

“Excellence in Management”

Acceptance Speech by

Shri Gautam S. Adani, Chairman, Adani Group

on the occasion of

“Excellence in Management”

award conferred on him by

N R Institute of Business Management, Ahmedabad

January 31, 2007

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Excellence in Management

Hon’ble Chief Minister Shri Narendrabhai Modi, Respected Shri Anilbhai Patel, Dr. Parimal Trivedi, Shri Deepakbhai Parikh, Shri Sudhirbhai Nanavati, Shri N.R. Shah, Dr Hitesh Ruparel and other dignitaries on Dias, young students, my colleagues , Ladies & Gentlemen - it is indeed an honor and a privilege to be the first recipient of this award instituted by Gujarat Law Society, one of the oldest and most prestigious non-profit organizations, responsible for spreading the “culture of excellence” through its initiatives in education. Standing here, I have no hesitation in mentioning that this award is a tribute to and recognition of our managers and employees, who have been the backbone of our success. This occasion, marking our success in excellence in management, has been made all the more memorable by the august presence of an individual, who has not only propelled Gujarat as a top destination for Investors as witnessed in the recent Vibrant Gujarat Summit but also his leadership style personifies “excellence in management”, which has made Gujarat and Gujaratis proud – Our Hon’ble Chief Minister Shri Narendrabhai Modi.

For me, excellence in management is all about identifying opportunities which are continuously being thrown up in our country and overseas and converting them into successful well managed businesses – A common thread which runs across 20 years of our group’s history and across all business areas – Global Trading, infrastructure and manufacturing. While we have grown from 5 employees to 3000 today with turnover in excess of Rs 15000 Cr., the core values of group have remained un-changed. These values are:

Continuously identifying new opportunities.

Taking calculated risks to achieve fast growth

Persevering to attain the vision

Investing and believing in people – Our greatest asset.....and

Adaptability to the changing business environment

In 1985, Government of India de-canalized imports and exports, thereby reducing the monopoly of government owned state trading companies and thus providing opportunity to private players like us to enter in EXIM trade. Global trading business boomed, but was hampered by poor infrastructure especially ports. Thus when government opened up infrastructure development for private sector in 1995, we entered the port sector with development of Mundra port which commenced operations in 1998. Leveraging the infrastructure at the port and our understanding of global trading business, we set up India's largest edible oil refinery in the year 2001. When the concept of Special Economic Zone was mooted, we prepared a master plan and identified 10,000 Ha of land in and around Mundra for SEZ development. When Electricity Act 2003 was enacted, which essentially allowed power trading and also deregulated the power generation, we entered power trading business, understood the markets and became the first company to put up Merchant Power Generation. In order to provide firm linkages of coal for our power plant and trading business, we are now entering into coal mining and shipping. Main idea which I want to share with you is that, in a developing country like India, with lot of sectors yet to be opened up and markets and supply chains not mature enough, everyday new opportunities will be thrown up and it is up to anyone of us to exploit it to their advantage.

Identifying opportunities by itself is not enough for growing the business – This brings us to second core value we have – taking calculated risks, with Mundra port being a classic example - The policy framework for concession agreement was still evolving in Government when we commenced construction of port in 1995. The actual concession agreement was signed, six years later in 2001. We had no experience in planning, developing or constructing a port. We managed to have a technical team, highly dedicated, which undertook construction in Greenfield site of Mundra where only limited social infrastructure was available. Our business model of the port, integrated landlord and terminal operator concept, was first of its kind in the country, and it was difficult for us to recruit experienced manpower because it was simply not available.

We risked a lot of money and our reputation on development of Mundra Port and have never regretted the same. Today port handles 20 Mil T of cargo and by 2010 it will become one of the largest ports in the country.

A third core value of our group is perseverance, a rather old fashioned value but has been the bedrock of our success. Clarity of purpose backed by single minded effort and above all tenacity and perseverance of our managers has been a sure recipe for success in all these years. When we developed Mundra Port, Our vision and

purpose was clear – Built a Technology intensive port benchmarked to the global standards. But very soon we realized that success or failure of port business hinges on developing supporting infrastructure like rail and roads. It took us two years to build 14 kms road to Mundra Port across marshy areas with hundreds of lawsuits filed against us. Next, we took up the development of 57 km rail link from Mundra to the nearest rail head, including acquiring 3000 acres of land, spread across 16 villages and individually negotiating with more than 500 land owners located all across India, within 2 years.

The kind of growth we have witnessed in last 10 years would not have been possible without the team we have. Sustainability and growth of business is made possible only with quality of management an organization has. Unfortunately, quality of management is not something available off the shelf and requires painstaking nurturing of people. Looking to the need to develop in-house talent, we started Adani Knowledge Centre in 2004. This is an initiative where fresh Engineers, MBA's, CA's, and other professionally qualified students are recruited and trained as Adani Group Resources for a period of 1 year and then placed in suitable openings within the Group. The MBA students of GLS have also been recruited under this scheme and have done well.

Last of our core values is the culture of adaptability wherein internally we want our managers to work across functions and business groups and not to confine them to silos and externally to continuously take a hard look at our businesses and divest or restructure as the case may be.

To recapitulate, what has defined success for us is adhering to the core values of continuously looking for new opportunities, taking risks of being the first mover, persevering to attain our goals, investing in people and believing in them and continuously evaluating the fit between business environment and current business goals.

When I started business 20 years ago, with a modest educational background, vision, aggression and perseverance were the only tools I had to grow the business at a scorching pace. Today, with the benefit of hindsight, it is evident that we could have done some things differently and achieved even faster growth. My message to the young managers and future leaders is that they should use the confluence of today's booming economy, widespread availability of technology and knowledge management tools and ongoing economic liberalization to set an even faster pace of growth for others to emulate.

Once again, I thank the organizers of this evening, who have left no stone unturned to make this event a memorable one, and giving me an opportunity to articulate my thoughts on excellence in business.

Thank You

Gautam Adani

Place: Ahmedabad

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