shares as fully paid-up

Article 20 provides that "Subject to the provisions of the Act and these Articles, the Board may allot and issue shares in the Capital of the Company as payment of any property sold or transferred or for service rendered to the Company in the conduct of its business or in satisfaction of any shares, which may be so issued shall be deemed to be fully paid-up or partly paid-up shares."

Acceptance of shares

Article 21 provides that "Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is therefore placed on the register shall, for the purpose of this Articles, be a member."

Deposit and Call to be a debt payable

Article 22 provides that the money, if any, which the Board of Directors shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the inscription of the name of the allotee in the register of members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid up by him accordingly.

Liability of Members

Article 23 provides that "Every member or his heirs, executors or administrators to the extent of his assets which come to their hand shall be liable to pay of the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board of Directors shall from time to time, in accordance with the Company's requisitions, require or fix for the payment thereof."

Share Certificate

Article 24 provides that

(a) "Every member or allottee of shares shall be entitled, without payment to receive one certificate for all the share of the same class registered in his name. The share certificate shall be issued in marketable lots only. Every share certificate shall specify the name of the person in whose favour it is issued, the share certificate number and the distinctive number(s) of the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issue against letters of acceptance or of renunciation or in cases of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares PROVIDED THAT if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating the evidence. If any member shall require additional certificates he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding One Rupee as the Directors shall determine. The Certificates of title too shall be issued under the seal of the Company shall be signed in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Printing of blank forms to be used for issue of share certificates and maintenance of books and documents relating to issue of Share Certificates shall be in accordance with the provisions of the aforesaid rules. Such certificates of title to shares shall be delivered within two months after the allotment and within one month after the application for the registration of the transfer of any such shares unless the conditions of issue of share provide otherwise.

(b) Any two or more joint allottees or holders of shares shall, for the purpose of this Article, be treated, as a single member and the certificate of any share which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them".

Renewal of Share Certificates

Article 25 provides that "No Certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or where the pages on the reverse for recording transfer have been duly utilised unless the certificate in lieu of which it is issued is surrendered to the Company.

Every Certificate under this Article shall be issued without payment of fees if the Directors so decide or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe".

New certificates to be granted on delivery of the old certificates

Article 26 provides that "New certificates shall not be granted under the provisions of the foregoing Article except upon delivery of the worn out or defaced or used up certificate for the purpose of cancellation and upon proof of destruction or loss and upon such terms, if any, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidence as the Board of Directors may think fit in the case of any certificate having been destroyed, lost or defaced beyond identification."

The first named of joint holders deemed sole holder

Article 27 provides that "If any share stands in the name of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notice and all or any other matter connected with the Company except voting at meeting and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's regulations."

Company not bound to recognise any interest in share other than of registered holder.

Article 28 provides that "Except as ordered by a Court of Competent jurisdiction or as by law required, the Company shall not be bound to recognise, even when having notice thereof, any equitable, contingent, future or partial interest in any share or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as holder thereof but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons (but not exceeding 4 persons) or the survivor or survivors of them."

Trust not recognised

Article 29 provides that,

"(a) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of Competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share in the part of any other person whether or not in shall have express or limited notice thereof. The provisions of Section 153 of the Act, shall apply.

(b) Shares may be registered in the name of an incorporated Company or other body corporate but not in the name of a minor (except in case where they are fully paid) or in the name of a person of unsound mind or in the name of any firm or partnership."

Buy back of Shares

Article 30 provides that "Subject to the other Articles of the Articles of Association, and subject to the provisions of Section 77A and 77B of the Act and Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 as may be in force at any time and from time to time, the Company may acquire, purchase, own, resell any of its own fully/partly paid or redeemable shares and any other security as may be specified under the Act, Rules and Regulations from time to time and may make payment thereof out of funds at its disposal or in any manner as may be permissible or in respect of such acquisition/purchase on such terms and conditions and at such time or times in one or more installments as the Board may in its discretion decide and deem fit. Such shares, which are so bought back by the Company, may either be extinguished and destroyed or reissued as may be permitted under the Act or the Regulations as may be in force at the relevant time subject to such terms and conditions as may be decided by the Board and subject further to the rules & regulations governing such issue".

INTEREST OUT OF CAPITAL

Interest out of Capital

Article 34 provides that "Where any shares are issued for the purposes of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provision of the plant."

DEBENTURES

Debentures with voting rights not to be issued

Article 35 provides that:

(a) "The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business, Debenture-stock, bonds or other securities with the right to allotment of or conversion into share shall not be issued except with the sanction of the Company in general meeting.

(b) The Company, shall have power to reissue redeemed debenture in certain cases in accordance with Section 121 of the Act.

(c) Payment of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.

(d) Certain charges (whether expression includes mortgages) mentioned in Section 125 of the Act, shall be void against the Liquidators or Creditors unless registered as provided in Section 125 of the Act.

(e) A contract with the Company to take up and pay any debentures of the Company may be enforced by a decree for specific performance.

(f) Unless the conditions of issue thereof otherwise provide, the Company shall (Subject to the provisions of Section 113 of the Act) within three months after the allotment of its debentures or debenture-stock and within one month after the application for the registration of the transfer of any such debentures or debenture-stock have completed and delivered the certificate of all debenture-stock allotted or transferred.

(g) The Company shall comply with the provisions of Section 118 of the Act, as regards supply of copies of Debenture Trust Deed and inspection thereof.

(h) The Company shall comply within the provisions of Section 124 to 145 (inclusive) of the Act as regards registration charges".

CALLS

Directors may make call

Article 36 provides that "Subject to the provisions of Section 91 of the Act the Board of Directors may, from time to time by a Resolution passed at a meeting of a Board (and not by a circular resolution), make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares whether on account of he nominal value of the shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors.

A call may be made payable by instalments. A call may be postponed or revoked as the Board may determine".

Notice of calls

Article 37 provides that "Not less than thirty days notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid".

When call deemed to have been made

Article 38 provides that "A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the member on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors".

Directors may extend time

Article 39 provides that "The Board of Directors may from time to time as its discretion, extend the time fixed for the payment of any call and may extend such time to call on any of members the Board of Directors may deem fairly entitled to such extension, but no member shall be entitled to such extension as of right except as a matter of grace and favour."

Amount payable at fixed time or by instalments to be treated as calls

Article 40 provides that "If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provision herein contained in respect of calls shall apply to such amount or installment accordingly".

When interest on call or installment payable

Article 41 provides that "If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the share in respect of which the call have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof up to the time of actual payment but the Directors may waive payment of such interest wholly or in part".

Evidence in actions by Company against shareholders

Article 42 provides that "On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives for the recovery of any moneys claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the members in respect of whose shares the money is sought to be recovered and entered on the register of members as the holder or as one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which the money is sought to be recovered that the resolution making the call is duly recovered in the minute book and the notice of such call was duly given to the member or his legal representatives sued in pursuance of these Articles and it shall not be necessary to prove the appointment of Directors who made such call, not that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was duly convened or constituted nor any other matter whatsoever but the proof of the matter aforesaid shall be conclusive evidence of the debt".

Payment in anticipation of calls may carry interest

Article 43 provides that "The Board of Directors may, if it think fit, agree to and receive from any member willing to advance the same all or any part of the amount due upon the shares held by him beyond the sums actually called for and upon the moneys so paid up in advance or so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and in respect of its shares on account of which such advances are made, the Board of Directors may pay or allow interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, fifteen percent per annum as the member paying the sum in advance and the Directors agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such members three months' notice in writing. Money so paid in advance of the amount of calls shall not confer a right to participate in profit or dividend. No member paying any such sum in advance shall be entitled to voting rights in respect of the money so paid by him until the same would but for such payment become presently payable."

Company to have lien on shares

Article 44 provides that "The Company shall have a first and paramount lien upon all shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not), called or payable at a fixed time in respect of such shares/debentures and no equitable interests in any shares shall be created except upon the footing condition that this Article is to have full legal effect. Any such lien shall extended, to all dividends from time to time declared in respect of shares, PROVIDED THAT the Board of Directors may, at any time, declare any share to be wholly or in part exempt from the provision of this Article."

FORFEITURE OF SHARES

If money payable on share not paid notice to be given

Article 47 provides that "If any member fails to pay the whole or any part of any call or any installment of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for instalment remains unpaid, give notice to his requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment".

Sum payable on allotment to be deemed a call

Article 48 provides that "For the purpose of the provision of these presents relating to forfeiture of shares the sum payable upon allotment in respect of a share shall be deemed to be a call upon such share on the day of allotment".

Form of Notice

Article 49 provides that "The notice shall name a day (not being less than one month from the day of the notice) and a place or places on and at which such call or instalment and such interest thereof at such rate not exceeding eighteen per cent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, shares in respect of which the call was made or instalment is payable will be liable to be forfeited".

In default of payment shares to be forfeited

Article 50 provides that "If the requirements of any such notice as aforesaid are not complied with any share or shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture".

Forfeited share to be the property of the Company and may be sold

Article 52 provides that "Any share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit".

Member still liable to pay money owing at the time of forfeiture and interest

Article 53 provides that "Any member whose shares have been forfeited shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen per cent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it think fit, but shall not be under any obligation to do so".

Effect of forfeiture

Article 55 provides that "The forfeiture of a share shall involve the extinction at the time of the forfeiture of all interest in and all claims and demand against the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these Articles are expressly saved".

Power to annul forfeiture

Article 56 provides that "The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as it thinks fit".

TRANSFER AND TRANSMISSION OF SHARES

No transfer to minor

Article 60 provides that "The Board shall not issue or register a transfer of any shares for a minor (except in case when they are fully paid) or insolvent or person of unsound mind."

Form of Transfer

Article 61 provides that "The instrument of transfer of any share shall be in the prescribed form under the Companies (Central Government) General Rules and Forms, 1956 and in accordance with the requirement of Section 108 of the Act".

Application for transfer

Article 62 provides that

(a) "An application for registration of a transfer of the shares in the Company may be either by the transfer or the transferee.

(b) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(c) For the purpose of clause (b) above notice to the transfer shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post".

Execution of transfer

Article 63 provides that "The instrument of transfer of any share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be attested. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

PROVIDED THAT registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares".

Directors may refuse to register transfers

Article 66 provides that

(a) Subject to the provisions of law relating to transfer of shares as in force from time to time, the Directors may at any time in their own absolute and uncontrolled discretion decline to register or acknowledge any transfer of any share giving reasons therefore and in particular may so decline in any case in which the Company has a lien upon the shares desired to be transferred or any call or instalment regarding any of them remain unpaid or unless the transferee is not approved by the Directors and such refusal shall not be affected by the fact that, the proposed transferee is already a member, the registration of transfer shall be conclusive evidence of the approval of the Directors of the transferee.

(b) No transfer of shares all be registered in violation of any shareholder's agreement made between GPIDCL, APL and the Company so long as such agreement subsists.

(c) Notwithstanding anything stated in sub-clauses (a) and (b) above, the Directors shall not be entitled to decline a Transfer of Shares by the Purchasers (including any assignees or nominees of the Purchasers) to any person or entity unless such Transfer is contrary to the provisions of these Articles or is prohibited by law.

Directors may refuse any application for split or consolidation of Certificate(s)

Article 67 provides that "Subject to the power of the Directors stated in Articles 61 and the provision of this clause, transfer of

Shares/Debentures, in whatever lot should not be refused. However, the Company may refuse to split a Share Certificate/ Debenture Certificate in to several scrips of very small denominations or to consider a proposal for transfer of Shares/Debenture comprised in a Share Certificate/Debenture Certificate to several parties, involving such splitting if on the face of its such splitting/transfer appears to be unreasonable or without a genuine need or a marketable lot."

Notice of refusal to be given to transferor and transferee

Article 68 provides that "If the Company refused to register the transfer of any shares or debenture or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was delivered with the Company send notice of refusal to the transferee and the transferor or to the person giving the intimation of the transmission as the case may be giving reasons for such refusal and thereupon the provisions of Section 111 of the Act and statutory modification or re-enactment thereof for the time being in force shall apply."

Death of one or more joint holders of shares

Article 69 provides that "In case of the death of any or more of the persons named in the Register of Member as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him with any other person."

Titles to shares of deceased member

Article 70 provides that "The executors or administrators of a deceased or holders of a Succession Certificate or the legal representative in respect of the shares of a deceased member (not being one of two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such members and the Company shall not be bound to recognise such executors or administrators or holders of a succession certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letter of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or letters of Administration of Succession Certificate and register under Article 73 shares standing in the name of a deceased member, as a member".

No fee on transfer or transmission

Article 74 provides that "No fee shall be charged for registration of transfer, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document".

Nomination

Article 76 A provides that:

"A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either to register himself as holder of the share or debenture, as the case may be; or to make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.

If the nominee elects to be registered as holder of the share or debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

A nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that Board may, at any time, give notice requiring any such person to elect to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with".

Transfer provisions for the Promoters

Tag Along Rights

Article 76B provides that:

"Notwithstanding anything stated elsewhere in these Articles:

(i) If any Promoter proposes to Transfer any Shares then such Promoter shall follow the procedure mentioned in Article 76 B (ii) to 76 B (vii) provided (i) the Transfer represents more than 5% of the Company's issued, subscribed and paid-up equity share capital in one transaction or a series of transactions, in a period of 12 months or (ii) the Transfer is in excess of an aggregate of 10% of the present issued, subscribed and paid-up equity share capital of the Company held by the Promoters for a pre-Listing placement by the Promoters.

(ii) Such Promoter (hereinafter, "Selling Shareholder") shall first give a written notice (hereinafter referred to as "Offer Notice") to the Purchasers. The Offer Notice shall state (i) the name of the Selling Shareholder, (ii) the number of Shares proposed to be Transferred (hereinafter referred to as the "Offered Shares") and the number and class of Shares the Selling Shareholder owns at that time on an undiluted (pre-sale) basis, (iii) the name and address of the proposed transferee, (iv) the proposed price, including the proposed amount and form of consideration and terms and conditions offered by such proposed transferee, (v) the expected date of consummation of the proposed Transfer, (vi) a representation that the proposed transferee has been informed of the "tag-along" rights provided for in this Article and has agreed to purchase all the Shares required to be purchased in accordance with the terms of Article 76B(i) to (vii), and (vii) a representation that no consideration, tangible or intangible, is being provided to the Selling Shareholder that will not be reflected in the price paid to the Purchasers on exercise of its tag-along rights hereunder. In the event that the proposed consideration for the Transfer includes consideration other than cash, the Offer Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The total value of the consideration for the proposed Transfer is referred to herein as the "Offer Price". Such Offer Notice shall be accompanied by a true and complete copy of all relevant documents.

(iii) The Purchasers shall be entitled to respond to the Offer Notice by serving a written notice ("Response Notice") on the Selling Shareholder prior to the expiry of 30 (thirty) Business Days from the date of receipt of the Offer Notice ("Offer Period") requiring the Selling Shareholder to ensure that the proposed transferee of the Offered Shares also purchases such number of Shares on a pro-rata basis to the Shares held by the Purchasers (which do not exceed the pro rata total share holding of the Purchasers and the Promoters inter se, in the Company immediately prior to the proposed sale) as are mentioned in the Response Notice, at the same price and on the same terms as are mentioned in the Offer Notice.

(iv) If the proposed transferee(s) is/are unwilling or unable to acquire all of the Shares mentioned in the Response Notice upon such terms, then the Selling Shareholder shall reduce the number of Shares proposed to be Transferred by it to the proposed transferee(s) in order to ensure that the proposed transferee(s) purchases the Shares mentioned in the Response Notice. The Selling Shareholder shall not be entitled to sell or Transfer any of the Offered Shares to any proposed transferee unless the proposed transferee simultaneously purchases and pays for the required number of Shares of the Purchasers and / or its nominees as mentioned in the Response Notice in accordance with the provisions of this Article.

(v) The Selling Shareholder shall ensure that, along with the Offered Shares, the proposed transferee also acquires the Shares specified in the Response Notice for the same consideration and upon the same terms and conditions as applicable to the Offered Shares. Where the Purchasers and/ or its nominees have properly elected to exercise their tag-along right and the proposed transferee fails to purchase from the Purchasers the Shares which they are entitled to sell under this tag along provision, the Selling Shareholder shall not make the proposed Transfer, and if purported to be made, such Transfer shall be void and the Company shall not register any such Transfer of Shares.

(vi) In the event the Purchasers and / or its nominees do not deliver a Response Notice to the Selling Shareholder prior to the expiry of the Offer Period, then, upon the expiry of the Offer Period, the Selling Shareholder shall be entitled to sell and transfer the Offered Shares to the proposed transferee mentioned in the Offer Notice on the same terms and conditions and for the same consideration as is specified in the Offer Notice. If completion of the sale and transfer to the proposed transferee does not take place within the period of 30 days following the expiry of the Offer Period (which may be extended by a further period of [30 (thirty)] days in order to obtain all necessary Government Approvals), the Selling Shareholder's right to sell the Offered Shares to such proposed transferee shall lapse and the provisions of Article 76 B (ii) to (vii) shall once again apply to the Offered Shares.

(vii) For all Transfers made by the Selling Shareholder in terms of this Article 76 B, the proposed transferee shall first execute and deliver to the purchaser a Deed of Adherence agreeing to be bound by the terms of the SPSA as applicable to the Selling Shareholder as if it / they had signed the SPSA originally.

(viii) The Promoters shall not Transfer any Shares on the Recognised Investment Exchange, without providing the Purchasers the right of tag – along proportionately with the Promoters on the Recognised Investment Exchange".

SHARE WARRANTS

Power to issue share warrants

Article 77 provides that "The Company may issue warrants subject to and in accordance with the provisions of Section 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identify of the person signing the application and on receiving the certificates (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant".

Issue of new share warrant or coupon

Article 80 provides that "The Board may, from time to time, make bye-laws as to the terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction".

BORROWING POWERS

Power of Borrow

Article 85 provides that "Subject to the provisions of Section 58A, 292 and 293 of the Act and of these Articles the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept, deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purpose of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in general meeting. No debt incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded".

MEETING OF MEMBERS

Annual General Meeting and the persons entitled to attend

Article 90 provides that:

(1) "The Company shall in each year held, in addition to any other meeting a General Meeting as its Annual General Meeting in accordance with the provisions of Sections 166 and 210 of the Act and shall specify the meeting as such in the notice calling it, except in the case where the Registrar, has given an extension of time for holding any Annual General Meeting, of the Company and that of the next.

PROVIDED THAT if the Registrar shall have for special reason, extended the time within which any Annual General Meeting shall be held such Annual General Meeting may be held within the additional time.

(2) Every Annual General Meeting shall be called for any time during business hours, on a day that is not a public holiday and shall be held either at the registered office of the Company or at some other place within the city or town or village in which the registered office of the Company is situated for the time being.

(3) Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor".

Extra-ordinary General Meeting

Article 92 provides that:

"All General Meeting other than Annual General Meeting shall be called Extra-ordinary General Meeting".

Requisitionists' Meeting

Article 93 provides that:

(1) "Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of members as hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:

(a) give to the members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) circular to members entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that meeting.

(2) The number of members necessary for a requisition under clause (1) hereof shall be:

(a) Such number of members as represent not less than one-twentieth of the total voting power of all the members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or

(b) not less than one hundred members having the rights aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than Rs. 100 thousand in all.

(3) Notice of any such resolution shall be given and any such statement shall be circulated to members of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted by the Act for service of notice of the meeting and notice of any such resolution shall be given to any other member of the Company be giving notice of the general effect of the resolution in any manner permitted by the Act, for giving him notice of meeting of the Company. The copy of the resolutions shall be served or notice of the effect of the resolution shall be given, as the case may be, in the same manner and so far as practicable, at the same time as notice of the meeting and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

(4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless:

(a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signature of all the requisitionists) is deposited at the registered office of the Company.

(i) in the case of requisition, requiring notice of resolution, not less then six weeks before the meeting; or

(ii) in the case of any other requisition, not less then two weeks before the meeting.

(b) there is deposited or tendered with the requisition sum reasonably sufficient to meet the Company expenses in giving effect thereto.

PROVIDED THAT if after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company and an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purposes also thereof.

(5) The Company shall also not be bound under this Article to circulate any statement if, on the application either of the Company or of any other person who claims to be aggrieved is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.

(6) Notwithstanding anything in these Articles, the business which may be dealt with at an Annual General Meeting shall include any resolution of which notice is given in accordance with this Article and for the purposes of this clause, notice shall be deemed to have been so given, notwithstanding the accidental omission, in giving it, to one or more members".

Extra-ordinary General Meeting by Board and by requisition

Article 94 provides that:

(a) "The Directors may, whenever they think fit, convene an Extra-ordinary General Meeting and they shall on requisition of the members as hereinafter provided, forthwith proceed to convene Extra-ordinary General Meeting of the Company.

When a Director or any two members may call an Extra-ordinary General Meeting

(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a general meeting, any Director or any two or more members of the Company holding not less then one-tenth of the total paid up share capital of the Company may call an Extra - ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors".

Contents of requisition and number of requisitionists required and the conduct of meeting

Article 95 provides that:

(1) "In case of requisition the following provisions shall have effect:

(a) The requisition shall set out the matter for the consideration of which the meeting is to be called and shall be signed by the requisitionists and shall be deposited at the registered office of the company.

(b) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(c) The number of members entitled to requisition a meeting in regard to any matter shall be such number as hold at the date deposit of the requisition, not less then one-tenth of the paid-up share capital of the Company as at that date carries the right of voting in regard to that matter.

(d) Where two or more distinct matters are specified in the requisition, the provisions of sub-clause (3) shall apply separately in regard to such matter and the requisition shall accordingly be valid only in respect of those matter in regard to which the conditions specified in that clause is fulfilled.

(e) If the Board does not, within twenty-one days from the date of the deposits of a valid requisition in regard to any matter, proceed duly to call a meeting for the consideration of those matter on a day not later than forty-five days from the date of the requisition, the meeting may be called:

(i) by the requisitionists themselves; or

(ii) by such of requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less one tenth of the paid-up share capital of the Company as is referred to in sub-clause (c) of clause (1) whichever is less. PROVIDED THAT for the purpose of this sub-clause, the board shall in the case of a meeting at which a resolution is to be proposed as a special resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section (2) of section 189 of the Act.

(2) A meeting called under sub-clause (c) of clause (1) by requisitionists or any of them:

(a) shall be called in the same manner, as nearly as possible, as that in which meeting is to be called by the Board; but

(b) shall not be held after the expiration of three months from the date of the deposit of the requisition. PROVIDED THAT nothing in sub-clause (b) shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

(3) Where two or more persons hold any shares in the Company jointly, a requisition or a notice calling a meeting signed by one or some only of them shall for the purpose of this Article, have the same force and effect as if it has been signed by all of them.

(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default".

Quorum

Article 101 provides that:

"Five members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the general meeting unless the quorum requisite be present at the commencement of the meeting. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is presented in accordance with Section 187A of the Act".

How question to be decided at meetings

Article 107 provides that:

"Every question submitted to a general meeting shall be decided in the first instance by a show of hands unless the poll is demanded as provided in these Articles".

Demand of Poll

Article 109 provides that:

"Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand".

Chairman's casting vote

Article 111 provides that:

"In the case of equality of votes the Chairman shall both on a show of hands and a poll (if any) have a casting vote addition to the vote or votes to which he may be entitled as a member".

VOTES OF MEMBERS

Number of votes to which member entitled

Article 117 provides that:

"Subject to the provisions of Article 112 every member of the Company, holding any equity share capital and otherwise entitled to vote shall, on a show of hands when present in person (or being a body corporate present by a representative duly authorised) have one vote and on a poll, when present in person (including a body corporate by a duly authorised representative) or by an agent duly authorised under a Power of Attorney or by proxy, his voting right shall be in proportion to his share of the paid up equity share capital of the Company, Provided however, if any preference share-holder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions before the meeting which directly affect the rights attached to his preference shares. A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period proceeding the date on which the vote is taken".

Representation of body corporate

Article 120 provides that:

(a) "A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body, to act as its representative at any meeting of the Company or any class of members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor or holder of debentures of the Company. The production of a copy of the resolution referred above, certified by Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative's appointment and his right to vote thereat.

(b) Where the President of India or the Governor of a State is member of the Company, the President or as the case may be, the Governor may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company and such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy, as the President or as the case may be, the Governor could exercise as a member of the Company".

Proxies

Article 124 provides that:

"Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself PROVIDED ALWAYS that a proxy so appointed shall not have any right whatever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled or attend and vote is entitled to appoint one or more proxies".

No proxy to vote on a show of hands

Article 126 provides that "No proxy shall be entitled to vote by a show of hands".

Chairman of any meeting to be the judge of validity of any vote

Article 131 provides that "The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive".

DIRECTORS

Number of Directors

Article 133 provides that:

"Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more twelve".

Debenture Directors

Article 135 provides that:

"Any Trust Deed for securing debentures or debenture stocks, may, if so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture-stocks, of some person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture-stocks, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under Articles is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this Article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained".

Nominee Director

Article 136 provides that:

"Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited (ICICI) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as ICICI or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which ICICI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors, Whole-time or non-Wholetime (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. The Board of Directors of the Company shall have no power to remove from other the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall *ipso facto* vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the meetings of the committees of which the Director/s is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The company shall pay to the Nominee Director/s sitting fees and expenses to which the other Director/s of the Company are entitled but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment as Directorship, shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an Officer of the Corporation the sitting fees in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an Officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI. Limit on number of retiring Directors.

Provided also that in the event of the Nominee Director/s being appointed as Whole-time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such right as are usually exercised or available to a Whole-time Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders".

Board resolution necessary for certain contracts

Article 146 provides that:

(1) "except with the consent of the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is partner, any other partner in such a firm or a private company of which the Director, is a member or Director, shall not enter into any contract with the Company.

  (a) for the sale, purpose or supply of goods, materials or services; or

  (b) for underwriting the subscription of any share or debenture of the Company.

(2) Nothing contained in clause (a) of sub-clause (1) shall affect:

(i) the purchase of goods and materials from the Company or the sale of goods and materials to the Company, by any Director, relative, firm, partner or private Company as aforesaid for cash at prevailing market prices; or

(ii) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private Company on the other for sale, purchase or supply of any goods, materials and services in which either the Company, as the Director, relative, firm, partner or Private Company, as the case may be regularly trades or does business, PROVIDED THAT such contract or contracts do not relate to goods and materials the value of which or services, the cost of which, exceeds five thousand rupees in the aggregate in any year comprised in the period of the contracts.

(3) Notwithstanding anything contained in sub-clauses (1) and (2) hereof, a Director, relative, firm, partner of Private Company as aforesaid may, in circumstances of urgent necessity, enter without obtaining the consent of the Board, into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or costs of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.

(4) Every consent of the Board required under this Article, shall be accorded by a resolution passed at a meeting of the Board Required under clause (1) and the same shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date of which it was entered into.

(5) If consent is not accorded to any contract any under this Article, anything done in pursuance of the contract will be voidable at the option of the Board".

Disclosure to the Members of Director's interest in contract in appointing Manager, Managing Director or Whole-time Director

Article 147 provides that:

"When the Company:

(a) enters into a contract for the appointment of a Managing Director or Whole-time Director in which contract any Director of the Company is whether directly or indirectly, concerned or interested; or

(b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid, the provision of Section 302 of the Act shall be complied with".

Retirement of Directors

Article 153 provides that:

"Subject to the provisions of Section 256 of the Act and Article 135, 136 to 143 at every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three the number nearest to one-third shall retire from office. The Debenture Directors, Nominee Directors, Corporation Directors, subject to Article Managing Directors, if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the number of Directors to retire by rotation. In these Articles, a "Retiring Director" means a Director retiring by rotation".

MANAGING DIRECTOR, WHOLE-TIME DIRECTOR

Board may appoint Managing Director or Managing Directors or Whole-time Directors

Article 162 provides that:

"Subject to the provisions of the Act and these Articles, the Directors shall have power to appoint from time to time one or more of their body to be Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

Subject to the provisions of the Act and these Articles, the Managing Director or Whole-time Director shall not while he continues to hold that office, be subject to retirement by rotation under Article 150 but he shall be subject the same provisions as the resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be Managing Director or Whole-time Director if he chooses to hold office of Director for any cause provided that if at any time the number of Directors (including Managing Director or Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Director for the time being, then such of Managing Director or Whole-time Director or two or more of them as the Directors as the Directors may from time to time determine shall be liable to retirement by rotation in accordance with the Article 150 to the extent that the number of Directors not liable to retirement by rotation shall not exceed one -third of the total number of Directors for the time being".

Powers and duties of Managing and/or Whole-time Director(s)

Article 165 provides that:

"Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be in the hands of the Managing Director(s) or Whole-time Director (s) appointed under Article 159 with power to the Board to distribute such day-to-day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Director or Managing Directors or Whole-time Director or Whole-time Directors with such of the power hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such periods and upon such conditions and subject to the such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Director in that behalf and may from time to time revoke withdraw, alter or vary all or any of such powers".

POWER OF THE BOARD

General powers of Management vested in Directors

Article 177 provides that:

"The business of the Company shall be managed by the Directors who may exercise all such powers of the Company and do all such acts and things as are not by the Act or any other Act or by the Memorandum or by the Articles of Company required to be exercised by the Company in General Meeting. Subject nevertheless to any regulation of these Articles or the provisions of the Act or any other Act and to such regulation being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Director which would have been valid if that regulation had not been made, provided that the Board of Directors shall not except with the consent of the Company in General Meeting;

(a) sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;

(b) remit or give time for the payment of any debt due by a Director:

(c) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(d) borrow moneys, where moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; or

(e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater, provided that the Company in General Meeting or the Board of Directors shall not contribute any amounts to any political party or for any political purpose to any individual or body:

    (i) Provided that in respect of the matter referred to in clauses (d) and (e) such consent shall be obtained by a resolution of the Company which shall specify the total amount upto which moneys may be borrowed by the Board under clause (d) or as the case may be, total amount which may be contributed to charitable or other funds in any financial year under clause (e).

(ii) Provided further that the expression "temporary loans" in clause (d) above shall means loans repayable on demand or within six months from the date of the loan such as short term cash credit arrangement, the discounting of bills and the issue of other short term loans of a seasonal character, but does not include loans raised for the purpose of financing expenditure of a capital nature".

DIVIDEND

Division of profits

Article 185 provides that:

(a) "Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amount paid or credited as paid on the shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the shares".

The company in General Meeting may declare dividends

Article 186 provides that:

"The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors but the Company may declare a smaller dividend in General Meeting".

Interim dividend

Article 188 provides that:

"The Board of Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies".

Dividend how remitted

Article 195 provides that:

"The dividend payable in cash may be paid by cheque or warrant sent through post direct to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders, to the registered address of that one of the joint holders which is first named on the register of members or to such person and to such address as the holders or the joint holder may in writing direct. The company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost to the member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means".

Dividend to be paid within forty two days

Article 198 provides that:

"The Company shall pay the dividend or send the warrant in respect thereof to shareholders entitled to the payment of dividend, within forty-two days from the date of the declaration unless:

(a) When the dividend could not be paid by reason of the operation of any law;

(b) Where a shareholder has given directions regarding the payment of the dividend and those directions can not be complied with;

(c) Where there is a dispute regarding the right to receive the dividend;

(d) Where the dividend has been lawfully adjusted by the Company against any sum due to it from shareholder; or

(e) Where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company".

Unclaimed dividend

Article 199 provides that:

"Where the dividend has been declared but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of ____ Limited" and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.

Any money transferred to such unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (Seven) years from the date of such transfer, shall be transferred by the Company to the fund establishment by the Central Government under sub-section (1) of Section 205C of the Companies Act, 1956. No unclaimed or unpaid dividend will be forfeited by the Board".

CAPITALISATION

Capitalisation

Article 203 provides that:

(1) "Subject to the provisions of Article 98A, the Company is General Meeting may, upon the recommendation of the Board, resolve:

  (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

  (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) either in or towards;

  (i) paying up any amount for the time being unpaid on any shares held by such members respectively;

  (ii) paying up in full unissued shares of the Company to be allocated and distributed, credited as fully paid up to and amongst members in the proportions aforesaid; or

  (iii) partly in the way specified in sub clause (i) and partly in that specified in sub-clause (ii)

(3) A share premium account and a capital redemption reserve account may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation".

WINDING UP

Distribution of Assets

Article 219 provides that "If the Company shall be wound up and the assets available for distributing among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of winding up, on the shares held by them respectively and if in the winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up the excess shall be distributed amongst members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions".

Distribution in specie or kind

Article 220 provides that:

(a) "If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as the Liquidator, with the like sanction, shall think fit.

(b) If thought expedient any such division may subject to the provision of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination where a special resolution passed pursuant to Section 494 of the Act.

(c) In case any shares to be divided as aforesaid involve a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly".

Right of shareholders in case of sale

Article 221 provides that:

"A special resolution sanctioning a sale to any other company duly passed pursuant to Section 494 of the Act may, subject to the provision of the Act, in like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distributed against the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential right conferred by the said sanction".

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Gujarat, Dadra and Nagar Haveli for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 a.m. to 4.00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment dated March 1, 2007 from our Company appointing the Book Runners.
2. Memorandum of Understanding between our Company and the Book Runners dated March 1, 2007.
3. Amendment Agreement to the Memorandum of Understanding between our Company and the Book Runners dated October 17, 2007 to include I-Sec and KMCC.
4. Letter of appointment dated August 17, 2007 from our Company appointing Kotak Mahindra Capital Company.
5. Letter of appointment dated August 27, 2007 from our Company appointing ICICI Securities Limited.
6. Memorandum of Understanding between our Company and the Registrar to the Issue dated February 26, 2007.
7. Escrow Agreement dated [●] between the Company, the Book Runners, the Escrow Banks and the Registrar to the Issue.
8. Syndicate Agreement dated [●] between the Company, the Book Runners and the Syndicate Members.
9 Underwriting Agreement dated [●] between the Company, the Book Runners and the Syndicate Members.
10. Letter of appointment dated February 5, 2007 from our Company appointing the Monitoring Agent.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certification of incorporation.
3. Board resolutions in relation to the Issue.
4. Shareholders' resolutions in relation to the Issue.
5. Shareholders' resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Unconsolidated and Consolidated Statements of Assets and Liabilities, Statement of Profits and Losses, as Restated and Cash Flows, as Restated, under Indian GAAP as at and for the three months ended June 30, 2007 and the Years Ended March 31, 2007, 2006, 2005, 2004 and 2003 examined by S. R. Batliboi & Associates, Chartered Accountants and their report on the same, dated October 10, 2007.
7. Statements of Assets and Liabilities, Statement of Profits and Losses, as Restated and Cash Flows, as Restated, under Indian GAAP as at and for the Years Ended March 31, 2006, 2005, 2004 and 2003 audited by G. K. Choksi & Co., Chartered Accountants and their audit report on the same, dated October 10, 2007.
8. Statement of Tax Benefits from S. R. Batliboi & Associates, Chartered Accountants dated October 10, 2007 on possible tax benefits available to the Company and its shareholders.
9. Copies of annual reports of our Company for the last five years.
10. Consent of S. R. Batliboi & Associates, Chartered Accountants, our Auditors for inclusion of their report on restated financial statements and auditors report on audited financial statements in the form and context in which they appear in the Red Herring Prospectus.
11. Consent of G. K. Choksi and Co, Chartered Accountants, for inclusion of their name as auditors to the Company between fiscal 2002 and fiscal 2006.

12. Agreement dated April 30, 2003 along with a supplemental agreement dated September 30, 2005 between our Company and Mr. Gautam S. Adani.
13. Shareholders resolution dated September 29, 2005 in relation to the appointment and remuneration of Mr. Ameet H. Desai, Executive Director of our Company.
14. Shareholders resolution dated October 16, 2007 in relation to the appointment and remuneration of Mr. Rajeev Ranjan Sinha, Executive Director of our Company.
15. Concession Agreement dated February 17, 2001 among the Company, Gujarat Maritime Board and the Government of Gujarat.
16. Share Purchase and Shareholders Agreement dated October 14, 2005, among our Company, APIPL, AISPL, Adani Properties Private Limited, Paras Tradelinks Private Limited and Amerzinc Products Private Limited.
17. Share Purchase Agreement dated January 27, 2006 among Paras Tradelinks Private Limited, Amerzinc Products Private Limited and Project Monitoring and Construction Limited.
18. Deed of Adherence dated January 27, 2006 among our Company, APIPL, AISPL, Adani Properties Private Limited, Paras Tradelinks Private Limited, Amerzinc Products Private Limited and Project Monitoring and Construction Limited.
19. Amendment dated February 16, 2007 to the Share Purchase and Shareholders Agreement dated October 14, 2005, among our Company, APIPL, AISPL, Adani Properties Private Limited and Project Monitoring and Construction Limited.
20. Share Purchase and Shareholders Agreement dated October 14, 2005 among our Company, APIPL, AISPL, Adani Properties Private Limited, Media Data Processing Computer & Research Private Limited and Amerzinc Products Private Limited.
21. Share Purchase Agreement dated January 27, 2006 among Amerzinc Products Private Limited, Media Data Processing Computer & Research Private Limited and Kudos International.
22. Deed of Adherence dated January 27, 2006 among our Company, APIPL, AISPL, Adani Properties Private Limited, Media Data Processing Computer & Research Private Limited, Amerzinc Products Private Limited and Kudos International.
23. Amendment dated February 16, 2007 to the Share Purchase and Shareholders Agreement dated October 14, 2005, among our Company, APIPL, AISPL, Adani Properties Private Limited and Kudos International.
24. Deed of Adherence dated October 16, 2007 among Kudos International, the Company, Adani Port Infrastructure Private Limited and Adani Properties Private Limited, Adani Infrastructure Services Private Limited and 3i Vehicle (Mauritius) Limited.
25. Deed of Adherence dated October 16, 2007 among PMC, the Company, Adani Port Infrastructure Private Limited and Adani Properties Private Limited, Adani Infrastructure Services Private Limited and Indivest PTE Limited.
26. Appraisal report prepared by SBI Capital Markets Limited in relation to construction of a solid cargo port terminal at Dahej by Adani Petronet (Dahej) Port Private Limited.
27. Appraisal report prepared by UTI Bank Limited for setting up of container train operations by Adani Logistics Limited.
28. Appraisal report prepared by SBI Capital Markets Limited in relation to establishment of rail linked inland container depots by Inland Conware Private Limited.
29. Letter dated September 25, 2007 from M/s Shah and Shah Associates certifying Rs. 452.4 million (as of September 24, 2007) as share application money provided by the Company to Adani Petronet (Dahej) Port Private Limited.
30. Letter dated September 25, 2007 from M/s Shah and Shah Associates certifying Rs. 250.0 million (as of September 24, 2007) as investment made by the Company in the share capital and 20.0 million as share application money provided by the Company to Adani Logistics Limited.
31. Letter dated September 25, 2007 from M/s Shah and Shah Associates certifying Rs. 1,019.5 million (as of September 24, 2007) as share application money provided by the Company to Inland Conware Private Limited.
32. Consents of Bankers to the Company, Book Runners, Syndicate Members, Registrar to the Issue, Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

33. Initial listing applications dated March 30, 2007 and March 30, 2007 filed with BSE and NSE respectively.
34. In-principle listing approval dated October 1, 2007 and October 12, 2007 from BSE and NSE respectively.
35. Tripartite Agreement between NSDL, our Company and MCS Limited, the Registrar and Transfer Agent to our Company, dated October 10, 2002.
36. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated April 5, 2007.
37. SEBI observation letter No. CFD/DIL/ISSUES/PR/92509/07 dated May 3, 2007 and the reply filed with SEBI for the same on May 17, 2007.
38. Managing Director Agreement on re-appointment between the Company and Mr. Gautam S. Adani dated July 30, 2007.
39. The State Bank of India Limited ("Bank"), vide sanction letter no. PFSBU/TKK/857 dated October 12, 2007, has sanctioned the debt facility in the form of Rupee term loans along with letter of credit facility not exceeding an amount of Rs. 12,000 million ("Facility") to the Company.
40. Order of the City Civil Court dated September 13, 2009 in the matter of MICT v. the Company (Civil Misc. Application 810/ 2007).
41. Letter from MICT dated September 26, 2007 and our reply to such letter dated October 4, 2007.
42. SEBI observation letter No. CFD/DIL/ISSUES/PR/106082/200, dated October 12, 2007 and the reply filed with SEBI for the same on October 18, 2007.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. Gautam S. Adani, Chairman and Managing Director

Mr. Rajesh S. Adani

Mr. H.K. Dash

Mr. S. Venkiteswaran

Mr. K. N. Venkatasubramanian

Mr. Ameet H. Desai

Mr. Surendra Kumar Tuteja

Mr. Arun Duggal

Mr. D. T. Joseph

Mr. Rajeev Ranjan Sinha

Signed by the Chief Financial Officer

Date: October 24, 2007

Place: Ahmedabad