ADANI GROUP

7th ANNUAL REPORT 2005-2006

MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED

ADANI GROUP

GUJARAT ADANI PORT LTD.

is now

MUNDRA PORT AND SPECIAL ECONOMIC ZONE LTD.

Make India's largest SEZ your global business hub.

Adani Group, the international business and infrastructure major of India scales a new peak again.

The Port of Mundra, a maritime masterpiece, strategically located with one of the deepest drafts in India, is now a part of a world class SEZ.

Reason enough, Gujarat Adani Port Limited is now Mundra Port and Special Economic Zone Limited.

India's largest multi-product SEZ, with in-zone:

- All-weather Port
- Container Terminal
- Airport
- Power Plant
- Railways

On this historic occasion we thank the Government of India, Government of Gujarat and all stakeholders for playing a vital role in creating India's largest SEZ.

MUNDRA PORT
SPECIAL ECONOMIC ZONE

Great business, good life.

Regd. Office: "Adani House", Near Mithakhali Circle, Navrangpura, Ahmedabad 380 009, India Tel: + 91-79-2656 5555, Fax: + 91-79-2656 5500
Port Office: Post Bag No. 1, Mundra 370421, Kutch Tel: + 91-2838-289448/248, Fax: + 91-2838-289440/200 Website: www.portofmundra.com

Mooring your ships at Mundra will not only save enormous amounts of your valuable money and time but also provide the Maritime experience of a life time.

Gautam S. Adani
Chairman and Managing Director

The Adani Group takes a giant leap in its journey towards becoming a conglomerate in infrastructure developement of the country. It takes great pride in announcing its foray in Special Economic Zone (SEZ) at the port of Mundra, a maritime masterpiece.

The Port of Mundra will now be a part of large format and multiproduct world class SEZ, which will set new benchmarks and give its occupants the advantage of a strategic location backed by sound infrastructure.

Located in the Gulf of Kutch in Gujarat, the port of Mundra is an all-weather, round-the-year, multipurpose port offering the whole gamut of logistic services to its customers.

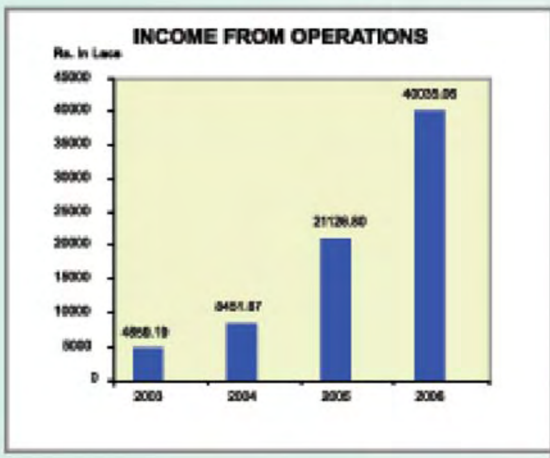
Existing Facilities and Infrastructure

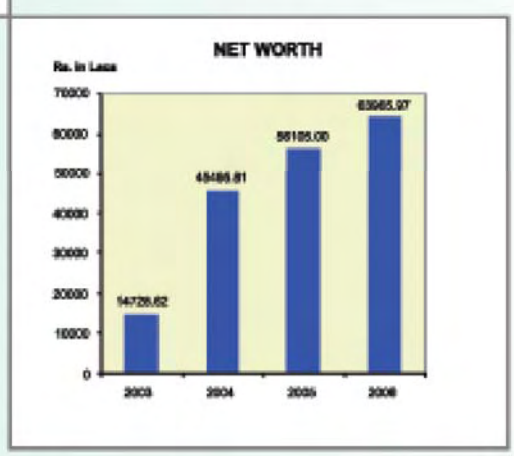
- Multipurpose Terminal comprises four berths and one barge berth for dry and liquid cargo with the capacity to handle 10 MMTPA backed by vast back up area.
- Container Terminal has two berths capable of handling 1.2 million TEUs.
- Single Buoy Mooring terminal capable of handling VLCCs.
- India's single largest private railway line of 57kms.

Developments in progress

- 4 additional mechanized multipurpose berths by 2006
- Air-strip by 2006
- Creation of additional social infrastructure
- Enhancement of liquid storage capacity
- Port user and corporate building being built

The port of Mundra can propel your business graph and develop longterm customer relationship with you.





7th Annual Report 2005 - 2006

BOARD OF DIRECTORS

Shri Gautam S. Adani, *Chairman & Managing Director*
Shri H.K. Dash, IAS, *Director*
Shri Ameet H. Desai, *Executive Director*
Shri Rajesh S. Adani
Shri Sanjay Gupta
Shri S. Venkiteswaran
Shri Arvind Agarwal, IAS
Shri K. N. Venkatasubramanian
Shri Biswajit Choudhuri, *Nominee (UTI)*

MEMBERS OF AUDIT COMMITTEE

Shri K.N. Venkatasubramanian
Shri Rajesh S. Adani
Shri S. Venkiteswaran

COMPANY SECRETARY

Smt. Dipti Shah

AUDITORS

M/s. G. K. Choksi & Co.
Chartered Accountants,
Ahmedabad.

BANKS AND FINANCIAL INSTITUTIONS

Allahabad Bank	IDFC Ltd.	State Bank of Saurashtra
Canara Bank	IFCI Ltd.	State Bank of Travancore
Exim Bank of India	LIC of India	Syndicate Bank
HDFC Bank	Oriental Bank of commerce	UTI Bank Ltd.
ICICI Bank Ltd.	State Bank of India	YES Bank

REGISTERED OFFICE

'Adani House'
Mithakhali Six Roads,
Navrangpura,
Ahmedabad - 380 009.

SITE

Post Bag No. 1
Munda - 370 421
Kutch.

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NOTICE

NOTICE is hereby given that Seventh Annual General Meeting of the Members of Mundra Port And Special Economic Zone Limited, will be held on Saturday the 30th day of September, 2006 at 2.00 p.m. at Board Room, Adani House, Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2006, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.

2. To declare dividend on 0.01% Non Cumulative Redeemable Preference Shares of Rs. 10/- each.

3. To declare dividend on Equity Shares.

4. To appoint a Director in place of Shri S. Venkiteswaran who retires by rotation but being eligible offers himself for re-appointment.

5. To appoint a Director in place of Shri K. N. Venkatasubramanian who retires by rotation but being eligible offers himself for re-appointment.

6. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provision of section 225 of the Companies Act, 1956 M/s. S. R. Batliboi & Associates, Chartered Accountants, be and are hereby appointed as Auditors of the company in place of the retiring Auditors M/s. G. K. Choksi & Co., Chartered Accountants, who has shown their unwillingness to continue as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on the terms and conditions mutually decided by the Board and Auditors of the company."

By order of the Board

Date: 05.08.2006
Place: Ahmedabad

Dipti Shah
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member. The instrument appointing proxy should however be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.

2. The payment of dividend as recommended by the Directors if approved at the meeting will be made to those members whose name appears on the register of members on 30th September 2006, being Record Date.

DIRECTORS' REPORT

Dear Shareholders,

Your directors have pleasure in presenting the Seventh Annual Report on the business and operations of the company and the financial Accounts for the financial year ended 31st March, 2006.

(Rs. in Lacs)

Particulars	**For the year ended 31/03/2006**	**For the year ended 31/03/2005**
Income from operations	38453.81	26408.50
Other Income	1581.25	1085.49
Total Income	**40035.06**	**27493.99**
Operating and Administrative Expenses	16675.90	10219.71
Operating Profit before Interest, Depreciation and Tax	23359.16	17274.28
Interest and Financial Charges	5733.62	3358.59
Depreciation	6141.67	4810.36
Profit Before Tax and Prior period Adjustments	**11483.87**	**9105.33**
Prior Period Adjustments (Net)	(131.91)	58.43
Provision for Tax (including deferred tax)	4891.98	2861.54
Profit after Tax	6723.80	6185.36
Surplus brought forward from previous year	6701.33	519.19
Amount transferred on Amalgamation of Adani Port Ltd.	-	108.37
Balance available for appropriations	**13425.13**	**6812.92**
APPROPRIATIONS:		
Transfer to Debenture Redemption Reserve	35.00	97.50
Transfer to Capital Redemption Reserve	14.06	14.06
Transfer to General Reserve	504.28	-
Dividend on Preference Shares	0.03	0.03
Dividend on Equity Shares	3604.29	-
Tax on Dividend	505.50	-
Balance carried to Balance Sheet	**8761.97**	**6701.33**

Dividend:

In view of the Company's profitable performance, your directors are pleased to recommend dividend of 20% on Equity shares (Re. 0.40 per share of Rs. 2/- fully paid up) for the financial year 2005-06 absorbing Rs. 4109.79 Lacs including dividend tax.

Your Directors have recommended the payment of dividend of 0.01% on Non Cumulative Redeemable Preference Shares of Rs.10/- each.

Change of Name:

Your directors are pleased to inform that the company has received approval from Ministry of Commerce and Industry, Government of India vide its letter dated 12th April, 2006 for development, operations and maintenance of a Multi-Product Special Economic Zone in Mundra. With a view to reflect the SEZ activities to be carried out by the Company, the name of the Company has been changed from **"Gujarat Adani Port Limited"** to **"Mundra Port And Special Economic Zone Limited"** with effect from 7th July, 2006. Consequently, your Company will unveil new logo and a new corporate identity.

Business Results:

Global Scenario

Global Economic growth is encouraging. World trade grew by 6.5 per cent in 2005 while in 2006 it grew by 7 per cent. Ports handle around 90 per cent of the world trade. There are more than 2,000 ports around the world and the amount of trade and cargo moving through the Ports is increasing. With increasing reliance on Ports, these have evolved from simple modal gateways to critical nodes in international supply chain networks. They have become active modal links driving the trade competitiveness of maritime nations.

The speed and size of cargo-carrying vessels is increasing. As a result, Ports need deeper channels and draughts. With time becoming a competitive edge, ships expect quicker turnaround and streamlined service and operations at Ports.

Indian Scenario

Indian economy grew at an estimated 8.1% in Financial Year 2006. Indian Government has put major thrust and has increased allocation for various infrastructure projects substantially. In the union Budget 2005-06, the government decided to set up a Special Purpose Vehicle (SPV) to finance infrastructure projects, including development of ports, inland waterways etc.

India is the seventh largest country in the world and the second largest in Asia. It is the world's fourth largest economy in terms of purchasing power parity after the US, Japan and China. Exports witnessed a sharp growth of 17 per cent in 2005-06 and Imports grew by 23 per cent in 2005-06. Accordingly, cargo volumes at Indian ports also witnessed a surge. The target of year-on-year economic growth of 8 per cent seems within reach. This augurs well for the growth of the port sector.

As the economy grows and trade barriers reduce, the spurt in cargo volumes at Indian ports will continue and grow further. While annual traffic increased by only 68 million tons (mt) in the three decades from 1950 to 1980, traffic growth in the subsequent two decades was 75 mt and 218 mt respectively.

Gujarat Scenario

Gujarat leads amongst the non-major ports. It has 42 of the 185 minor and intermediate ports, and accounts for around three-fourths of the traffic at non-major ports. The state has developed several successful non-major ports with private sector participation.

Gujarat carries 70.6 per cent of non-major port traffic, with Andhra Pradesh a distant second at 10.9 per cent.

State	Million Tons	Per Cent
Gujarat	97.10	70.60
Andhra Pradesh	15.00	10.90
Maharashtra	12.10	8.81
Goa	8.40	6.10
Others	4.90	3.59
Total	**137.50**	**100.00**

Mundra Port:

Mundra Port with its blissful position as an all weather port with deep draught, rail and road connectivity and back-up infrastructure is rightly placed to lead the growth in Indian Maritime Sector. In line with the Global, Indian and Gujarat scenario, Mundra Port witnessed the growth of 36% over the last year. Your Directors are pleased to inform that the total income for the financial year under review was Rs. 40035.06 lacs as against Rs. 27493.99 lacs for the previous financial year registering an increase of 46%. Operating Profit before Interest, Depreciation and Tax was Rs. 23359.16 lacs and Profit after Tax was Rs. 6723.80 lacs for the financial year under review as against Rs. 17274.28 lacs and Rs. 6185.36 lacs respectively for the previous financial year registering an increase of approx 35% and 9.00% respectively.

Operations:

During the year under review, Mundra Port handled 1038 vessels as against 859 vessels handled during the corresponding financial year 2004-05. The Mundra Port handled 11.73 mmt of cargo in the year under review consisting of 6.96 mmt Dry cargo, 1.17 mmt Liquid cargo and 3.60 mmt container cargo of MICT against total cargo of 8.61 mmt consisting of 5.17 mmt of Dry cargo, 0.90 mmt of Liquid cargo and 2.55 mmt of Container cargo of MICT during the corresponding financial year 2004-05.

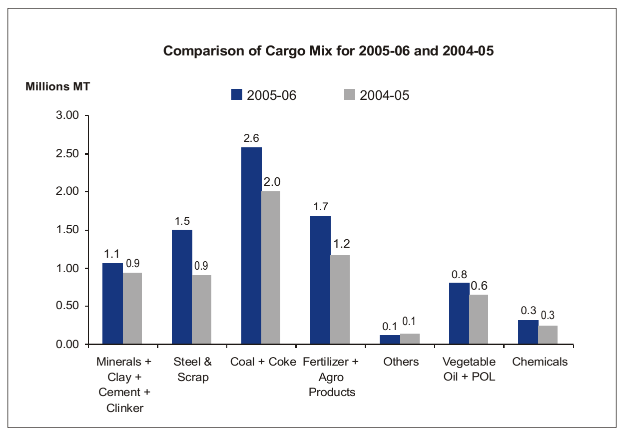
The port has emerged as the preferred "Port of Call" for bulk products like Coal, Steel, and Fertilizers. Dry cargo has increased by 35 % compared to the previous year.

In terms of the agreement with Indian Oil Corporation Limited, your Company has started commercial operation of Single Point Mooring (SPM) facility and handled first VLCC vessel at Mundra on 13th December, 2005.

The comparative analysis of cargo handled during the current year and previous year and the cargo mix with respect to cargo handled by the port is depicted as follows:

(In Lac MT)

Cargo handled	2005-06	2004-05	Growth	
			In tons	In %
Dry	69.59	51.69	17.90	34.64
Liquid	11.15	8.96	2.19	24.44
SPM	0.60	-	-	-
MICT	35.99	25.45	10.54	41.41
Total	**117.33**	**86.10**	**31.23**	**36.27**



Note: Excluding container cargo & crude oil cargo.

The railway line during the year has handled 2329 rail rakes, transporting 4.28 mmt cargo against 1568 rail rakes transporting 2.77 mmt cargo during the corresponding year.

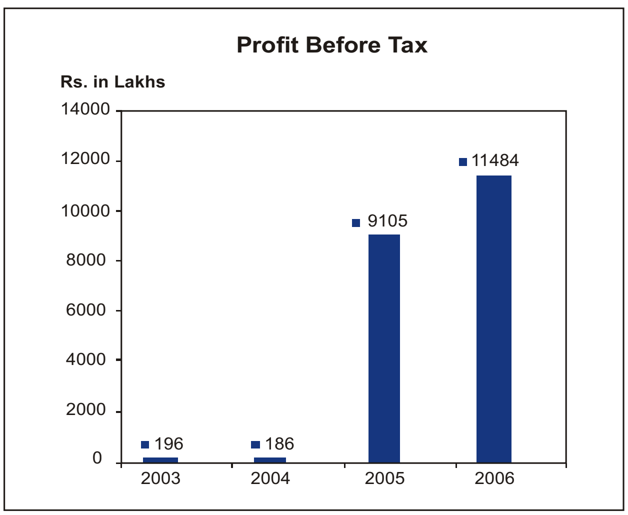
The Milestones achieved during the year under review are as follows

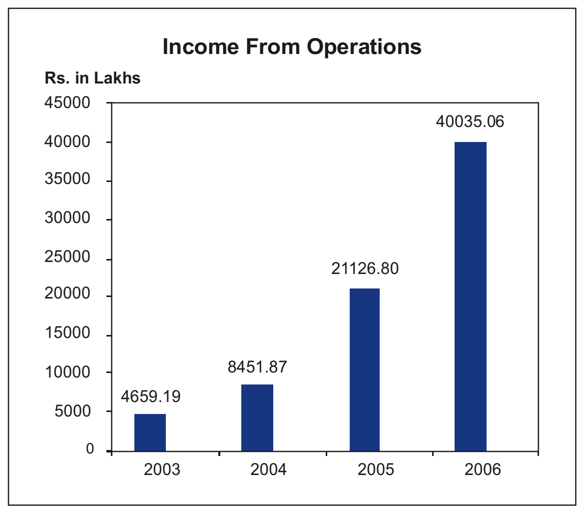
Sr. No.	Particulars	UOM	Qty.	Month/ Date
1	Highest Cargo handled in a month	MTs	814837	Nov-05
2	Highest No. of Vessels in a month (MPT)	Nos.	64	Mar-06
3	Highest No. of Rakes in a month (MPT+MICT)	Nos.	264	Oct-05
4	Highest No. of Liquid tankers loaded in a month	Nos.	4874	May-05
5	Highest No. of Liquid tankers loaded in a day	Nos.	264	03/May /05

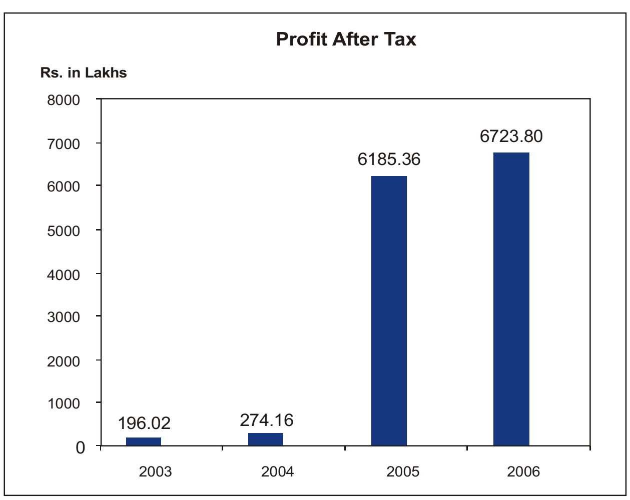
UOM - Unit of measurement

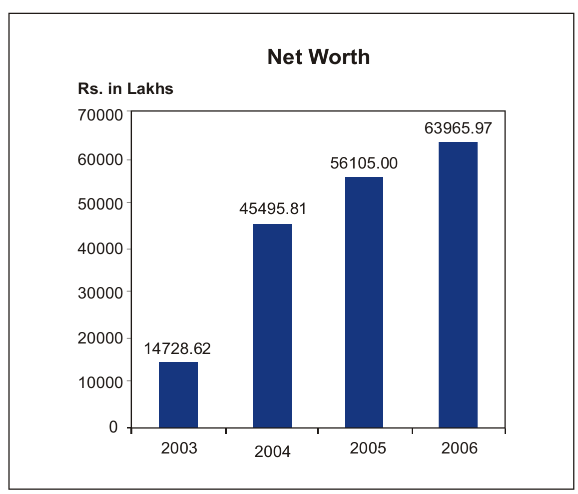
With the thrust on mechanized port operations, the cargo handling operations have become faster. The achievements at port operations to date in current financial year are also running well ahead of the corresponding year 2004-05. Your company has received NSPC and ISPS certification.

The following chart outlines the comparative growth of your company in terms of operating income, Profitability, and Net worth of the company since company has started commercial operations:









Investments:

In line with the vision of integrated port development, your company has subscribed in equity stake of Kutch Railway Company Limited, a special purpose vehicle company promoted for conversion from meter-gauge to Broad-gauge. This conversion will further improve your port's attractiveness in terms of overall logistics costs incurred by the shippers and liners from the northern hinterland as these will reduce the rail distance between Mundra Port and New Delhi by nearly 240 kms.

Your company has also made an Investment in Adani Logistics Limited which received license to operate container trains under the policy of privatization of Rail operations.

Capital Projects:

Your company has initiated expansion program with addition of 4 new multi purpose terminals with back up facilities, mechanization of Berth, augmentation of the existing conveyer system and coal handling system and social infrastructure with the estimated investment of Rs. 563.14 crores. The expansion project is expected to commence operations in a phased manner during 2006-07 and all the phases will commence operations in 2007-08.

The global cargo mix is also changing rapidly. There is increasing containerization, and almost 95 per cent of general cargo is now carried in containers. The top 20 container ports have been recording double-digit growth in container traffic in the last few years. To take the advantage of change in cargo mix, your company has envisaged construction of container terminal of 618 meters with back up facilities and mechanization with the estimated investment of Rs.633.10 crores. The operation of container berth is also expected to start during 2007-08.

Both the facilities are at the advanced stage of completion now.

Capital Restructuring:

In terms of Company's aim of having wider retail reach in future and to improve the liquidity of shares, and promote the shareholders interest, at an Extra Ordinary General Meeting held on 23rd June, 2006, the members have approved sub-division of each Equity share of Rs. 10 into five Equity shares of Rs. 2 each. Accordingly, effective from 10th July, 2006 being record date, the Company's Equity Shares of Rs. 10 each stand sub-divided into Equity Shares of the Face Value of Rs. 2 each. The paid up Capital of the Company was restructured comprising of 18,02,14,410 equity shares of Rs. 10/- each to 90,10,72,050 equity shares of Rs. 2/- each to the shareholders whose names appeared in the Register of Members on 10th July 2006, the Record Date fixed for that purpose.

Future Prospects:

Industry Structure and developments:

India is on the verge of witnessing a sustained investment phase in infrastructure buildup. With a slew of announcements in the power sector, road, port and airport development and hydrocarbons, India is seemingly on a path of sustained higher economic growth on the back of improvement in infrastructure in the country.

The government, in its mid-term appraisal of the tenth five-year plan (2002-07), has revised upwards its infrastructure investment target from Rs.10,890 bn to around Rs. 11,100 bn.

The greatest challenge for the country is to create and develop projects which are profitable for all stakeholders, and to do so increasingly through viable public private partnerships, your company believes that there are considerable growth opportunities and for that it is necessary to constantly adapt changing market conditions and business models.

Traffic is expected to grow at a CAGR of 7.69 per cent. This means total port traffic of 616 mt in 2007-08: 464 met at major ports and 152 at minor ports. By 2011-12, total port traffic is expected to reach 829 mt.

Port	2007-08	2011-12	2013-14
Major	464	624	706
Non-major	152	205	256
Total	**616**	**829**	**962**

Mundra Port will enter new era by setting up the Special Economic Zone and the new name Mundra Port and Special Economic Zone Limited reflects the direction which we will take to meet the future challenges.

Government of India has vide, its letter dated 12th April, 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. Already functioning in-zone logistics i.e. Multi-purpose Port, International Container Terminal, Railway corridor and rail/road linkages to vast hinterland area are considered as strengths of the SEZ and are expected to act as driving force for the SEZ. With the development of export/ import driven industries and services in the SEZ, the port stands to benefit from the incremental captive traffic at the port.

Over the past four years, coal demand in the country has consistently outstripped supply. While production has grown at 2% annually, demand has grown up at 8 % a year in the last two years. The shortfall has been felt most acutely by the country's power sector, which account for 78 % of the demand. The sector, which depends on coal for more than half of its production, lost 2000 MW of generation last year due to the shortage of coal. The demand is going to rise sharply six years from now. According to the plans already sanctioned by 2011, the country is going to add fresh capacities of 30,000 MW in power and 20 million tones in Steel, which will boost the demand of imported coal.

Keeping this in mind, your Company is in the process of enhancing and augmenting the mechanized coal handling system to enhance the productivity and provide cost effective cargo handling to port users in a pollution free environment.

The Company in its endeavor for providing safe navigation to the vessels berthing at the port is augmenting marine equipments which include deployment of additional tugs.

In order to carry on the development of Multi product SEZ at Mundra, your company has altered the main object of Memorandum of Association by an approval in the Extra Ordinary General Meeting of Shareholder held on 23rd June, 2006.

Other than SEZ activities, the development plan for 2006-2010 envisages setting up of new multi purpose and cargo specific berths, railway and road linkages which now need to be augmented to meet the growing traffic demands and prevent congestion. Your company is setting up 2 additional railway stations which will double the track capacity, four laning of the roads and putting up a flyover over the railway station.

With the privatization of Rail operation and whereby Adani Logistics Limited got the license to operate container trains, your company will able to synergise the whole logistics activities, which will ensure better services to the port users. Indian railways have started double stack container train and Mundra port is one of the ports to receive such train. With the movement in double stack container, the cost of logistic will improve drastically for the northern hinterland, which will boost the demand of your port.

Merger:

In order to achieve better and more profitable utilization of combined resources of the port based SEZs, rationalization of the management structure, and economies of scale and also with a view of derive benefits of synergies resulting from combining the companies at Mundra and all its back up facilities and infrastructure with the business of operating and maintaining a Special Economic Zone; your Company has filed an application in High Court of Gujarat for merger of Adani Chemicals Limited (ACL) and Mundra Special Economic Zone Limited (MSEZL) with your company with effect from 1st April 2006.

The merger of MSEZL and ACL with the company will bring the whole area under one entity, ownership and control.

Broad benefits of the amalgamation accrue to the company are as under:

(i) Land being contiguous, a comprehensive master plan and infrastructure development plan can be prepared for the entire area.

(ii) Utilization of the existing infrastructure such as port and railway will be optimized.

(iii) Will obviate the need for development of separate infrastructure for each SEZ.

(iv) Will reduce administration and maintenance costs and will entail benefits of economies of scale in development.

(v) Will comfort the SEZ users by seamless infrastructure support by one entity.

Subsidiary Companies:

Mundra Special Economic Zone Limited (MSEZL) and Adani Chemicals Limited (ACL) have become wholly owned subsidiaries of your Company, by virtue of investment made by the Company into Equity Shares of MSEZL and ACL. Mundra SEZ Textile And Apparel Park Pvt. Ltd. being subsidiary of MSEZL has become the subsidiary of your company. A statement u/s 212 of the Companies Act, 1956 is not attached as these companies became subsidiaries after 31st March, 2006.

Fixed Deposits:

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

Directors:

As per Section 256 of the Companies Act, 1956 and Article 152 of Articles of Association of the Company, Shri S. Venkiteswaran and Shri K. N. Venkatasubramanian will retire by rotation at the ensuing Annual General Meeting but being eligible offer themselves for reappointment.

Directors' Responsibility Statement:

The Directors confirm that in the preparation of the accounts for the period ended March 31, 2006:

1. The applicable accounting standards have been followed and that no material departures have been made from the same.
2. Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The annual accounts have been prepared on a going concern basis.

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

A statement containing the information as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 as amended from time to time is appended herewith.

Insurance:

Assets of your Company are adequately insured against various perils.

Personnel:

The statement of employees who are in receipt of remuneration in excess of limits specified by Section 217(2A) of the Companies Act, 1956, is appended as annexure.

Human Resource Development:

As company that strives to innovate in all spheres of its business, its people are the greatest source of strength. It is the competence and commitment of human resources of your company which has driven its endeavors to reach new geographies, broaden the cargo mix and establish new benchmarks of efficiency and productivity. It may seem that there is abundant supply of manpower in India, developing and attracting skilled human resources is not an easy task. It is not easy to find manpower with the requisite specialization. Therefore, one of the biggest challenges is hiring and retention of skilled manpower.

Your Company has addressed this by continuously upgrading the skill set of its human resource base and maintaining a large talent pool within the organization. Your Company recognizes the need for continuously ramping up this qualified human resource base to manage its growth.

An initiative launched during 2005-06 was to commence a rigorous, well structured 12 month apprenticeship program for the fresh college graduates employed by the Company under the name of ADANI KNOWLEDGE CENTER. Under this program, they are provided specialized class room training and on the job training. Your company had started with an initial batch of 70 participants, which includes Management Graduates, IIT's and Charted Accountant.

Your company continues to undertake programmes to further align the goals and incentives of its employees with that of the organization. Innovation in business areas has now been established as a Key Result Area (KRA) for all employees across the organization. In addition, the company has also established systems and processes to ensure that clarity on KRAs is achieved through internal communication, and any hindrances in achieving these KRAs are resolved at the earliest.

The company enjoys excellent industrial relations with its workers. There has been no unrest in industrial relations in the last 5 years.

Social Welfare:

To accommodate the growing number of employees the construction of Housing colony is on in full swing. The stay in Shantivan Colony will soon become more comfortable with the opening of shopping complex. The opening of employee's club & sport complex will add more zeal to the employees.

The Apollo Mundra SEZ Health Centre has started operations in Mundra. The same will provide the best of health services to the people of Mundra. The Health centre has tele medicine facility by which the super specialist doctors based in Ahmedabad and other centers of Apollo Hospitals will be able to treat the patients through video conferencing. Round the clock access to the doctor, weekly visits of various specialists are the other facilities being extended.

Safety:

Your company has a well established health, safety and environment policy. The policy aims to ensure the safety of public, employees, plant and equipment, ensure compliance of all statutory rules and regulations, impart training to its employees, conduct regular medical check up of its employees and promote eco-friendly activities.

Auditors:

M/s. G. K. Choksi & Co., Chartered Accountants, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s. G. K. Choksi & Co., Chartered Accountants, expressing their unwillingness to be reappointed as Auditors.

Your Directors have therefore proposed to appoint M/s. S. R. Batliboi & Associates, Chartered Accountants as Statutory Auditors of the company, subject to the approval of the members at the ensuing Annual General Meeting. The Company has received letter from M/s. S. R. Batliboi & Associates, Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Auditors' Report:

Notes forming part of accounts are self-explanatory and therefore, do not call for any comments.

I. T. System:

To meet the automation requirement of the port the following world class IT Infrastructure has been put in place:

- Around 12 KM of Optical Fiber Cable (OFC)redundant networking backbone.
- Our server farm consists of servers from world class leading Technology providers like HP, SUN and Compaq.
- Security Framework which including anti-virus, firewalls and Network Intrusion Detection Systems (NDIS).
- Redundant Internet Leased Lines for Internet access & mail communication.
- Software & Application services through
  - Integrated Port Management System (IPMS),
  - Computerised Maintenance Management & Asset management System (Maximo),
  - Human Resource Management System (HRMS),
  - Financial Management
  - Executive Information System (EIS).

In order to fuel our growth strategy & build a sophisticated IT framework for competitive advantage the following Technological initiatives are in process for implementation:

- Setup of high available Server & Storage Architecture
- Complete network redundancy with wireless back-up
- Implement ERP & application services to support Decision Support System and extended support for customers & partners
- IP based Video Surveillance Systems by inducting sophisticated CCTV network to monitor all the activities within entire port premises

Acknowledgement:

In consonance with established maxim that the company is only as good as its people, your company has put together a team of highly qualified and experienced professionals.

The success achieved by your Company and the progress made by it are due to co-operation, efforts and commitment of all concerned with its affairs, including the Government of India, Government of Gujarat, Gujarat Maritime Board, Financial Institutions, Banks, shareholders, directors, executives, officers and other employees of your Company. The management expresses gratitude to all for their co-operation especially to the employees for their dedicated services without which the good results would not have been possible.

For & on Behalf of the Board of Directors

Date: 05.08.2006 **Chairman**
Place: Ahmedabad

ANNEXURE "A" TO THE DIRECTORS' REPORT

(Additional information given in terms of notification issued by the Department of Company Affairs)

A. CONSERVATION OF ENERGY

(a) The following energy conservation measures have been taken:

1) The Company installed automatic timer system for the light towers inside the port which turns the lights 'ON' and OFF' automatically at defined times

2) The Company replaced the conventional sheets in the godown with Fibre Reinforced Plastic (FRP) transparent sheets in almost all godowns @ 2 % of the floor area. This has eliminated the need for keeping the Lights 'ON' during the day time.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

i) Stabilizer to be procured for R & D yard Lighting, annual saving will be Rs.0.5 lacs.

(c) Impact of (a) and (b) above for reduction of energy consumption and consequent Impact on the cost of production of goods:

i) Annual savings with stabilized voltage for lighting purpose in dry cargo area is in continuation as per last year and annual savings is about Rs. 6 lacs.

ii) Annual savings due to electronic ballast installed last year continues and it comes to Rs. 1.7 lacs annually,

(d) Total energy consumption and energy consumption per unit of production as per form A in respect ofindustries specified in the schedule thereto:

Not applicable to the company

B. TECHNOLOGY ABSORPTION:

The Company has not entered into any Joint Venture for import/transfer of technology. However, the Company has installed latest available technology to handle the port operations efficiently.

a) Tank Automation System and tank farm management system for Encl-9 at Liquid terminal under progress.

b) Installed upgraded bagging machines with screw feeder.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

(Rs. in Lacs)

	2005-06	2004-05
Foreign Exchange Earnings	40.33	NIL
Foreign Exchange Outgo	912.77	658.68

Annexure to Directors' Report

A. **Information as per Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975**

Sl No.	Name	Age	Designation (yrs)	Gross Remuneration (Rs. in Lacs)	Qualification	Date of joining	Previous Employment
1.	Mr. Gautam S. Adani	44	Managing Director	334*	S.Y. B.Com	01.09.98	Business

*Including commission Rs. 214 Lacs

B. **Employed for a part of the financial year and were in receipt of remuneration for any part of the financial year at a rate which in aggregate was not less than Rs. 2,00,000/- per month.**

Sl No.	Name	Age	Designation (yrs)	Gross Remuneration (Rs. in Lacs)	Qualification	Date of joining	Previous Employment
1.	Mr. Ameet H. Desai	43	Executive Director	35*	M.B.A.	01.09.05	Ranbaxy Laboratories Ltd.

***Note:** Remuneration as above includes salary, contribution to Provident and other funds and other perquisites

AUDITORS' REPORT

To,

The Members,
Mundra Port and Special Economic Zone Limited,
[Formerly, Gujarat Adani Port Limited]
Ahmedabad.

1. We have audited the attached Balance Sheet of Mundra Port and Special Economic Zone Limited as at 31st March, 2006 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that :

   (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; we wish to draw particular reference to Note 5 explaining why the Company does not consider it necessary to make a separate provision for the premium payable on redemption of Redeemable Preference Shares.

   (e) on the basis of written representations received from the directors of the Company as on 31st March, 2006 and taken on record by the Board of Directors, none of the Directors of the Company is disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2006;

      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

FOR G. K. CHOKSI & CO.,
Chartered Accountants

V. C. SHAH
Partner
Membership No. 1210

Place: Ahmedabad
Date: 05.08.2006

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our Report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets.

(b) As explained to us, all major items of fixed assets were physically verified by the Management at the end of the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancy was noticed on such physical verification.

(c) The Company has not disposed of any substantial part of its fixed assets during the year as would affect its going concern status.

(ii) (a) In our opinion, physical verification of inventory (which, in the case of the Company, is only in respect of consumable stores and spare parts) has been conducted by the managementat reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of records of inventory, in our opinion, the Company is maintaining proper records of inventory. No material discrepancy was noticed on physical verification of the inventory.

(iii) (a) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956;

(b) As per the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory (which, as mentioned before, is confined to consumable stores and spare parts) and fixed assets and for services. The Company's business does not entail sale of goods, as such.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the Register maintained under that Section;

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the class of companies to which the Company belongs.

(ix) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and the Company had no arrears of such outstanding statutory dues as at 31st March, 2006 for a period more than six months from the date they became payable.

(b) According to the information and explanations given to us, the Company had no disputed outstanding statutory dues as at 31st March, 2006.

(x) The Company does not have any accumulated losses as at 31st March, 2006 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) As per the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks or debentureholders during the year.

(xii) As per the information and explanations given to us, the Company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.

(xv) As per the information given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

(xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been utilized for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company has not issued any debentures during the year under review.

(xx) The Company has not raised any money by public issue during the year under review.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.

FOR G. K. CHOKSI & CO.,
Chartered Accountants

V. C. SHAH
Partner
Membership No. 12108

Place: Ahmedabad
Date: 05.08.2006

Balance Sheet as at 31st March, 2006

	Schedule	As at 31st March, 2006 Rs.lakhs	As at 31st March, 2006 Rs.lakhs	As at 31st March, 2005 Rs. lakhs
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	18,302.54		14,280.90
Equity Share Capital Suspense Account	AA	-		4,021.64
Reserves and Surplus	B	41,553.64		38,939.66
			59,856.18	57,242.20
Amounts Received under Long Term Infrastructure Usage Agreements (See Note 4)			46,384.99	45,868.33
Loan Funds	C			
Secured Loans		89,192.02		58,985.03
Unsecured Loans		6,990.17		3,452.97
			96,182.19	62,438.00
Deferred Tax Liability (See Note 11)			6,042.73	2,151.87
	Total		**208,466.09**	**167,700.40**
APPLICATION OF FUNDS				
Fixed Assets	D			
Gross Block		164,576.33		122,118.63
Less : Depreciation		16,080.87		9,488.85
Net Block		148,495.46		112,629.78
Capital Work- in- Progress		41,217.05		43,714.67
			189,712.51	156,344.45
Investments	E		12,281.98	3,203.22
Current Assets, Loans and Advances	F			
Inventories		460.59		305.38
Sundry Debtors		7,878.45		4,268.31
Cash and Bank Balances		9,564.77		3,057.55
Loans and Advances		9,128.03		6,913.41
		27,031.84		14,544.65
Less : Current Liabilities and Provisions	G	20,560.24		7,529.12
Net Current Assets			6,471.60	7,015.53
Miscellaneous Expenditure (to the extent not written off or adjusted)(See Note 9)				1,137.20
	Total		**208,466.09**	**167,700.40**
Significant Accounting Policies	L			
Notes forming part of the Accounts	M			

As per our attached Report of even date

FOR G. K. CHOKSI & CO.,
Chartered Accountants

V. C. Shah
Partner

Dipti Shah
Company Secretary

Place : Ahmedabad
Date : 05.08.2006

For and on behalf of the Board

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

Rajesh S. Adani **Director**

Ameet H. Desai **Executive Director**

Place : Ahmedabad
Date : 05.08.2006

Profit and Loss Account for the year ended 31st March, 2006

	Schedule	Rs.lakhs	For the year ended 31st March, 2006 Rs.lakhs	For the year ended 31st March, 2005 Rs.lakhs
INCOME				
Income from Operations		38,453.81		26,408.50
Other Income	H	1,581.25		1,085.49
			40,035.06	27,493.99
EXPENDITURE				
Operating Expenses	I	11,816.56		8,124.60
Administrative and General Expenses	J	4,859.34		2,095.11
Interest and Finance Charges	K	5,733.62		3,358.59
Depreciation	D	6,141.67		4,810.36
			28,551.19	18,388.66
Profit Before Tax and Prior Period Adjustments			11,483.87	9,105.33
Add/(Less): Prior Period Adjustments (Net)			131.91	(58.43)
Profit before Tax			11,615.78	9,046.90
Provision For Tax				
- Current Tax			977.47	709.13
- Deferred Tax			3,890.86	2,151.86
- Wealth Tax			-	0.55
- Fringe Benefit Tax			23.65	-
Profit after Tax			**6,723.80**	**6,185.36**
Add:				
Balance brought forward from Previous Year			6,701.33	519.19
Amount transferred on Amalgamation of Adani Port Ltd.			-	108.37
Amount available for appropriation			13,425.13	6,812.92
Transfer to Debenture Redemption Reserve			35.00	97.50
Transfer to Capital Redemption Reserve			14.06	14.06
Transfer to General Reserve			504.28	-
Proposed Dividend on Preference Shares			0.03	0.03
Proposed Dividend on Equity Shares			3,604.29	-
Tax on Dividend @* Rs. 361			505.50	@*
Balance Carried to Balance Sheet			**8,761.97**	**6,701.33**
Basic and Diluted Earnings per Share Rs. (See Note 11)			3.73	3.43
Significant Accounting Policies	L			
Notes forming part of the Accounts	M			

As per our attached Report of even date

FOR G. K. CHOKSI & CO.,
Chartered Accountants

V. C. Shah
Partner

Dipti Shah
Company Secretary

Place : Ahmedabad
Date : 05.08.2006

For and on behalf of the Board

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

Rajesh S. Adani **Director**

Ameet H. Desai **Executive Director**

Place : Ahmedabad
Date : 05.08.2006

Cash Flow Statement for the year ended 31st March, 2006

	For the year ended 31st March, 2006 Rs.lakhs	For the year ended 31st March, 2005 Rs.lakhs
A. Cash Flow from Operating Activities		
Profit before Tax	11,615.78	9,046.90
Adjustments for :		
Depreciation	6,141.67	4,810.36
Miscellaneous Expenditure Written Off	1,137.20	196.56
Amortisation of Amounts Received under Long Term Infrastructure Usage Agreements	(1,835.15)	(1,714.19)
Interest Expense	5,733.62	3,358.59
Interest Income	(1,104.50)	(167.30)
(Profit) / Loss on Sale of Fixed Assets	22.64	0.38
Operating Profit before Working Capital Changes	21,711.26	15,531.30
Adjustments for :		
Trade and Other Receivables	(3,958.83)	9,810.25
Inventories	(155.21)	(50.87)
Unamortized balance of Amounts Received under Long Term Infrastructure Usage Agreements	2,351.81	2,033.91
Current Liablities	8,007.25	(6,410.49)
Cash Generated from Operations	27,956.28	20,914.10
Tax Payment	(1,305.01)	(634.78)
Net Cash from Operating Activities	26,651.27	20,279.32
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(39,554.33)	(30,920.93)
Purchase of Investments	(9,078.75)	(3,203.22)
Sale of Fixed Assets	21.96	36.58
Interest received	543.58	38.14
Net Cash used in Investing Activities	(48,067.54)	(34,049.43)
C. Cash Flow from Financing Activities		
(Repayment)/Procurement of Long Term Borrowings	30,031.11	16,798.60
(Repayment)/Procurement of Long Short Borrowings	3,713.08	1,999.92
Payment of Preference Dividend	(0.03)	-
Interest Paid	(5,820.67)	(3,137.19)
Net Cash Flow from Financing Activities	27,923.49	15,661.33
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	6,507.22	1,891.22
Cash and Cash Equivalents at start of year	3,057.55	408.00
Add: Cash and Cash Equivalents of Adani Port Ltd. as at 01-04-2004 transferred on amalgamation	-	758.33
	3,057.55	1,166.33
Cash and Cash Equivalents at close of year	9,564.77	3,057.55

As per our attached Report of even date

FOR G. K. CHOKSI & CO.,
Chartered Accountants

V. C. Shah
Partner

Dipti Shah
Company Secretary

Place : Ahmedabad
Date : 05.08.2006

For and on behalf of the Board

Gautam S. Adani Chairman and Managing Director

Rajesh S. Adani Director

Ameet H. Desai Executive Director

Place : Ahmedabad
Date : 05.08.2006

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31st March 2006 Rs.lakhs	Rs.lakhs	As at 31st March 2005 Rs.lakhs
Schedule - 'A' : Share Capital			
Authorised			
20,50,00,000 (Previous year 20,50,00,000) Equity Shares of Rs.10 each		20,500.00	20,500.00
50,00,000 (Previous year 50,00,000) Non Cumulative Redeemable Preference Shares of Rs.10 each		500.00	500.00
		21,000.00	21,000.00
Issued, Subscribed and Paid - up			
Equity Share Capital			
18,02,14,410 Equity Shares (Previous year 13,99,98,000) of Rs.10 each fully Paid up (Increase of Rs. 4,021.64 Lakhs represents issue of 4,02,16,410 Equity Shares of Rs. 10 each fully paid-up to the shareholders of Adani Port Ltd. as per the Scheme of Amalagamation. This amount appered as Equity Share Capital Suspense Account as at 31-3-2005)		18,021.44	13,999.80
Preference Share Capital			
28,11,037 (Previous year 28,11,037) 0.01% Non-Cumulative Redeemable Preference Shares of Rs. 10 each fully paid up (Redeemable at premium of Rs. 990 per Share, on 28/03/2024)		281.10	281.10
Total		**18,302.54**	**14,280.90**
Schedule - 'AA' : Equity Share Capital Suspense Account			
Nil (Previous year 4,02,16,410) Equity Shares of Rs. 10 each to be issued as fully paid-up to the Shareholders of Adani Port Ltd., as per the Scheme of Amalgamation		-	4,021.64
Schedule - 'B' : Reserves and Surplus			
Share Premium (See Note 5)		32,029.27	32,029.27
Capital Redemption Reserve			
Balance as per last Account	14.06		-
Add: Transferred from Profit and Loss Account	14.06		14.06
		28.12	14.06
General Reserve			
Balance as per last Account	97.50		-
Add: Transferred from Profit and Loss Account	504.28		-
Add: Transferred from Debenture Redemption Reserve	97.50		97.50
		699.28	97.50
Debenture Redemption Reserve			
Balance as per last Account	97.50		-
Add: Transferred on Amalgamation	-		97.50
Add: Transferred from Profit and Loss Account	35.00		97.50
Less: Transferred to General Reserve	97.50		97.50
		35.00	97.50
Balance in Profit and Loss Account		8,761.97	6,701.33
Total		**41,553.64**	**38,939.66**

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31st March 2006 Rs. lakhs	As at 31st March 2006 Rs. lakhs	As at 31st March 2005 Rs. lakhs
Schedule - 'C' : Loan Funds			
Secured Loans			
14,00,000 (Previous year 39,00,000) 15% Non-Convertible Redeemable Debentures of Rs.100 each (Redeemable at par in 40 equal quarterly installments commencing from August, 2002)		875.00	2,827.50
Term Loans from Banks			
Rupee Loans	40,449.61		26,800.77
Foreign Currency Loans	5,032.22		3,127.37
Suppliers and Contractors Bills accepted under letters of credit issued against Secured Term Loans sanctioned by Banks	5,433.67		13,885.42
		50,915.50	43,813.56
Term Loans from Financial Institutions			
Rupee Loans	30,220.11		2,400.00
Foreign Currency Loans	6,659.29		7,619.48
		36,879.40	10,019.48
Deferred Payment Credits from the Suppliers of Tugs, secured by hypothecation of the Tugs		522.12	2,324.49
		89,192.02	58,985.03
Unsecured Loans			
Short Term Loans from Banks			
Rupee Loans		5,713.00	1,999.92
Other Term Loans from Banks			
Rupee Loans	1,000.00		1,000.00
Foreign Currency Loans	277.17		453.05
		1,277.17	1,453.05
		6,990.17	3,452.97
Total		**96,182.19**	**62,438.00**

Notes:

1. Secured Term Loans from Banks include:

   Term Loans of Rs. 3,745.86 lakhs (Previous year Rs. 2,726.33 lakhs) from State Bank of India for the purchase of Tugs, secured by exclusive charge on the Tugs;

   Foreign Currency Loan equivalent to Rs. 2,187.76 lakhs (Previous year Rs. Nil) from Hypo Vereins Bank, Germany, for the purchase of Cranes, secured by exclusive charge on the Cranes;

   Vehicle Loans from ICICI Bank Ltd. of Rs. 15.42 lakhs (Previous year Rs. 23.37 lakhs) secured by exclusive charge on the respective Vehicles.
2. Secured Term Loans from Financial Institutions include a Term Loan of Rs. 29,170.11 lakhs (Previous year Rs. Nil) from Infrstructure Development Finance Company Ltd. 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 receivables pertaining to that project receivable from Indain Oil Corporation Ltd. and further, by a second mortgage and charge on the Company's other immovable and movable assets over which the first charge is created in respect of the Loans referred to at Note 3 below.
3. Debentures and other Secured Term Loans from Banks and Financial Institutions are secured by first mortgage and charge on all the immovable and movable assets of the Company (other than the assets pertaining to its SPM Project referred to above and other assets over which exclusive charges have been provided as aforesaid), both present and future, subject to prior charges of Banks on specified movables which may be created in their favour by way of security for working capital facilities, and further, by a second charge on the immovable assets pertaining to the SPM Project referred to above.
4. Secured Loans include amounts repayable within one year Rs. 6,538.07 lakhs (Previous year Rs. 6,587.01 lakhs).

Schedule - 'D' : Fixed Assets

Rupees Lakhs

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As at 01-04-2005	Additions	Deductions	As at 31-03-2006	Up to 31-03-2005	For the Year	Deductions	Up to 31-03-2006	As at 31-03-2006	As at 31-03-2005
INTANGIBLE ASSETS										
Goodwill	7,859.49	-	-	7,859.49	561.39	280.70	-	842.09	7,017.40	7,298.10
Leasehold Land Development	4,576.45	920.62	-	5,497.07	34.00	210.45	-	244.45	5,252.62	4,542.45
Software	239.59	13.19	-	252.78	122.81	83.04	-	205.85	46.93	116.78
TANGIBLE ASSETS										
Freehold Land	4,505.31	54.94	-	4,560.25	-	-	-	-	4,560.25	4,505.31
Buildings	18,754.97	5,268.90	-	24,023.87	686.86	341.19	-	1,028.05	22,995.82	18,068.11
Marine Structures	20,355.25	29.39	-	20,384.64	2,371.06	678.81	-	3,049.87	17,334.77	17,984.19
Dredged Channels	19,272.06	60.95	-	19,333.01	919.00	746.49	-	1,665.49	17,667.52	18,353.06
Tugs	6,861.00	2,660.51	-	9,521.51	635.66	514.92	-	1,150.58	8,370.93	6,225.34
Railway Tracks	12,467.82	-	-	12,467.82	1,402.14	592.22	-	1,994.36	10,473.46	11,065.68
Plant and Machinery	26,219.29	33,044.28	-	59,263.57	2,584.61	3,011.96	-	5,596.57	53,667.00	23,634.68
Office Equipment	760.26	359.94	9.38	1,110.82	128.96	129.38	2.86	255.48	855.34	631.30
Vehicles	247.14	112.12	57.76	301.50	42.36	25.41	19.69	48.08	253.42	204.78
	122,118.63	42,524.84	67.14	164,576.33	9,488.85	6,614.57	22.55	16,080.87	148,495.46	112,629.78
Less: Amount Capitalised	-	-	-	-	-	472.90	-	-	-	-
	122,118.63	42,524.84	67.14	164,576.33	9,488.85	6,141.67	22.55	16,080.87	148,495.46	112,629.78
Capital Work-in-Progress	-	-	-	-	-	-	-	-	41,217.05	43,714.67
Total	**122,118.63**	**42,524.84**	**67.14**	**164,576.33**	**9,488.85**	**6,141.67**	**22.55**	**16,080.87**	**189,712.51**	**156,344.45**
Previous Year	72,821.92	49,558.95	262.24	122,118.63	3,397.63	6,111.33	20.11	9,488.85	112,629.78	69,424.29

1. Goodwill had arisen upon amalgamation of Adani Port Limited with effect from 1st April, 2003 (See Note 3).
2. Additions during the Year and Capital Work- in- Progress include Rs 932.94 lakhs on account of borrowing cost (Previous year Rs. 585.00 lakhs) and Rs. 383.67 lakhs on account of Exchange Difference. (Previous year Rs. 160.44 Lakhs).
3. Capital Work- in- Progress includes advances Rs. 9,764.09 lakhs (Previous year Rs. 4,623.52 lakhs).

SCHEDULES FORMING PART OF THE ACCOUNTS

	Rs. lakhs	As at 31st March 2006 Rs. lakhs	As at 31st March 2005 Rs. lakhs
Schedule - 'E' : Investments			
Long Term Investments (Trade, Unquoted) (At cost)			
2,50,00,000 (Previous year 24,750) Equity Shares of Rs. 10 each fully paid up of Adani Logistics Ltd.		2,500.00	-
4,00,00,000 (Previous year 2,00,00,000) Equity Shares of Rs. 10 each fully paid up of Kutch Railway Company Ltd.		4,000.00	2,000.00
12,00,000 (Previous year 12,00,000) 6% Redeemable Cumulative Preference Shares of Rs 100 each fully paid up of Sealord Containers Ltd.		1,200.00	1,200.00
4,09,70,000 (Previous year Nil) Equity Shares of Rs. 10 each fully paid up of Mundra Special Economic Zone Ltd.		4,097.00	-
48,49,750 (Previous year Nil) Equity Shares of Rs. 10 each fully paid up of Adani Agri Logistics Ltd.		484.98	2.47
Current Investments			
HDFC Mutual fund			
NIL (Previous year 5,538 units) of Cash Management Savings Plan Institutional Plan Growth Scheme		-	0.75
Total		**12,281.98**	**3,203.22**
Schedule - 'F' : Current Assets, Loans and Advances			
Inventories			
Stock of Consumables (At Cost) (As valued and certified by the Management)		460.59	305.38
Sundry Debtors			
(Unsecured, Considered Good)			
Outstanding for more than six months (Including Rs. 1,657.44 Lakhs receivable from Indian Oil Corporation Ltd. between 1.4.2006 and 31.8.2009, Previous year Rs. Nil)	2,452.91		94.82
Others	5,425.54		4,173.49
		7,878.45	4,268.31
Cash and Bank Balances			
Cash and Cheques on Hand	3.16		6.39
Balances with Scheduled Banks in :			
Current Accounts	1,324.92		957.56
Term Deposit Accounts	8,236.69		2,093.60
	9,561.61		3,051.16
		9,564.77	3,057.55
Loans and Advances			
(Unsecured, Considered Good)			
Advances Recoverable in Cash or in Kind or for Value to be Received	6,972.37		6,187.21
Advance Payment of Taxes	1,879.50		574.49
Deposits	276.16		151.71
		9,128.03	6,913.41
Total		**27,031.84**	**14,544.65**

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31st March 2006 Rs.lakhs	Rs.lakhs	As at 31st March 2005 Rs.lakhs
Schedule - 'G' : Current Liabilities and Provisions			
Current Liabilities			
Sundry Creditors	5,679.13		2,654.85
Deposits from Customers / Contractors	2,609.95		1,539.73
Interest Accrued but not Due on Loans	205.64		292.69
Other Liabilities	5,935.77		2,292.66
		14,430.49	6,779.93
Provisions			
For Income Tax	1,724.63		709.39
For Fringe Benefit Tax	23.65		-
For Wealth Tax	0.55		0.55
For Leave Encashment	57.10		39.22
For Proposed Dividend	3,604.32		0.03
For Tax on Dividend	505.50		@*
@* Rs. 395			
Others	214.00		-
		6,129.75	749.19
Total		**20,560.24**	**7,529.12**
Schedule - 'H' : Other Income			
Interest		1,104.50	167.30
Rent		46.87	52.43
Export Incentives		5.51	804.64
Insurance Claims Received		346.59	57.10
Profit on Sale of Investments		0.05	0.97
Sale of Scrap		60.96	-
Miscellaneous Income		16.77	3.05
Total		**1,581.25**	**1,085.49**
Schedule - 'I' : Operating Expenses			
Handling and Storage Expenses		6,250.22	3,737.76
Railway Operating Expenses		1,174.20	744.11
Tug and Pilotage Charges		788.85	718.44
Maintenance Dredging		224.33	384.05
Other Marine Expenses		159.63	87.32
Repairs to Buildings		253.61	206.08
Repairs to Plant & Machinery		805.53	559.37
Electricity		608.52	528.83
Payments to and Provisions for Employees:			
- Salaries, Wages and Bonus	1,024.93		289.87
- Contribution to Provident and Other Funds	50.54		45.34
- Employee Welfare Expenses	18.21		316.53
		1,093.68	651.74
Royalty to Gujarat Maritime Board		457.99	506.90
Total		**11,816.56**	**8,124.60**

SCHEDULES FORMING PART OF THE ACCOUNTS

	For the year ended 31st March 2006 Rs.lakhs	For the year ended 31st March 2005 Rs.lakhs
Schedule - 'J' : Administrative and General Expenses		
Rent	114.96	84.00
Rates and Taxes	123.58	152.27
Repairs (Others)	140.63	94.44
Insurance	400.97	242.28
Advertisement and Publicity	461.58	98.40
Fees and Legal Expenses	398.83	210.84
Travelling and Conveyance Expenses	358.84	188.42
Directors' Fee	0.15	0.48
Auditors' Remuneration	22.00	12.00
Professional Charges	793.37	183.40
Other Expenses	873.21	460.91
Loss on Sale of Fixed Assets (Net)	22.64	0.38
Sundry Balances written off	11.38	170.73
Miscellaneous Expenditure written off (See Note 9)	1,137.20	196.56
Total	**4,859.34**	**2,095.11**
Schedule - 'K' : Interest and Finance Charges		
Interest on Debentures	176.08	451.98
Interest on other Fixed Loans	4,895.72	2,980.78
Bank and Other Finance Charges	48.99	79.62
Exchange Difference from Currency / Interest Swaps	206.72	(249.75)
Loan Prepayment Premium	406.11	95.96
Total	**5,733.62**	**3,358.59**

Schedule – 'L': Significant Accounting Policies

1. General

These financial statements have been prepared under the Historical Cost Convention and in accordance with the requirements of the Companies Act, 1956.

2. Use of Estimates

These financial statements have been prepared on the basis of estimates, wherever necessary, which have an effect on the reported amounts of assets and liabilities as on the date of the statements and the reported amounts of income and expenditure for the reporting period. The difference between actuals and estimates is recognized in the subsequent period when the actuals are known.

3. Revenue Recognition

Income from port operation services is recognized in the year in which they are provided. Income from infrastructure usage is recognized in the year for which usage is granted.

4. Fixed Assets and Capital Work-in-Progress

(i) Fixed Assets are stated at cost less accumulated depreciation. Cost includes interest on borrowings attributable to the acquisition of the Fixed Assets, up to the date of their commissioning, and other incidental expenses incurred up to that date.

(ii) Capital Work-in-Progress includes projects under implementation and other capital work-in-progress, which are carried at cost, comprising direct cost, related incidental expenses and attributable interest. Advance payments on capital account are also included in Capital Work-in-Progress.

5. Expenditure during the Construction Period

Expenditure (including finance charges) incurred during the period of implementation of projects is treated as preoperative expenditure pending allocation to fixed assets and is shown under "Capital Work-in-Progress" and the same is apportioned to fixed assets on commencement of commercial activities.

6. Impairment of Assets

An asset is treated as impaired when its carrying cost exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

7. Depreciation

(i) Depreciation on Dredging Pipes is provided on the basis of their useful life which is estimated at 18 months;

(ii) The cost of Marine Structures and Dredged Channels is amortized over the period of the Concession Agreement with Gujarat Maritime Board;

(iii) Depreciation on other Fixed Assets is provided on Straight Line Method in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to that Act.

8. Intangible Assets and their Amortization

Intangible assets are recognized as per the criteria specified in Accounting Standard 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India and are amortized as follows:

i)	Goodwill arising on the amalgamation of Adani Port Ltd.	:	Over a period of 28 years (See Note3)
ii)	Cost of Development of Leasehold Land	:	Over the remaining period of the lease
iii)	Cost of Software	:	Over a period of 3 years

9. Foreign Currency Transactions

(i) Transactions denominated in foreign currencies are normally recorded at the rates of exchange prevailing at the time of the transactions. Exchange differences arising on transactions settled during the year, other than those in respect of the liabilities related to the acquisition of fixed assets contracted before 1-4-2004 and, in the case of liabilities contracted on or after 1-4-2004, if the fixed assets were acquired from outside India, which are adjusted to the cost of those assets, are recognized in the Profit and Loss Account for the year.

(ii) All foreign currency denominated monetary assets and liabilities are translated at the rates of exchange prevailing on the date of the Balance Sheet and the exchange differences resulting there from, other than those in respect of the liabilities related to the acquisition of fixed assets contracted before 1-4-2004 and, in the case of liabilities contracted on or after 1-4-2004, if the fixed assets were acquired from outside India, which are adjusted to the cost of those assets, are recognized in the Profit and Loss Account for the year.

10. Investments

Long Term Investments are carried at cost less provision for permanent diminution in the value of such investments, if any. Current Investments are carried at the lower of cost and market value.

11. Taxes on Income

Current tax is determined as the amount of tax payable on taxable income for the year computed in accordance with the provisions of the Income-tax Act, 1961. Deferred tax is recognized on timing differences between the taxable income and the accounting income which originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Retirement Benefits

a) Contributions to Provident/Pension Funds are made and accounted for on actual liability basis;

b) Liability for Gratuity/Superannuation is covered by Group Gratuity and Superannuation Schemes administrated by the Life Insurance Corporation of India to which necessary contributions are made every year and charged to revenue;

c) Provision for Leave Encashment Benefit payable on retirement is made on actuarial valuation basis.

13. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Schedule - 'M' : Notes forming part of the Accounts

1. The Company's name has been 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 23-06-2006. This change in the Company's name has been approved by the Central Government and registered with the Registrar of Companies who has also issued a certificate in that behalf.

2. Following issue by the Government of India (GOI) of a Letter of Permission to Mundra Special Economic Zone Ltd. (MSEZL) to develop a Special Economic Zone (SEZ) at Mundra, Gujarat, an agreement dated 22nd May, 2004 had been entered into between MSEZL, the Company, Adani Port Ltd (APL) (since amalgamated with the Company) and Adani Chemicals Ltd. (ACL). Under that agreement, the Company, APL and ACL had agreed to be co-developers of the SEZ with MSEZL, the Developer. In pursuance of that agreement, the Company had also entered into a Sub-Lease and Possession Agreement dated 30th December, 2004 with MSEZL for the sub-lease of 1,738.37 acres of its leasehold land for the development of the SEZ. Subsequently, the GOI has, vide its letter dated 12th April, 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. Simultaneously, a similar letter of approval for the development, operation and maintenance of another Multi-product Special Economic Zone over an area of 1,082 hectares of land of MSEZL and its wholly owned subsidiary ACL at Mundra, Gujarat, has been issued by the GOI to MSEZL. Consequent upon this development, the aforesaid Co-Development Agreement dated 22nd May, 2004 having become infructuous, the Company, MSEZL and ACL have terminated that agreement without any right or liability accruing to any of the parties to it. Thereupon, the Company and MSEZL have also terminated the aforesaid Sub-Lease Agreement dated 30th December, 2004 without any right or liability accruing to either party.

   Further, especially considering that the lands for whose development into Special Economic Zones, the GOI has granted approval to the Company and MSEZL, are contiguously situated, and with a view to achieving economies of scale by setting up a large Special Economic Zone instead of two separate Special Economic Zones and also with a view to deriving benefits of synergies resulting from combining the business of the Company's Port at Mundra and all its back up facilities and infrastructure with the business of operating and maintaining a Special Economic Zone, it is proposed to merge MSEZL and ACL (which have both since become the Company's wholly owned subsidiaries following acquisition of the remaining Equity Shares of MSEZL and of all the Equity Shares of ACL after 31-3-2006) with the Company with effect from 1st April, 2006 and for that purpose, necessary petitions pursuant to the provisions of Sections 391 and 394 of the Companies Act, 1956 have been filed before the Hon'ble Gujarat High Court.

3. Amortization of Goodwill arising upon Amalgamation of Adani Port Ltd.

   Since the Company believes that the synergistic value of the business arising out of the back up assets of Adani Port Ltd. amalgamated with it with effect from 1-4-2003 will be continuing on the same time scale as the availability of the Company's waterfront assets viz., the balance period of the concession granted by Gujarat Maritime Board, it would be justified in amortizing Goodwill arising on the amalgamation of Adani Port Ltd. over the residual period of the Concession Agreement with Gujarat Maritime Board (which is 28 years from the date of amalgamation), instead of 5 years prescribed in the Accounting Standard 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly, Goodwill is amortized over the said 28 year period.

4. Amounts Received under Long Term Infrastructure Usage Agreements

   The Company has entered into various long term agreements granting sub-lease 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 and Gujarat Maritime Board. The upfront amounts received by the Company in consideration of grant of the Sub-lease and rights to use its infrastructure facilities are recognized as revenue proportionately over the periods of the respective agreements. The aggregate of the unamortized balances of such amounts as at the end of the year amounting to Rs. 46,384.99 lakhs (Previous year Rs. 45,868.33 lakhs) has been shown under "Amounts Received Under Long Term Infrastructure Usage Agreements" in the Balance Sheet.

5. Redemption Premium

   Considering that the Share Premium Account includes Rs. 27,829.27 lakhs 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 28.3.2024, the Company has not considered it necessary to make a separate provision for the premium payable on Redemption of the shares which will be made out of the said amount lying in the Share Premium Account.

6. With a view mainly to saving interest cost on borrowed funds, the Company enters into certain derivative transactions involving foreign currency. The exchange difference in respect of such transactions is dealt with as under:

   (a) Difference arising on settlement of the transactions is recognized as income or expense, as the case may be, in the year of settlement;

   (b) Difference in respect of transactions outstanding as at the end of the year, arising on the basis of the rates of exchange as at the end of the year is recognized as income or expense, as the case may be, of the year.

7. Debenture Redemption Reserve

   In respect of privately placed Debentures of the aggregate paid up value of Rs.1,400.00 lakhs (Previous year Rs. 3,900.00 lakhs — Debentures of the aggregate paid up value of Rs. 2,500.00 lakhs having been redeemed in entire this year), Debenture Redemption Reserve of Rs. 35.00 lakhs has been created this year @ 25% of Rs. 140.00 lakhs falling due for repayment in the following year ended 31st March, 2007 (Previous year Rs.97.50 Lakhs @ 25% of Rs. 390.00 Lakhs falling due for repayment in the year ended 31st March, 2006). This is in accordance with Circular No. 9/2002 dated 18-4-2002 issued by the Department of Company Affairs. Debenture Redemption Reserve of Rs. 97.50 lakhs (Previous year Rs.97.50 lakhs) created in the Previous Year has been transferred to General Reserve upon redemption made during the current year.

8. Contingent Liabilities and Commitments on Capital Account

Particulars	**As at 31-03-2006 Rupees Lakhs**	**As at 31-03-2005 Rupees Lakhs**
Guarantees	1,712.35	1,739.38
Bonds (to Customs Department)	29,659.21	13,845.75
Estimated amount of Unexecuted Capital Contracts (Net of Advances)	19,924.98	10,694.06

9. The entire balance of Rs. 1,137.20 lakhs in Miscellaneous Expenditure Account has been written off to the Profit and Loss Account this year. Had the Company continued to follow its practice of amortizing this expenditure which was incurred during accounting periods prior to the coming into effect of the Accounting Standard — 26 "Intangible Assets" issued by The Institute of Chartered Accountants of India, the profit before tax for the current year would have been higher by Rs. 938.64 lakhs.

10. Since the Company is primarily engaged in the business of developing, operating and maintaining the Mundra Port and related infrastructure, and since all its activities revolve around that business, there is no other reportable segment as per the Accounting Standard - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.

11. Deferred Tax Asset / (Liability) comprises timing differences on account of:

Particulars	**Current Year Rupees Lakhs**	**Previous Year Rupees Lakhs**
Depreciation (Net)	(9,241.78)	(6,026.00)
Unabsorbed Depreciation	2,862.60	3,854.15
Deferred Revenue Expenditure	277.43	(20.46)
Others	59.02	40.44
	(6,042.73)	(2,151.87)

12. Earnings per Share

Particulars	**Current Year**	**Previous Year**
Net Profit for the year (Rupees Lakhs)	6,723.80	6,185.36
Number of Equity Shares	18,02,14,410	18,02,14,410
Nominal Value of the Shares Rs.	10	10
Earnings per Share (Basic and Diluted) Rs.	3.73	3.43

13. Related Party Disclosures

(a) List of related parties with whom transactions have taken place during the year:

Key Management Personnel and their Relatives :

- Mr. Gautam S. Adani
- Mr. Rajesh S. Adani
- Mr. Sanjay Gupta
- Mr. Ameet H. Desai

Associates Company :

- Adani Agri Logistics Ltd.
- Adani Agro Private Limited
- Adani Exports Limited
- Adani Wilmar Limited
- Adani Logistics Limited
- SBA Trust
- Adani Agrifresh Limited
- Adani Energy Limited
- Adani Port Infrastructure Private Limited
- Adani Retail Limited
- Mundra Special Economic Zone Limited
- Adani Chemicals Limited
- Adani Properties Private Limited

(b)

Transactions with related parties	Current Year Rupees Lakhs	Previous Year Rupees Lakhs
(i) Rendering of Port Services	-	
- Associates	4,518.11	6,015.77
(ii) Purchase of Goods, Services and Facilities		
- Associates	39.38	30.95
(iii) Share of Common Personnel, Administrative and Other Expenses vis-a-vis Associates:		
- Incurred by Associates	5.60	74.97
- Incurred by the Company	9.06	174.06

	Current Year Rupees Lakhs	Previous Year Rupees Lakhs
(iv) Subscription for Shares of Associates	11,240.50	1,002.48
(v) Sale of Investment to Associates	4,161.00	-
(vi) Share Application Money to Associates	2,606.07	-
(vii) Project Advances (Net of Repayment)		
- Associates	-	(11,450.20)
(viii) Advances received against Services	-	
- Associates	208.68	606.51
(ix) Expense Reimbursement (Net)		
- (from)/to Associates	(5.44)	7.21
(x) Remuneration		
- Key Management Personnel	369.00	-
(xi) Sitting Fees		
- Key Management Personnel	0.06	0.07
(xii) Rent Associates		
- Received	653.08	25.34
- Paid	5.95	24.78
(xiii) Sale of Assets		
- Associates	-	0.15
(xiv) Donations – Trust	25.28	6.00
(xv) Interest – Associates		
- Received	3.83	9.74
- Paid	-	7.92
(xvi) Outstanding balances as at the end of the year.		
- Associates		
Debit	1,627.28	14,572.44
Credit	517.27	179.51

The particulars given above have been identified on the basis of information available with the Company.

14. Auditors' Remuneration is made up of

Particulars	**Current Year Rupees Lakhs**	**Previous Year Rupees Lakhs**
Audit Fees	11.00	11.00
Tax Audit Fees	1.00	1.00
Tax Consultancy Fees	10.00	NIL

15. Payments to and Provisions for Employees debited to the Profit and Loss Account includes remuneration of Managing Director and Whole-time Director as under:

	Current Year Rupees Lakhs	Previous Year Rupees Lakhs
(a) Salary	155.00	Nil
(b) Commission	214.00	Nil
	369.00	

Computation of Net Profit in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956:

	Rupees Lakhs
Profit before Tax	11,615.78
Add:	
Directors' Remuneration	369.00
Loss on sale of Investments/Assets	22.64
Net Profit	12,007.42
Maximum amount permissible as remuneration to Managing Director and Whole-time Director under Section 309 of the Companies Act, 1956	1,200.74

Note :

Whereas the aggregate amount of remuneration paid to the Managing Director and the Whole-time Director is well within the maximum amount permissible as aforesaid, the remuneration to the Managing Director, who also draws managerial remuneration from Adani Exports Ltd., has been restricted to Rs. 334.00 lakhs, so that the aggregate of his remuneration from both the Companies does not exceed Rs. 734.00 lakhs, that being 5% of the Net Profit of Adani Exports Ltd.

16. Dues to Small Scale Industries

    In view of insufficient information received by the Company from suppliers as defined under the Interest on Delayed Payments to Small Scale & Ancillary Industrial Undertakings Act, 1993 concerning their status, it is not possible to give particulars regarding unpaid amount together with interest on delayed payments to such suppliers.

17. Additional Information pursuant to the provisions of para 4C and 4D of Part-II of Schedule-VI to the Companies Act, 1956 to the extent applicable

Expenditure in Foreign Currency:	**Current Year Rupees Lakhs**	**Previous Year Rupees Lakhs**
Traveling Expenses	21.04	30.02
Interest	814.27	628.66
Fees and Legal Expenses	77.45	NIL

Earnings in Foreign Currency:	**Current Year Rupees Lakhs**	**Previous Year Rupees Lakhs**
Marine Services	40.33	NIL

18. In the opinion of the Board of Directors, Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet. Provision has been made for all known liabilities and the same is adequate and not in excess of the amount considered reasonably necessary.
19. Balances of Sundry Debtors, Creditors, Loans and Advances are subject to confirmation by the parties concerned.
20. Previous year figures have been regrouped wherever necessary.

As per our attached Report of even date

FOR G. K. CHOKSI & CO.,
Chartered Accountants

V. C. Shah
Partner

Dipti Shah
Company Secretary

Place : Ahmedabad
Date : 05.08.2006

For and on behalf of the Board

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

Rajesh S. Adani **Director**

Ameet H.Desai **Executive Director**

Place : Ahmedabad
Date : 05.08.2006

Balance Sheet Abstract and Company's General Business Profile:

I. **Registration Details:**

Registration No.	034182	State Code	04
Balance Sheet Date	31st March 2006		

II. **Capital Raised during the year** — **Rupees Lakhs**

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	4,021.64

II.**Position of Mobilization and Deployment of funds** — Rupees lakhs

Total Liabilities	208,466.09	Total Assets	208,466.09
Sources of funds		**Application of Funds**	
Paid-up Capital	18,302.54	Net Fixed Assets	189,712.51
Reserves and Surplus	41,553.64	Investment	12,281.98
Amounts Received under Long Term		Net, current assets	6,481.60
Infrastructure Usage Agreements	46,384.99		
Net Current Assets	6,471.60		
Secured Loans	89,192.02		
Unsecured Loans	6,990.17		
Deferred Tax Liability	6,042.73		

IV. **Performance of the Company** — Rupees lakhs

Turnover and Other Income (includes Prior			
Period Adjustments (Net) Rs. 131.91 Lakhs)	40,166.97	Total Expenditure	28,551.19
Profit before tax	11,615.78	Profit after tax	6,723.80
Earning per share Rs.	3.73	Dividend Rate	20%

V. **Generic names of three Principal Products/Services of the Company (as per monetary terms)**

Product/Service Description	Item code No.
Port Services	Not Applicable

For and on behalf of the Board

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

Rajesh S. Adani — **Director**

Dipti Shah
Company Secretary

Ameet H. Desai — **Executive Director**

Place : Ahmedabad
Date : 05.08.2006

MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED
Registered Office: "Adani House", Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009
FORM OF PROXY

I/We____________________________________ of ____________________________________ being a member / members of the above Company hereby appoint Shri / Smt. __________________________________ of ____ or falling him ______________________________ of _______________________________________ as my/our proxy to vote for me/us and on my/our behalf at the 7th Annual General Meeting of the Company to be held on Saturday, 30th September, 2006 at 2.00 p.m. and at any adjournment thereof.

Signed this ________________ day of _____________ 2006.

Signature ________________

Affix 1
Rupee
Revenue
Stamp

Folio No.____________ DPID No.* ____________ Client ID No.* ____________

* Applicable for members holding shares in electronic form.

Note: The proxy and the power of Attorney (if any) under which it is signed or a notarially certified copy of that power must be deposited at the Registered Office of the Company at "Adani House", Nr. Mithakhali Six Raods, Navrangpura, Ahmedabad not less than 48 hours before the date and time for holding the Annual General Meeting.

MUNDRA PORT AND SPECIAL ECONOMIC ZONE LIMITED
Registered Office: "Adani House", Nr. Mithakhali Six Roads, Navrangpura, Ahmedabad – 380 009

ATTENDANCE SLIP

(to be handed over, duly filled in, at the Entrance of the Meeting Place)

Name of the attending Member / Proxy (in block letters): ____________________________________

I hereby record my presence at the 7th Annual General Meeting on Saturday, 30th September, 2006.

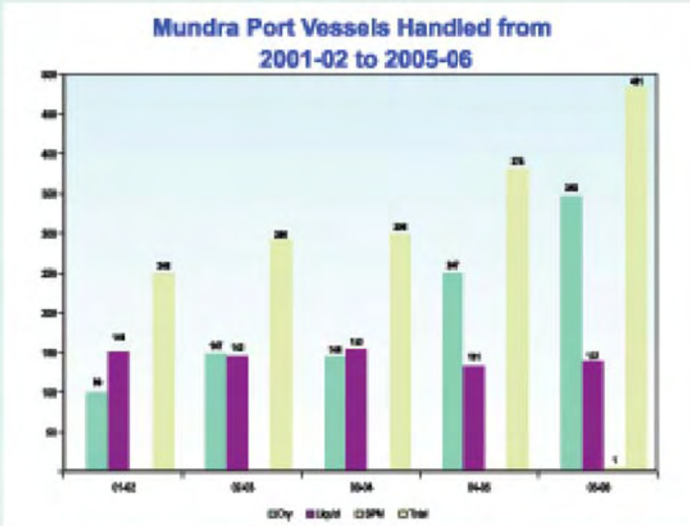
Folio No. ________________ DPID No.* ________________ Client ID No.* ________________

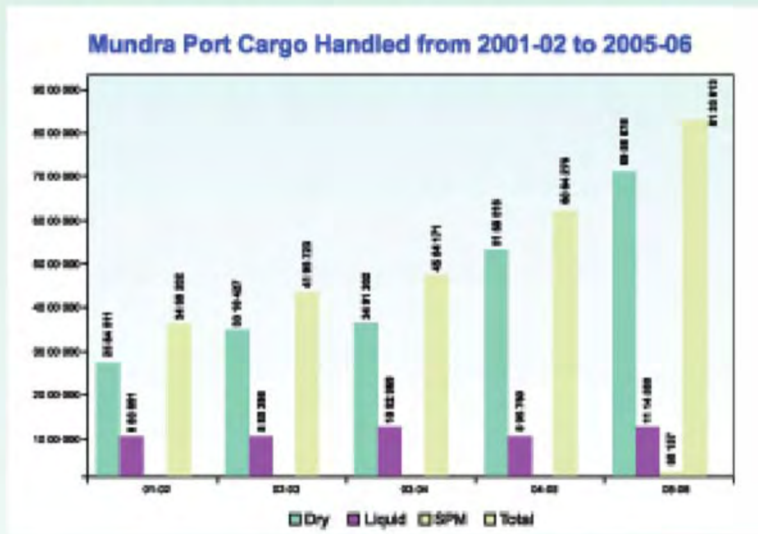
* Applicable for members holding shares in electronic form.

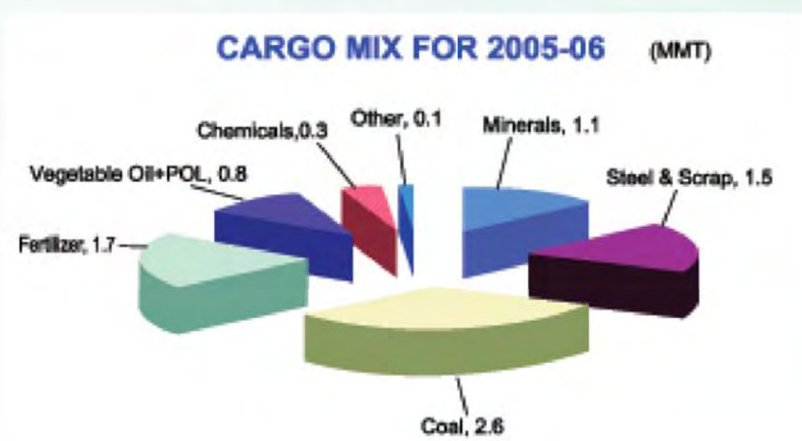
Place : Ahmedabad

____
Member's / Proxy's Signature

Note: Share holders / proxy holders are requested to bring the Attendance Slips with them, duly completed when they come to the meeting and hand them over at the gate, affixing their signature on it.


Mundra Port Vessels Handled from
2001-02 to 2005-06


Mundra Port Cargo Handled from 2001-02 to 2005-06
Dry
Liquid
SPM
Total


CARGO MIX FOR 2005-06
(MMT)
Chemicals,0.3
Other, 0.1
Minerals, 1.1
Vegetable Oil+POL, 0.8
Steel & Scrap, 1.5
Fertilizer, 1.7
Coal, 2.6

New berth under progress

Container Cargo Operations

Dry Cargo

Operations

Social Infrastructure

Tugs

MUNDRA PORT
SPECIAL ECONOMIC ZONE

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