

# ur Vision

To be a globally competitive,  
India centric organisation,  
with leadership in trading and  
integrated businesses;  
committed to the delight  
of our customers and shareholders.



### **BOARD OF DIRECTORS**

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Shri Gautam S. Adani, Chairman  
Shri Rajesh S. Adani, Managing Director  
Shri Vasant S. Adani, Whole-time Director  
Shri Jay H. Shah  
Dr. Pravin P Shah  
Dr. A. C. Shah  
Shri C. R. Shah  
Shri Biswajit Choudhuri, UTI Nominee

### **COMPANY SECRETARY**

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Mrs. Birva C. Patel (appt. w. e. f. 10/07/03)

### **AUDITORS**

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M/S. Dharmesh Parikh & Co.  
Chartered Accountants  
Ahmedabad

### **BANKERS**

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State Bank of India, Ahmedabad  
Bank of India, Ahmedabad  
Sumitomo Mitsui Banking Corporation, Mumbai  
State Bank of Travancore, Ahmedabad  
Development Credit Bank Ltd., Ahmedabad  
Societe Generale, Mumbai  
State Bank of Hyderabad, Ahmedabad  
The Jammu & Kashmir Bank Ltd., Ahmedabad  
State Bank of Saurashtra, Ahmedabad

Bank of Baroda, Ahmedabad  
Punjab National Bank, Ahmedabad  
Andhra Bank, Ahmedabad  
IndusInd Bank Ltd., Ahmedabad  
Abu Dhabi Commercial Bank Ltd., Mumbai  
Canara Bank, Ahmedabad  
UCO Bank, Ahmedabad  
Syndicate Bank, Ahmedabad

### **REGISTERED OFFICE**

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"Adani House"  
Shrimali Society, Mithakhali Six Roads  
Navrangpura, Ahmedabad - 380 009

### **SHARE TRANSFER AGENT**

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Pinnacle Share Registry Private Ltd.  
Near Asoka Mills Ltd., Naroda Road  
Ahmedabad - 380 025  
Ph. No. (079) 220 4226, 220 0591, 220 0582  
Fax No. 91-79-220 2963

### **SHARES LISTED AT**

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Ahmedabad Stock Exchange  
The Stock Exchange, Mumbai  
National Stock Exchange, Mumbai



**Adani Exports Limited**  
Golden Super Star Trading House



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(A Subsidiary Company of Adani Global Limited)



## DIRECTORS' REPORT

To  
The Members,

The Directors have pleasure in presenting the Eleventh Annual Report together with the audited accounts of the Company for the financial year ended 31st March, 2003.

### COMPANY'S PERFORMANCE

Despite the continued global slowdown in the financial year 2002-2003, the performance of Indian exports was encouraging. Exports in dollar terms increased by 17.8% during 2002-2003 as against a decline of 0.4% in the previous year. Imports also showed an increase of 16.9% as compared with a marginal increase of 1.7% in the previous year. Your Company with a balanced basket of commodities comprising of both exports and imports extensively participated in this growth.

During the year under review, your Company's total income was Rs. 2872.50 crore (Rs. 2825.55 crore) while gross profit before depreciation, interest and taxation and net profit increased to Rs. 130.91 crore (Rs. 109.64 crore) and Rs. 88.34 crore (Rs. 65.67 crore) respectively. As part of its venture development strategy, your Company earned Rs. 59.68 crore as other income from planned disinvestment.

The overall growth parameters have also been encouraging looking to the nature of commodity business of your Company.

Year ended 31st March	(Rs. in Crore)*	
	2003	2002
Sales and operating earnings	<b>2811.89</b>	2816.42
Other income	<b>60.61</b>	9.13
Gross Profit before Depreciation, Interest and Tax	<b>130.91</b>	109.64
Interest	<b>38.14</b>	41.78
Depreciation	<b>1.85</b>	1.89
Profit before Tax	<b>90.92</b>	65.97
Provision for Tax	<b>2.58</b>	0.3
Profit after Tax	<b>88.34</b>	65.67
Surplus brought forward from previous year	<b>164.43</b>	146.73
Balance available for appropriations	<b>252.77</b>	212.41
<b>Appropriations:</b>		
Dividend on Preference Shares		
Interim	<b>1.43</b>	3.29
Final	<b>0.005</b>	0.03
Dividend on Equity Shares		
Final	<b>6.61</b>	6.61
Tax on Dividend	<b>0.85</b>	0.34
Transferred to		
Preference Share Capital Redemption Reserve	<b>10.00</b>	5.00
Debenture Redemption Reserve	<b>7.50</b>	6.00
General Reserve	<b>40.00</b>	26.71
Balance carried to Balance Sheet	<b>186.37</b>	164.43
<b>Total</b>	<b>252.77</b>	212.41

\*1 crore equals 10 million

Considering the difficult economic environment that prevailed globally as well as locally, and the stiff competition in the market, the performance of your Company can be considered satisfactory.

### DIVIDEND

Your Directors are pleased to recommend a dividend of 30 percent on equity shares for the financial year ended on 31st March, 2003, which if approved at the forthcoming Annual General Meeting, will be paid to all those equity shareholders whose names will appear on the Register of the Members as on 11th September, 2003. The total dividend will absorb Rs. 7.46 crore, including tax thereon.

Interim dividend for 2002-2003 on Cumulative Redeemable Preference Shares was paid aggregating to Rs. 142.68 Lacs. Besides, a final dividend on cumulative redeemable preference shares amounting to Rs. 54,247/- for the year 2002-2003 is recommended.

### CONTINUING COMPETITIVE EDGE

Your Company consciously pursued its dual role of global commodity business facilitator and venture developer.

#### • GLOBAL COMMODITY BUSINESS

Your Company blends the broad business group (Agro, Energy, Textiles and Precious Goods) focus with sub-group (Within Agro - Wheat, Castrol, DOC, Sugar, etc. Within Energy - Coal, Petroleum Products, etc.) diversity to effectively manage the overall commodity portfolio. This ensures broad basing its risk profile and garnering diversified skill sets to meet the needs of the highly competitive business scenario.

Our clear outperformers during the year were Coal, Wheat and certain categories of Petroleum products. With the continued rationalisation of policies and market driven approach, your Company would consolidate its dominance in all its business groups.



#### ● THE DEVELOPERS` ROLE

Your Company has over the years conceptualised, driven and nurtured several ventures and firmly established its reputation of a successful developer.

##### \*Mundra Port, the infrastructure building venture

With cumulative cargo handling exceeding 10 Mn MT, Mundra port has firmly become a prestigious creation of Adani Group through impressive cargo -cum-customer built up.

The year saw Mundra becoming the first port in India to directly berth a cape -size vessel with 123,000 MT of coal cargo.

##### \* Edible Oil, the Brand focused venture

The edible oil business with its widely accepted "Fortune" brand has truly been our well-thought and implemented venture. Recently in a survey conducted by The Economic Times, the brand "Fortune" was ranked 67<sup>th</sup> among top 100 FMCG brands in India.

In a relatively short time-frame, this venture has established the largest refined oil consumer pack brand in India with 14% market share as per AC Nielsen ORG MARG latest figures (Jan-Mar `03). It continues to dominate refined soyabean oil category with a commendable 45% market share.

#### SEGMENT REPORTING

Your Company is a global trading organisation with operations covering a wide range of commodity groups such as, Agro, Energy, Precious Goods and Textiles. In view of the integrated nature of business in its entirety, there are no separate segments within the Company as defined by Accounting Standard 17 (Segmental Reporting) issued by the ICAI.

#### PREFERENCE SHARE REDEMPTION

During the year under review, your Company has redeemed 1,00,00,000 13.5% Cumulative Redeemable Preference Shares of Rs. 10/- each - Series VI.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is enclosed as Annexure-III.

#### FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits from the public.

#### CORPORATE GOVERNANCE

A separate report on Corporate Governance, along with the Auditor`s Certificate on its compliance, is enclosed as Annexure-IV.

#### FORMATION OF VARIOUS COMMITTEES

Details of various committees constituted by the Board of Directors are given in the Corporate Governance Report annexed and forming part of this Report.

#### DIRECTORS

The tenure of Shri Gautam S. Adani as Executive Chairman of the Company expires on 30th November, 2003. Looking at his vast experience in global trading activities, it will be in the best interest of the Company to re-appoint Shri Gautam S. Adani as Executive Chairman for a period of 5 years with effect from 1st December, 2003 on the terms and conditions as detailed in the Explanatory Statement forming part of the Notice of the ensuing Annual General Meeting. The same has also been approved by the remuneration committee at its meeting held on 28th June, 2003.

On review of the duties and responsibilities assigned to Shri Rajesh S. Adani, Managing Director and Shri Vasant S. Adani, Whole-time director of the Company and looking at the time devoted and the increased nature of activities of the Company, the Board of Directors of your Company on recommendation of remuneration committee have decided to increase remuneration payable to them as detailed in the Explanatory Statement forming part of the Notice of the ensuing Annual General Meeting.

During the year under review Shri Biswajit Choudhuri was appointed as nominee Director by Unit Trust of India ( UTI ) on the Board of your Company.

Dr. P.P. Shah and Shri C.R. Shah, Directors of the Company, retire by rotation, and being eligible offer themselves for re-appointment.

#### DIRECTORS` RESPONSIBILITY STATEMENT

The Directors confirm that in the preparation of the annual accounts for the year ended March 31, 2003

- The applicable accounting standards have been followed and that no material departures have been made from the same.
- Such accounting policies have been selected and applied consistently and reasonable and prudent judgements 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 period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.



### **CONSOLIDATED ACCOUNTS**

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, consolidated financial statements have been prepared in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements form part of the Annual Report.

### **SUBSIDIARY COMPANIES**

As required under Section 212, of the Companies Act, 1956, the Accounts relating to subsidiary companies i.e. Adani Chemicals Ltd., Adani Global Ltd., Adani Global FZE and Adani Global Pte Ltd. are attached herewith. As the financial year of Adani Global Ltd., Adani Global FZE and Adani Global Pte Ltd. are not coinciding with that of your Company, relevant information as required under Section 212(5) of the Companies Act, 1956, of the said Companies are annexed herewith.

### **AUDITORS AND AUDITORS' REPORT**

The Company's Auditors M/s. Dharmesh Parikh and Co., Chartered Accountants, Ahmedabad, will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.**

As your Company is a trading unit, the statement containing the information as per Section 217(1)(e) of the Companies Act read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is not appended. The details of foreign exchange earnings and outgo are appended in the Annexure-I attached herewith.

### **PARTICULARS OF EMPLOYEES**

The particulars of employees as required by Section 217 (2A) of the Companies Act, 1956, and Companies (Particulars of Employees) Rules, 1975, are set out in the Annexure-II to this Report.

### **PERSONNEL**

Your Company believes that it is the people who give the organisation its identity and make any endeavour a success. It is therefore, our constant effort to provide the best work environment and constitute a team that would take the organisation to greater heights in an increasingly competitive global platform. Your Company recruits people who are self-motivated from within, with fire in their bellies, which makes them excel at their work place and compete with fellow colleagues. It enables them to shoulder more responsibilities and be accountable for deliverables. The Board takes on record their whole-hearted commitment to Company's objective.

### **AWARDS**

Your Company was awarded 3rd Highest Exporter as Merchant Exporter / Custom Processing Award from the Soyabean Processors Association of India (SOPA) for the year 2001-02.

### **ACKNOWLEDGEMENT**

The Board of Directors wish to thank the hardworking and conscientious employees at all levels, members, other stakeholders, bankers and other business associates, various officials from State and Central Government for the continued co-operation and unstinted support extended to the Company.

For and on behalf of the Board of Directors

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

**GAUTAM S. ADANI**  
Chairman



## Annexure to Directors' Report for the year ended 31st March, 2003



### ANNEXURE I

#### FOREIGN EXCHANGE EARNINGS AND OUTGO:

		(Rs. in Lacs)	
		<b>Current year</b>	Previous year
(I)	Foreign Exchange earned (Including Export of Goods on FOB basis)	<b>37628.32</b>	86995.68
(II)	Foreign Exchange used	<b>76518.41</b>	75546.03

### ANNEXURE II

#### A. Information pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

Sr. No.	Name	Age (yrs.)	Designation	Remuneration Gross (Rs. in Lacs)	Qualification	Date of commencement of employment	Last employment held-Designation and Period for which held
1	Mr. Gautam S. Adani	41	Chairman	30.10/-	S.Y. B.Com	1/12/93	Business
2	Mr. Rajesh S. Adani	39	Managing Director	32.82/-	B. Com.	1/12/93	Business
3	Mr. Vasant S. Adani	48	Whole-time Director	27.91/-	B.A.	7/1/95	Business
4	Mr. Pradeep Mittal	49	President (Coal and Coke)	36.16/-	Diploma in Mktg.	1/1/98	Chief General Manager Karamchand Thapar and Brothers (C.S.) Ltd.

#### 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.

Sr. No.	Name	Age (yrs.)	Designation	Remuneration Gross (Rs. in Lacs)	Qualification	Date of commencement of employment	Last employment held-Designation and Period for which held
				----- N I L -----			

**Note:** Remuneration as above includes Salary, Contribution to Provident and other Funds and other perquisites.



## Annexure-III

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

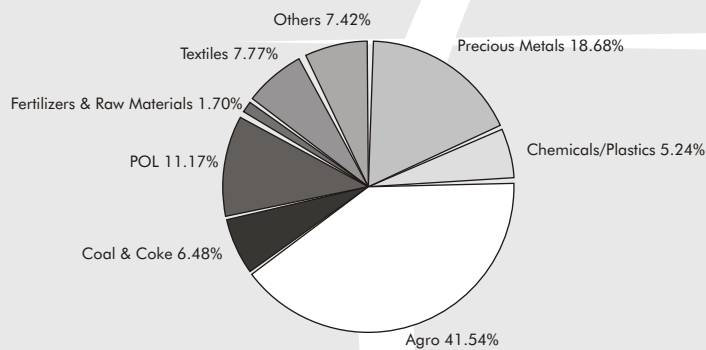
#### Industry Structure and Development

Indian exports remain one of the swiftest and lucrative sectors of the economy; its market share in the world being at 0.8%. During the fiscal year 2002-03, the performance of the export sector was commendable notwithstanding the severe setback in the overall economic growth and adverse conditions that prevailed in the international markets and after the 9/11 terrorist attacks in the United States and the Iraq war. Indian exports posted a robust 17.8% increase at US \$ 51.8 billion in fiscal year 2002-03 as against a targeted 12% growth. All groups of products and commodities have contributed to the stupendous performance during the year. Agricultural and allied product exports grew by 10.4% as against 1% increase in fiscal 2001-02. Export of ores and minerals was 59.4% higher than the previous year. Manufactured goods exports also registered a 14.9% increase as against 2.7% drop last year.

Imports also maintained a higher growth trajectory at 16.9% as against a 1.7% increase recorded in 2001-02. This growth can primarily be attributed to 26.8% rise in the oil import bill. Import of non-POL commodities witnessed 13.2% increase in 2002-03 as compared to a 7.3% growth in the previous year.

(Source : CMIE Report)

#### Commodity Wise Performance



#### A. Agro Commodities

In this year also your Company maintained its status as one of the largest exporters of agro commodities from India. In line with our stated objective of focusing on agro commodities, your Company during the year has emerged as one of the largest exporters of wheat from India. Our major markets continue to be the Middle-East and South East Asia. Castor oil exports continued to grow during the year and your Company is one of the largest exporters of castor oil and its derivatives from India. Rice, which was introduced during the year as an export commodity offer tremendous growth opportunities. During the current year, your Company is planning to export sugar in a big way as India has become cost competitive.

Your Company will continue to focus on its core strengths of being a consolidator and mover of bulk cargo. Trade in wheat, rice, soyabean meal, castor oil, sugar and pulses is expected to grow during the current year and would help in maintaining your Company's status as one of the largest Agro players in India.

#### B. Textiles

The year, in summary has been one of consolidation. The quality of business has improved significantly with addition of new markets, customers and products. All this has seen considerable value being added to the operations of the desk. New products like cotton grey, knitted fabrics, bed sheets and raw silk have been added to the already existing range of products. We have, in this year, developed new markets like China, Israel, Slovenia and Africa.

Thriving on the strong base of suppliers, one of the basic strength of your Company's textiles business, strategic alliances with partners in related products like grey fabrics, denim, raw silk, cotton and synthetic yarns have been further developed in this year.

The quota free regime from the year 2005 offers us an immense potential to focus on value added products. Your Company is therefore scanning the opportunities to enter the jute and garments business to meet the challenges of post quota free regime from the year 2005.

#### C. Coal and Coke

During the year Coal and Coke business has achieved growth in sales and in terms of quantity and value of imported coal and coke to the extent of 50% and 28% respectively as compared to last years' performance.

Your Company mainly sources coal from China and Australia. During the year under review your Company signed a long term purchase -supply contract with Shanxi Coal of China for next 3 years.

For the first time in the Maritime history of India, a cape-size vessel with 1,23,000 MT of imported coal had arrived and berthed directly at Gujarat Adani Port Limited Jetty at Mundra and the cargo was discharged in record time.

Based on trading scenario and dynamic changes in coal and coke market at global, Indian and industrial level, your Company has planned to extend its core competency of trading and focusing its future growth strategy through its proven global strategy of 'Asset Based Trading'.





#### D. Gems and Jewellery

In pursuance of its objective of entering newer avenues in trading, your Company had during the year under review, entered diamond trade with a view to have a modest share in the diamond consumption markets in China and Taiwan.

Your Company is glad to report that the venture has picked up well and for the first year of operation, we were able to achieve good volumes. Your Company has found the trade lucrative in spite of some sluggish outlook in trade due to the economic downturn globally in general and some countries in particular.

Your Company have, therefore, taken a conscious decision to be active in the trade and achieve better volumes in the coming year. Also on the anvil are to add value to the business by exporting cut and polished diamonds to these countries and also to Dubai and European countries.

Your Company is confident of achieving reasonable volumes in the coming year with good margins.

#### E. Petroleum, Oils and Lubricants (POL)

Your Company trades in following products : (1) Naphtha (2) SKO (Superior Kerosene Oil) (3) FO (Furnace Oil) (4) Bitumen

The major user of these products are industries engaged in generation of power, solvent fuel etc. and bitumen is used for making roads in India. The commodity is imported from middle east countries such as UAE, Dubai, Qatar, etc. During the year under review, your Company imported Naphtha, SKO, FO and Bitumen to the tune of 15749 MT, 225976 MT, 21487 MT and 4586 MT respectively.

Your Company continues to be a major importer of Petroleum products in the private sector. In future, your company plans to trade in Indian market for all type of petroleum products. Your Company hopes to build up handsome volume for the Naphtha, since we have the necessary infrastructure in place in terms of its competitive procurement from the International Market, storage facilities at its port and marketing to its various users in India.

#### F. Fertilizer and Raw Materials

Fertilizer and Raw Material division of your Company deals in Sulphur and Ammonium Nitrate. During the year 2002-03 the volume of Sulphur and Ammonium Nitrate have witnessed a growth of 30-40% over the previous year with reasonably good profitability. Having executed couple of orders of Ammonium Nitrate successfully, we plan to build up handsome volume of this commodity in the coming year by enlarging the customers base. In the field of Sulphur trading, your Company hopes to expand the business further.

#### G. Treasury

Your Company is exposed to currency risks and interest rate risks having exposure in foreign currencies arising from exports, imports and foreign currency loans. The treasury acts as a value added service provider and manages effectively the issues as per your Company's comprehensive "Currency Risk Management Policy Framework".

The year 2002-03 has witnessed hyper volatility in the currency market due to Indo-Pak stand off in the beginning and later due to the build up for Iraq war. However Rupee has appreciated over 2.65% against the US \$ on account of huge inflows and accretion to the forex reserves of the Country. Favourable exchange rate coupled with historically low interest rate on US \$ and the Indian Rupee as well have helped generating good margin on the trade and cost saving on the loan portfolio.

#### Competition/Outlook on opportunities

The global trading is on the threshold of a tremendous opportunity as Government of India has continued with its policy of de-regulating and simplifying the global trading procedures. With high level of government support, development of infrastructure and competitive cost structure, Indian exporters are ideally placed to seize a larger pie of world market.

The export led thrust in wheat business has given a boost to the agro sales of your Company. The establishment of wheat cleaning facility at Mundra Port has created niche clientele for your Company. Due to our ability to move bulk cargo and quick delivery system, repeat buying interest is likely to continue in near future. The depleting world wheat stock is likely to see rise in its demand at higher prices. In spite of Government announcement of decrease in prices, there is likely to be sufficient margins in this trade.

In the POL business, the introduction of Administered Price Mechanism has created a lot of latent demand from the customers who were earlier serviced by the four oil PSU's. Your Company's better services in the form of tankage facility and one window clearance right from purchasing of cargo till the loading on buyer's tankers, backed by port facility and sourcing expertise at Singapore and Arab Gulf region has resulted in providing value added services along with better price for the customers. The Government's continued emphasis on development of highways under the National Highway Authority of India is likely to result in increased demand for Bitumen.

Your Company's ability to source coal, move it in cape-size vessels is un-matched in Indian sub-continent. The consistent supply of coal from China, Australia and South Africa and rail link from Mundra has ensured that landed coal is supplied to the customers "just in time". Due to better quality of imported coal the State Electricity Boards (SEB's) have realised savings, lower cost and better plant load factor. The blending of imported coal with low grade domestic coal is likely to be further replicated by other SEB's in Punjab, Rajasthan and Delhi. Also the increased environmental requirement and lack of progress made in other alternative sources of energy like gas, nuclear energy in the Indian context will make it necessary for the SEB's to use imported coal.





### **Risk and Concerns**

The main risk consist of depressed global economic climate, perception of low international competitiveness of Indian products, WTO and related issues. The SARS crisis is also set to have its effects on the Asian economy. There is a risk of rising competition in the export trade due to lucrative benefits, government support and simplified procedures. The frequent changes in the customs and central excise tariff structures may have adverse impact on the profits of your company.

The strengthening of Rupee against Dollar may result in lower export realisation. Prudent risk management policy will help us in countering the possible adverse effects on our bottom lines.

### **Internal Control Systems and their adequacy**

The Company has instituted a system of internal controls and checks which are supplemented by an ongoing program of internal audits. During the period under review, key business processes were audited by the internal auditors and no significant internal control issues were identified. The Audit Committee of the Board, which met four times during the period, actively reviewed internal control systems as well as financial disclosures.

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

During the year under review, your Company's sales and other income increased to Rs. 2,872.50 crore compared to Rs. 2,825.55 crore during the previous year. The net profit after tax soared to Rs. 88.33 crore as compared to Rs. 65.67 crore during the previous year.

### **Human Resources**

#### **Our Strength - Our People**

Because of your Company's presence in markets across the Globe, its employees learn to thrive in a multinational environment. Despite an aggressive work environment your company focuses on empowering and encouraging the entrepreneurial spirit of the organisation with a view to develop and nurture talent in the organisation to energise and thinking radically in finding new avenues for growth.

Your company has a right mix of youthful, energetic and motivated workforce, open workplace environment and a collaborative culture that attributes to teamwork and believes in offering much more than just a job; we strive to give a full-fledged career.

Your Company guarantees high motivation levels through competitive compensation packages, stimulating job content, outstanding development opportunities, and, not the least, an innovative recognition mechanism. The various ways in which your Company recognises its people are listed below.

- Recognition of star performers / high fliers - to recognise outstanding talent
- Nomination to training programmes - to encourage self-development
- Performance-based annual increments - to recognise high performers
- Early confirmations for new employees - to reward high-performing new employees
- Long-service awards - to build organisational loyalty

### **Management**

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

### **Cautionary Note**

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.



## Annexure-IV

### CORPORATE GOVERNANCE REPORT

#### INTRODUCTION

Competence, commitment, cohesion, co-operation, concern for professional integrity and business ethics - all these inputs enhance stakeholders value. Your Company has adopted Corporate Governance in both spirit as well as form. It has complied not only its mandatory obligations suggested in the listing agreement, but also non-mandatory requirements. The Company has also adopted a Corporate Disclosure, Confidentiality and Insider Trading Policy, which reflects its commitment to provide timely and accurate corporate information to the capital markets, shareholders and general public. With application of good Corporate Governance, your Company is convinced to improve its performance and eventually maximize its value. Given below is a report on Corporate Governance.

#### 1. Company's Philosophy on Corporate Governance

Corporate Governance at Adani Exports Ltd. is not a mere compliance with the regulatory requirements but is also to ensure that high standards of ethical and responsible conduct are met throughout the organisation. It also aims at attainment of high levels of transparency, accountability and equity in all the facets of the operations of the Company vis-a-vis interactions with employees, stakeholders, creditors, depositors and customers. In addition to this, Corporate Governance demarcates Director's responsibility to work with morality, ethics and accountability towards shareholders for their acts and decisions.

Corporate Governance practices at Adani Exports Ltd. revolve around the following broad principles :

- Recognising the respective roles and responsibilities of Board and Management.
- Recognising the freedom of Board and Management within a framework of effective accountability.
- Having a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
- Independent verification and safeguarding integrity of the Company's financial reporting.
- Protecting shareholders rights and ensuring highest importance to investor relations.
- Recognising the rights of stakeholders as established by law and encouraging active cooperation between the Company and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises.
- Ensuring timely and accurate disclosure on all material matters concerning the operations and performance of the company.

#### 2. Composition of Board of Directors as on 31/03/2003

The Board of Directors has a mix of Executive and Non-executive Directors. The Board comprises of three Executive Directors, four Non Executive Directors and one Nominee Director(UTI). The Board consists of eminent persons with considerable professional expertise and experience in finance, accounts and related fields. Accordingly, the composition of the Board meets the stipulated requirements.

Name of Director	Category	No. of other Directorships in Public Limited Companies in India	No. of other Board Committees of which Member/Chairman (other than Adani Exports Ltd.)#
<b>Executive Directors</b>			
Mr. Gautam S. Adani	Chairman	5	2 [2 as Member]
Mr. Rajesh S. Adani	Managing Director	9	2 [2 as Member]
Mr. Vasant S. Adani	Whole time Director	7	3 [3 as Member]
<b>Non-Executive Directors</b>			
Mr. Jay H. Shah	Independent Director	3	1 [1 as Member]
Dr. Pravin P. Shah	Independent Director	4	1 [1 as Member]
Dr. A. C. Shah	Independent Director	7	5 [2 as Member and 3 as Chairman]
Mr. C. R. Shah	Independent Director	8	6 [3 as Member and 3 as Chairman]
Mr. Biswajit Choudhuri*	Nominee (UTI) and Independent Director	6	3 [2 as Member and 1 as Chairman]

\*w.e.f 26th October, 2002

# It relates to Audit Committee, Shareholders Grievances Committee and Remuneration Committee only.

#### Attendance of each Director at Board Meetings and last Annual General Meeting

During the financial year 2002-2003, the Board of Directors met **five** times on the following dates : 27th May, 2002, 27th June, 2002, 30th July, 2002, 26th October, 2002 and 25th January, 2003.

Name of Directors	No. of Board meetings attended during the period 1st April, 2002 to 31st March, 2003	Whether present at the previous AGM
Mr. Gautam S. Adani	5	Yes
Mr. Rajesh S. Adani	5	Yes
Mr. Vasant S. Adani	3	Yes
Mr. Jay H. Shah	1	Yes
Dr. Pravin P. Shah	2	No
Dr. A. C. Shah	4	No
Mr. C. R. Shah	4	Yes
Mr. Biswajit Choudhuri*	1	N. A.

\* appointed as Nominee Director w.e.f 26/10/02



### 3. Committees of Board

#### A. Audit Committee

##### Terms of Reference

The Audit Committee was formed by the Board of Directors on 27th January, 2001, as per Listing Agreement with the Stock Exchanges and also pursuant to the provisions of the Companies Act, 1956 and its functions include overseeing financial reporting process, appraise the impact of accounting policies, auditing standards and legislation, reviewing the financial and risk management policies, adequacy of internal control system as well as internal audit function and also as described in the listing agreement. The Members of the Committee are well versed in finance, accounts, company law and general business practices.

##### Composition, Name of Members, Chairman, Meetings and Attendance

The Committee comprises of Mr. C. R. Shah, Dr. A. C. Shah, Dr. P.P. Shah and Mr. Jay H. Shah. During the financial year 2002-2003, **four** Audit Committee Meetings were held on the following dates: 27th June, 2002, 30th July, 2002, 26th October, 2002 and 25th January, 2003.

Name of the Director	Category	Audit Committee Meetings	
		Held	Attended
Mr. C. R. Shah	Chairman, Non-executive and Independent Director	4	4
Dr. A. C. Shah	Member, Non-executive and Independent Director	4	4
Dr. Pravin P. Shah	Member, Non-executive and Independent Director	4	2
Mr. Jay H. Shah	Member, Non-executive and Independent Director	4	1

\*Mr. H. C. Shah acts as Secretary to the Committee.

#### B. Remuneration Committee

Though it is a non-mandatory requirement as per clause 49 of the listing agreement your Company has formed Remuneration Committee comprising of Non-executive directors, details of which are given hereunder :

##### Composition, Name of Members and Chairman

The Committee comprises of Dr. P.P. Shah, Mr. C. R. Shah, Dr. A. C. Shah and Mr. Jay H. Shah. During the financial year 2002-2003, one Remuneration Committee Meeting was held on the 27th June, 2002.

Name of the Director	Category	Committee Meetings	
		Held	Attended
Dr. Pravin P. Shah	Chairman, Non-executive and Independent Director	1	0
Dr. A. C. Shah	Member, Non-executive and Independent Director	1	1
Mr. C. R. Shah	Member, Non-executive and Independent Director	1	1
Mr. Jay H. Shah	Member, Non-executive and Independent Director	1	1

Remuneration to Executive Directors is reviewed/recommended by the Remuneration Committee based on Remuneration Policy. Non-executive Directors are not paid any remuneration except sitting fees.

##### Remuneration to Director/s

The Company has no pecuniary relationship or transaction with its Non-executive Directors other than payment of sitting fees to them for attending Board and Committee meetings.

Details of remuneration paid during the period from 1st April, 2002 to 31st March, 2003 is as under : (Rs. in Lacs)

Name	Salary	Bonus	Retirement Benefits	Perquisites	Commission <sup>#</sup>	Others	Sitting fees		Total
							Board Meeting	Committee Meeting	
Mr. Gautam S. Adani	10.00	-	-	7.23	12.87	-	-	-	<b>30.10</b>
Mr. Rajesh S. Adani	14.95	-	-	5.00	12.87	-	-	-	<b>32.82</b>
Mr. Vasant S. Adani	11.04	-	-	4.00	12.87	-	-	-	<b>27.91</b>
Mr. Jay H. Shah	-	-	-	-	-	-	0.05	0.15	<b>0.2</b>
Dr. Pravin P. Shah	-	-	-	-	-	-	0.1	0.1	<b>0.2</b>
Dr. A. C. Shah	-	-	-	-	-	-	0.2	0.45	<b>0.65</b>
Mr. C. R. Shah	-	-	-	-	-	-	0.2	0.45	<b>0.65</b>
Mr. Biswajit Choudhuri*	-	-	-	-	-	-	0.05	-	<b>0.05</b>

\* Appointed w.e.f. 26th October, 2002

# Payable after approval of accounts by the shareholders at the forthcoming Annual General Meeting to be held on 27th September, 2003.

Remuneration to Chairman, Managing Director and Whole-time Director is subject to review and recommendation of the Remuneration Committee to the Board and thereafter as approved by shareholders in Annual General Meeting.

The remuneration policy is directed towards rewarding performance, based on review of achievements.

The Company does not currently have a stock option or performance linked incentive plan for its Directors.



### C. Shareholders'/Investors' Grievances Committee

#### Terms of Reference

The Board had constituted a Shareholders'/Investors' Grievance Committee in June 2001 to look into redressal of Shareholders'/Investors' grievances pertaining to transfer and transmission of shares, non-receipt of Balance Sheet, Non-receipt of declared dividend, dematerialisation of shares and matters relating to duplicate share/debenture certificate, deletion of name, splitting and consolidation of shares and also delegate any of its responsibility, oversee the performance of the Registrar and Share Transfer Agent as well as recommend suggestions to improve the investor services.

During the financial year 2002-03, **88 (Eighty Eight)** complaints were received from shareholders/investors. All the complaints have been solved to the satisfaction of the complainants.

All valid share transfers received during the financial year 2002-03 have been acted upon by your Company. There were no transfers pending as on 31st March, 2003.

#### Composition, Name of Members and Chairman

The Committee comprises of Mr. C. R. Shah, Dr. A. C. Shah, Mr. Vasant S. Adani and Mr. Jay H. Shah. During the financial year 2002-2003, **four** Shareholder's Grievances Committee Meetings were held on the following dates: 27th June, 2002, 30th July, 2002, 26th October, 2002 and 25th January, 2003.

Name of Members	Category	Committee Meetings	
		Held	Attended
Mr. C. R. Shah	Chairman, Non-executive and Independent Director	4	4
Dr. A. C. Shah	Member, Non-executive and Independent Director	4	4
Mr. Jay H. Shah	Member, Non-executive and Independent Director	4	1
Mr. Vasant S. Adani	Member, Executive Director	4	2

#### Investor Services

Your Company serves its investors through its own Investors' Services Cell and Registrar & Share Transfer Agent, M/s Pinnacle Share Registry Pvt. Ltd., who have adequate infrastructure and VSAT connectivity with both the depositories, which facilitate better and faster service to the investors.

Other facilities such as remittance of dividend, bank mandate, incorporation of bank details on dividend warrants, revalidation of dividend warrants, simultaneous transfer-cum-dematerialization of shares, issue of duplicate share certificates, etc. are also extended to the shareholders. Name of the Compliance Officer is as follows:

#### Mrs. Birva Patel

Company Secretary  
Adani Exports Ltd.

"Adani House", Near Mithakhali Six Roads,  
Navrangpura, Ahmedabad 380 009

Tel No. (079) 5555 555, 5555 500, 6565 555, 5555 365(DID), 5555 215 (DID)

Fax No. (079) 6565 500

### 4. General Body Meetings

Details of last three Annual General Meetings held are given below

Financial Year	Date	Time	Venue	No. of special resolutions passed
2001-2002	30th Sep., 2002	11.00 a.m.	Lion's Hall, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380006	2
2000-2001	29th Sep., 2001	11.00 a.m.	Lion's Hall, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380006	2
1999-2000	18th Sep., 2000	11.00 a.m.	Lion's Hall, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380006	2

All the special resolutions were passed on show of hands, except one in respect of Section 372A of the Companies Act, 1956 was passed through postal ballot in the Annual General Meeting of the Company held on 29th September, 2001.

#### Postal Ballot

In the previous year 2002-03 no Special Resolution was put through Postal Ballot.

### 5. Dividend History (Equity Shares)

Year	Rate	Per Share (Rs.)	Amount (Rs. in Lacs) <sup>#</sup>
1996-97*	30.00%	3	222.44
1997-98	30.00%	3	330.71
1998-99	30.00%	3	330.71
1999-00*	30.00%	3	415.60
2000-01	30.00%	3	661.42
2001-02	30.00%	3	661.42
2002-03 (Proposed)	30.00%	3	661.42

\* Bonus issue in proportion of 1 : 1

<sup>#</sup> Excluding dividend tax



## 6. Disclosure

- a) There is no transaction of material nature, with the promoters, the directors or the management, their relatives, etc. which may have potential conflict with the interests of company at large.  
However, transactions with the related parties are disclosed in the note no. 36 of the Schedule 19 to the Accounts in the Annual Report.
- b) The Company has approached the Central Government for compounding of the alleged violations arising out of inspection under section 209A of the Companies Act, 1956. The said applications are still pending.

## 7. Means of Communication

- a) The Company presently does not send its half-yearly report to each household of shareholders. The half-yearly results are published in newspapers. These are also posted on the Company's website.
- b) First quarterly results of the Company were published in the Sambhaav (G) and Asian Age (E), second quarterly results of the Company were published in Business Standard (E) and Loksatta Jansatta (G), third quarterly results of the Company were published in Business Standard (E) and Loksatta Jansatta (G) news papers. Audited results for the year ended on 31st March, 2003, were published in Business Standard (E) & Loksatta Jansatta (G).
- c) These results together with the Company's official statement are also posted on the Company's website [www.adanigroup.com](http://www.adanigroup.com) from time to time.
- d) The quarterly results and shareholding pattern are also posted on the SEBI EDIFAR website [www.sebi.gov.in](http://www.sebi.gov.in) from time to time.
- e) Presentations are also made from time to time to analysts and institutional investors.
- f) Management Discussion and Analysis Report forms part of the Report of the Directors.

## 8. General Shareholder Information

### A. Annual General Meeting

Date	Time	Venue
27th September, 2003	11.00 a. m.	Hotel President, Off. C. G. Road, Opp. Municipal Market Navrangpura, Ahmedabad 380 009

### B. Financial Calendar :

(tentative and subject to change)

#### Quarterly Results for the period ending

June 30, 2003 (unaudited)	: July end, 2003
September 30, 2003 (unaudited)	: October end, 2003
December 31, 2003 (unaudited)	: January end, 2004
March 31, 2004 (unaudited)	: May end, 2004
March 31, 2004	: Audited Results are declared in June, 2004 as permitted in listing agreement
Limited Review by the Auditors	: August end, 2003 November end, 2003 February end, 2004

### C. Date of Book Closure :

6th September, 2003 to 11th September, 2003 (both days inclusive)

### D. Dividend Payment Date :

On or before 1st October, 2003

### E. Listing on Stock Exchanges :

The Equity Shares of the Company are listed on the following Exchanges :

#### Ahmedabad Stock Exchange

Kamdhenu Complex, Opp. Sahjanand College  
Panjrapole, Ahmedabad - 380 015

#### National Stock Exchange of India Ltd. (NSE)

Exchange Plaza, Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400 051

#### The Stock Exchange, Mumbai (BSE)

P. J. Towers, Dalal Street, Fort, Mumbai - 400 001

The Company confirms that it has paid annual listing fees due to all the above Stock Exchanges for the financial year 2002-03.

### F. Stock Code :

- Bombay Stock Exchange : 512599
- National Stock Exchange : ADANIEXPO
- Ahmedabad Stock Exchange : 01378



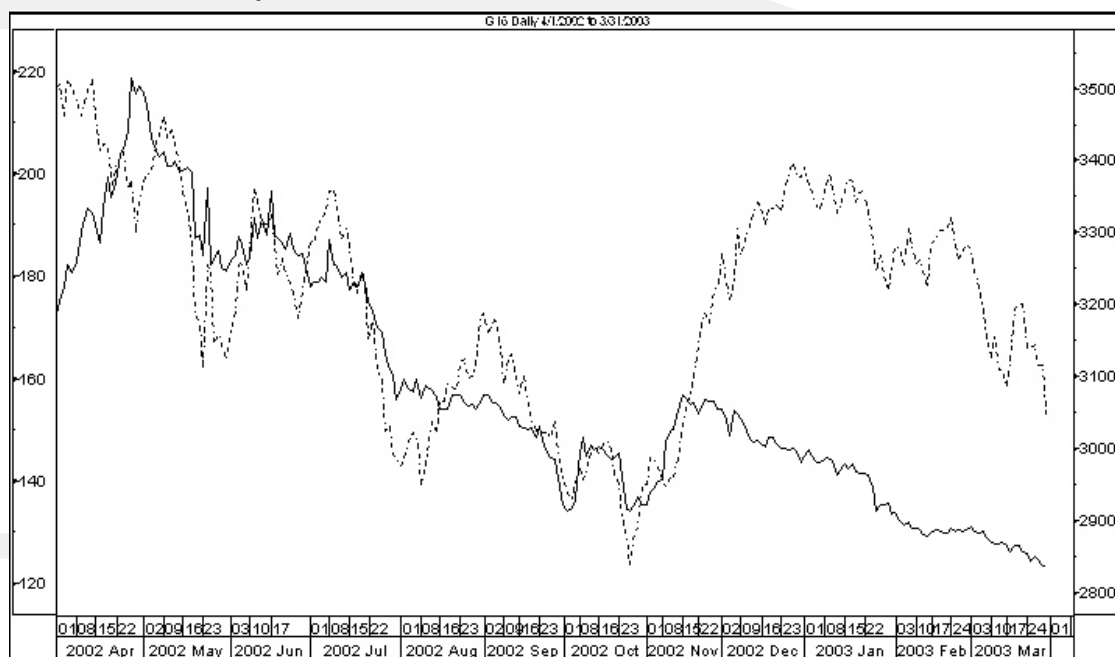


**G. Market Price Data : High, Low during each month in financial year 2002-03.**

Month	BSE		NSE		ASE	
	High	Low	High	Low	High	Low
April	223.00	172.00	224.90	166.00	225.00	170.00
May	221.40	180.00	223.00	178.30	226.25	176.00
June	201.00	180.05	197.90	177.00	200.00	170.00
July	188.80	156.00	189.75	156.00	185.00	175.00
August	162.95	152.50	168.00	153.05	NT	NT
September	159.55	139.75	157.90	132.00	NT	NT
October	150.35	123.25	151.00	128.40	148.00	142.00
November	168.90	134.25	158.00	134.10	NT	NT
December	159.90	136.00	159.00	132.00	NT	NT
January	148.25	132.00	146.90	130.10	NT	NT
February	135.75	125.40	134.95	125.00	NT	NT
March	131.00	121.15	130.90	121.05	130.00	130.00

NT : Not Traded

**H. Performance in comparison to broad-based indices such as BSE Sensex.**



(Source : Bloomberg)



BSE SENSEX



AEL MARKET PRICE

**I. Registrar and Transfer Agents :**

Pinnacle ShareRegistry Private Ltd. (Unit : Adani Exports Limited)  
Near Asoka Mills Ltd., Naroda Road  
Ahmedabad - 380 025  
Tel: +91-79-2200582, 2200338 Fax: +91-79-2202963  
E-mail : [gautam.shah@psrpl.com](mailto:gautam.shah@psrpl.com)

**Contact Person :** Shri Gautam V. Shah

**J. Share Transfer System :**

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer to Share Transfer Committee comprising of Mr. Gautam S. Adani, Mr. Rajesh S. Adani and Mr. Vasant S. Adani, Executive Directors of the Company. The committee attends the share transfer formalities at least once in a fortnight. The shares for transfers received in physical mode by the Company, are transferred expeditiously and thereafter option letter for simultaneous demat of shares is sent to the transferee(s) for dematerialisation of shares. The share certificates duly endorsed are returned immediately to those who do not opt for transfer cum dematerialisation. Confirmation in respect of dematerialisation is sent to the respective depositories, i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.



**K. Dematerialisation of Shares and Liquidity :**

With effect from 26th June, 2000, trading in equity shares of the Company at the Stock Exchanges is permitted only in dematerialised form. The Company's shares are available for trading in the depository systems, of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). As on March 31, 2003 **19945770** Shares of the Company, forming **90.47 %** of the Share Capital of the Company, stand dematerialised.

**Nomination Facility**

Individual shareholders of physical shares can nominate any person for the shares held by them. This will save the nominee from going through the lengthy process of getting the shares transmitted to his name. For further details, shareholders may write to the Registrar and Share Transfer Agent of the Company or Compliance officer of the Company.

**Payment of Dividend through ECS facility**

Members desirous of receiving dividend through Electronic Clearing Service facility may intimate their mandate, if not already intimated by writing to their respective Depository participant about their bank account details.

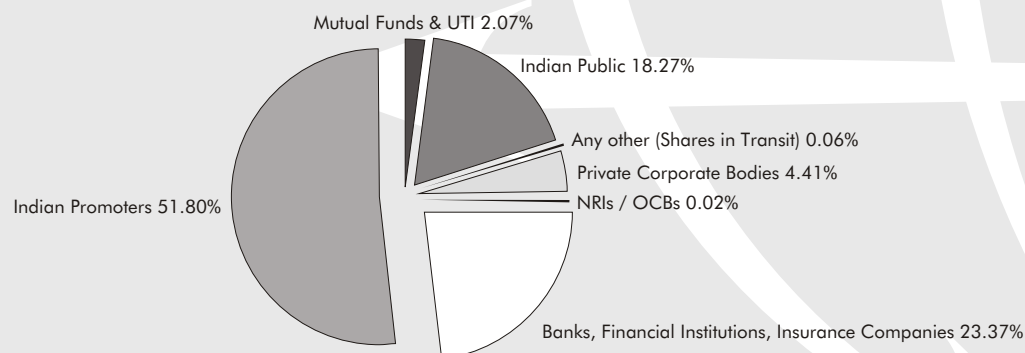
**Policy on Insider Trading**

Your Company has implemented the Code of Conduct for prevention of Insider Trading in accordance with the guidelines specified under the SEBI (Prohibition of Insider Trading) Regulations, 1992. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insider (Directors, Officers, Designated Employees and other concerned persons) are required to give several disclosures on various occasions defined in the code. The Board has appointed Mrs. Birva Patel, Company Secretary as the Compliance officer under the Code. As per the Code we have already filed Initial and Annual Disclosures of holdings of Insiders with the Stock Exchanges.

**L. Distribution of Shareholding as on March 31, 2003**

Number of shares as on 31st March, 2003	Number of shareholders		Equity shares held in each category	
	Holders	% of Total	Total shares	% of Total
1 to 500	4,693	90.70	649,126	2.94
501 to 1000	196	3.79	151,284	0.69
1001 to 2000	117	2.26	178,963	0.81
2001 to 3000	28	0.54	73,273	0.33
3001 to 4000	15	0.29	53,365	0.24
4001 to 5000	8	0.16	36,487	0.17
5001 to 10000	33	0.64	233,203	1.06
10001 and above	84	1.62	20,671,699	93.76
In transit in NSDL system	0	0.00	0	0.00
<b>TOTAL</b>	<b>5,174</b>	<b>100.00</b>	<b>22,047,400</b>	<b>100.00</b>

**M. Shareholding Pattern as on 31st March, 2003**



**N. Outstanding GDRs/ADRs/Warrants or any convertible instruments conversion date and likely impact on equity.**

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at 31st March, 2003.

**O. Plant Locations :**

The Company is a Golden Super Star Trading House engaged in export/import of goods and is having no plants.

**P. Address for correspondence :**

The shareholders may address their communications/suggestions/grievances/queries to :

**The Company Secretary,**

Adani Exports Ltd.,  
"Adani House", Near Mithakhali Six Roads, Navrangpura, Ahmedabad - 380 009  
Tel No. (079) 5555 555, 5555 500, 6565 555, 5555 365(DID), Fax No. (079) 6565 500  
E-mail address : [investorscell@adanigroup.com](mailto:investorscell@adanigroup.com)





**Adani Exports Limited**  
Golden Super Star Trading House



## **Auditors' Certificate on Corporate Governance**

The Members,  
**The Adani Exports Limited**

We have examined the compliance of conditions of Corporate Governance by Adani Exports Limited, for the year ended on March 31, 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrar & Share Transfer Agent (RTA) of the Company to the Investor's Grievance Committee, as on March 31, 2003, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**(D. A. PARIKH)**  
Proprietor



## AUDITOR'S REPORT

To  
The Members,  
**Adani Exports Limited**

We have audited the attached Balance Sheet of **Adani Exports Limited** as at 31st March, 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date, which we have signed under reference to this report. 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.

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

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclosed in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit & Loss account dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2003;
  - b) in the case of Profit & Loss account, of the Profit for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**(D. A. PARIKH)**  
Proprietor

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

### Annexure referred to in paragraph 1 of our Auditor's Report of even date on the accounts for the year ended 31st march, 2003 of Adani Exports Limited

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i) The Company has generally maintained proper records showing particulars, including quantitative details and situation of its fixed assets. As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, no material discrepancies have been noticed on such verifications;
- ii) None of the fixed assets have been revalued during the year under review;
- iii) As explained to us, the stocks of finished goods, mercantile goods and raw materials have been physically verified during the year by the management, except for stocks lying with outside parties, which have, however, been confirmed by them;
- iv) The procedures explained to us, which are followed by the management for physical verification of the above referred stocks, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;



- v) According to the records produced to us for our verification, discrepancies which were noticed on physical verification of stocks referred to in (iii) above, as compared to book records, have been adjusted in the book records, on the basis of a year-end scrutiny carried out by the Company;
- vi) We have examined the stock verification records of the Company. On the basis of such an examination and the assistance received from the Company's commercial staff, we are satisfied that the valuation of stocks, is fair and proper in accordance with the normally accepted accounting principles, and is on the same basis as in the preceding financial year;
- vii) According to the information and explanations given to us, the Company has taken unsecured loan from companies listed in the registers maintained under Section 301 of the Companies Act, 1956, in which, directors are interested, as contemplated under sub-section (6) of the Section 299 of the said Act. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section are not applicable to the Company on or after the commencement of the Companies (Amendment) Act 1999 of India. In our opinion, the terms and conditions of the above loans are prima-facie not prejudicial to the interest of the company;
- viii) According to the information and explanations given to us, the Company has given interest free unsecured loan to companies listed in the registers maintained under Section 301 of the Companies Act, 1956, in which, directors are interested, as contemplated under sub-section (6) of the Section 299 of the said Act. Where the other terms and conditions are not prima facie prejudicial to the interests of the Company. In terms of sub-section (6) of Section 370 of the Act, provisions of the Section are not applicable to the Company on or after the commencement of the Companies (Amendment) Act 1999 of India;
- ix) The parties (including employees) to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts as stipulated and are also regular in payment of interest in most of the cases. In those cases where principal amounts and / or interest are not being paid as stipulated, reasonable steps have been or are being taken by the Company for recovery of the principal and/or interest. There are, however, certain cases of loans or advances in the nature of loans to employees where no interest is chargeable according to the terms of the loans and advances concerned;
- x) In our opinion, and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of packing materials, raw materials, plant and machinery, equipments and other assets, and also for sale of goods;
- xi) In our opinion and according to the information and explanations given to us, the transactions for purchase of goods & materials and sale of goods, materials & services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties;
- xii) According to the information given to us, the Company has a procedure for the determination of damaged or unserviceable packing materials, raw materials and finished goods. We are informed that no such stocks have been determined during the year under review;
- xiii) The Company has not accepted deposits from the public. However, in respect of deposit accepted from parties, the Company has complied with the provision of Section 58A of the Companies Act, 1956 and Rules framed thereunder;
- xiv) We are informed that the Company does not generate any by-product or scrap;
- xv) In our opinion the Company has an adequate internal audit system which in our opinion is commensurate with the size and nature of its business;
- xvi) The maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the Company;
- xvii) According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities;
- xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty which have remained outstanding, as at 31st March, 2003, for a period of more than six months from the date they became payable;
- xix) According to the information and explanations given to us and records of the company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice. The Directors have also confirmed that no personal expenses have been charged to revenue account;
- xx) The Company is not a Sick Industrial Company within the meaning of Clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985;
- xxi) In respect of the trading activities, damaged goods have been determined at the time of physical verification, consequential adjustments, which were not significant, have been made in the accounts;

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**(D. A. PARIKH)**  
Proprietor





## BALANCE SHEET AS AT 31ST MARCH, 2003

(Rs. in Lacs)

PARTICULARS	SCHEDULE	AS AT 31-03-2003		AS AT 31-03-2002	
<b>A SOURCES OF FUNDS :</b>					
<b>I. SHAREHOLDERS' FUND</b>					
(A) Share capital	1	3,204.74		4,204.74	
(B) Reserves & surplus	2	51,863.01		47,406.03	
			55,067.75		51,610.77
<b>II. LOAN FUNDS</b>					
(A) Secured loans	3	38,229.86		40,818.64	
(B) Unsecured loans	4	3,861.56		6,728.09	
			42,091.42		47,546.73
<b>III. DEFERRED TAX LIABILITY</b>					
Deferred tax liability		370.54		396.27	
LESS:					
Deferred tax assets		85.92		64.06	
			284.62		332.21
<b>TOTAL</b>			<b>97,443.79</b>		<b>99,489.71</b>
<b>B APPLICATION OF FUNDS :</b>					
<b>I FIXED ASSETS</b>					
(A) Gross block	5	4,339.21		4,406.53	
(B) Less : Depreciation		923.92		786.28	
<b>(C) Net block</b>		<b>3,415.29</b>		<b>3,620.25</b>	
(D) Capital work-in-progress		277.09		275.29	
			3,692.38		3,895.54
<b>II INVESTMENTS (LONG-TERM)</b>					
	6		7,801.61		5,656.67
<b>III CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
(A) Inventories	7	7,746.39		12,526.25	
(B) Receivables	8	1,08,933.80		98,142.71	
(C) Cash & bank balances	9	10,447.69		12,079.81	
(D) Loans & advances	10	36,187.05		39,670.20	
			1,63,314.93		1,62,418.97
<b>LESS :</b>					
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>					
(A) Current liabilities	11	76,133.67		71,632.12	
(B) Provisions	12	1,231.46		849.35	
		77,365.13		72,481.47	
<b>NET CURRENT ASSETS</b>			<b>85,949.80</b>		<b>89,937.50</b>
<b>TOTAL</b>			<b>97,443.79</b>		<b>99,489.71</b>

Notes forming part of the accounts  
As per our attached report of even date

19

For and on behalf of the Board

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**GAUTAM S. ADANI**  
Chairman

**D. A. PARIKH**  
Proprietor

**HEMENDRA C. SHAH**  
Company Secretary

**RAJESH S. ADANI**  
Managing Director

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

PARTICULARS	SCHEDULE	(Rs. in Lacs)	
		2002-2003	2001-2002
<b>A INCOME :</b>			
Sales & operating earnings	13	<b>2,81,189.37</b>	2,81,642.03
Other income	14	<b>6,060.95</b>	913.24
		<b>2,87,250.32</b>	<b>2,82,555.27</b>
<b>B EXPENDITURE :</b>			
Cost of materials	15	<b>2,62,433.99</b>	2,60,199.50
Personnel expenses	16	<b>573.24</b>	664.08
Operation & other expenses	17	<b>11,160.13</b>	10,668.32
Interest	18	<b>3,813.96</b>	4,177.90
Depreciation		<b>185.55</b>	188.84
		<b>2,78,166.87</b>	<b>2,75,898.64</b>
Profit for the year before prior period adjustments		<b>9,083.45</b>	6,656.63
Add / (Less) : prior period adjustment (net)		<b>8.18</b>	(59.64)
Profit for the year before taxation		<b>9,091.63</b>	6,596.99
Provision for taxation:			
- Current tax (including wealth tax of Rs. 3.10 lacs P.Y. Rs. 5.62 lacs, short provision (net) of earlier year Rs. 70.54 lacs P.Y. Rs. NIL)		<b>305.64</b>	20.00
- Deferred tax		<b>(47.60)</b>	9.61
<b>Profit after taxation</b>		<b>8,833.59</b>	6,567.38
Add: Surplus brought forward from previous year		<b>16,442.92</b>	14,673.12
<b>Profit available for appropriation</b>		<b>25,276.51</b>	21,240.50
<b>APPROPRIATIONS :</b>			
Interim dividend on preference shares		<b>142.68</b>	329.34
Dividend on preference shares		<b>0.54</b>	2.56
Proposed dividend on equity shares		<b>661.42</b>	661.42
Tax on dividend (including surcharge)		<b>84.81</b>	33.59
Transfer to general reserve		<b>4,000.00</b>	2,670.67
Transfer to preference shares redemption reserve		<b>1,000.00</b>	500.00
Transferred to debenture redemption reserve		<b>750.00</b>	600.00
<b>Balance carried to balance sheet</b>		<b>18,637.06</b>	16,442.92
		<b>25,276.51</b>	21,240.50
Earning per share of Rs. 10/- each (in rupees)			
- Basic & diluted		<b>39.42</b>	28.13
- Annualised		<b>39.42</b>	28.13

Notes forming part of the accounts  
As per our attached report of even date

19

For and on behalf of the Board

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**GAUTAM S. ADANI**  
Chairman

**D. A. PARIKH**  
Proprietor

**HEMENDRA C. SHAH**  
Company Secretary

**RAJESH S. ADANI**  
Managing Director

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003



### Schedules 1 To 12 forming part of the Balance Sheet as at 31st March, 2003

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2003		AS AT 31-03-2002	
<b>SCHEDULE : 1</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
3,00,00,000 (Previous year 3,00,00,000) Equity shares of Rs. 10/- each		<b>3,000.00</b>		3,000.00
7,00,00,000 (Previous year 7,00,00,000) Preference shares of Rs. 10/ each.		<b>7,000.00</b>		7,000.00
		<b>10,000.00</b>		10,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>				
2,20,47,400 (Previous year 2,20,47,400) Equity shares of Rs. 10/- each		<b>2,204.74</b>		2,204.74
NIL (Previous year 1,00,00,000) 13.5% Cumulative redeemable preference shares - Series VI of Rs. 10/- each		-	1,000.00	
1,00,00,000 (Previous year 1,00,00,000) 9.9% Cumulative redeemable preference shares - Series VII of Rs. 10/- each	<b>1,000.00</b>		1,000.00	
		<b>1,000.00</b>		2,000.00
		<b>3,204.74</b>		4,204.74
<b>NOTES :</b>				
of the above :				
i. 5,00,000 (Previous Year 5,00,000) Equity shares of Rs. 10/- each were allotted as fully paid up at premium without payment being received in cash pursuant to the scheme of amalgamation as approved by the High Court of Gujarat				
ii. 5,00,000 (Previous year 5,00,000) Equity shares were issued as Bonus shares by capitalization of profit				
iii. 1,65,35,500 (Previous year 1,65,35,500) Equity shares were issued as Bonus shares by capitalization of share-premium				
<b>SCHEDULE : 2</b>				
<b>RESERVES &amp; SURPLUS</b>				
<b>1 GENERAL RESERVE</b>				
As per last balance sheet	<b>25,000.00</b>		25,000.00	
ADD : Transferred during the year from profit & loss account	<b>4,000.00</b>		2,670.67	
ADD : Preference share redemption reserve written back	<b>2,000.00</b>		950.00	
LESS : Deferred tax liability of previous years'	-		322.60	
LESS : Transferred to profit & loss account in respect of bad-debts (see Note no. 7)	<b>3,487.16</b>		3,031.34	
LESS : Transferred to profit & loss account in respect of diminution in value of investment	-		266.73	
		<b>27,512.84</b>		25,000.00
<b>2 PREFERENCE SHARE REDEMPTION RESERVE</b>				
As per last balance sheet	<b>2,000.00</b>		2,450.00	
LESS : Transfer to general reserve	<b>2,000.00</b>		950.00	
ADD : Transferred during the year from profit & loss account	<b>1,000.00</b>		500.00	
		<b>1,000.00</b>		2,000.00
<b>3 DEBENTURE REDEMPTION RESERVE</b>				
As per last balance sheet	<b>2,250.00</b>		1,650.00	
Created during the year	<b>750.00</b>		600.00	
		<b>3,000.00</b>		2,250.00
<b>4 SHARE PREMIUM ACCOUNT</b>				
As per last balance sheet	<b>963.11</b>		963.11	
		<b>963.11</b>		963.11
<b>5 RESERVE UNDER SECTION 33AC OF INCOME-TAX ACT, 1961 : As per last balance sheet</b>	<b>750.00</b>		750.00	
		<b>750.00</b>		750.00
<b>6 SURPLUS IN PROFIT &amp; LOSS ACCOUNT</b>				
		<b>18,637.06</b>		16,442.92
		<b>51,863.01</b>		47,406.03



(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2003	AS AT 31-03-2002
<b>SCHEDULE : 3</b>		
<b>SECURED LOANS</b>		
1 From banks - term loans (Note I to III)		
a) Foreign currency loan (ECB)	<b>950.00</b>	1,626.67
b) Rupee loan	<b>6,612.50</b>	9,771.39
2 From banks - Working capital (Note I to II)	<b>27,374.93</b>	24,622.41
3 Non convertible debentures (Note IV)	<b>3,000.00</b>	4,500.00
4 Interest accrued and due	<b>292.43</b>	298.17
	<b>38,229.86</b>	40,818.64
<b>NOTES :</b>		
I Above facilities are secured by :		
a) Hypothecation of the stocks and book debts by way of first charge ranking pari-passu among the banks		
b) Tangible movable properties ranking pari-passu among the banks		
c) Guaranteed by some of the Directors and their relatives in their personal capacity		
II Further secured by creation of equitable mortgage.		
a) Over certain immovable properties belonging to some of the Directors and their relatives to secure the ECB facilities and rupee term loan from State Bank of India and Andhra Bank		
b) Over certain immovable properties belonging to the Company		
c) Over certain immovable properties belonging to Adani Properties Pvt. Ltd.		
III Term loan refer to in I (b) above to the extent of Rs. 65.37 crore are secured by second pari-passu charge		
a) Over movable assets of the Company		
b) Over certain immovable properties by creation of equitable mortgage as mentioned in note no. II b) & c) above and pledge of shares held by some of the Directors and their relatives and guaranteed by some of the Directors and their relatives in their personal capacity		
IV a) 15,00,000 privately placed 14.50% secured redeemable non-convertible debentures of Rs. 100/- each allotted w.e.f. 29th December, 1999, are redeemable at par in three equal annual installments on 29th December, 2002, 29th December, 2003 & 29th December, 2004, respectively. Out of which first installment of Rs. 5 crore (15,00,000 14.50% secured redeemable non-convertible debentures of Rs. 33.33/- each) has been redeemed on its due date i.e. 29th December, 2002.		
b) 20,00,000 privately placed 13.50% secured redeemable non-convertible debentures of Rs. 100/- each allotted w.e.f. 28th July, 2000 are redeemable at par at the end of 36 months from the date of allotment.		
c) Both the above debentures are secured by pledge of shares of some of the Directors and their relatives and by way of mortgage and exclusive charges on some immovable properties of the Company.		
<b>SCHEDULE : 4</b>		
<b>UNSECURED LOANS</b>		
Inter corporate loans	<b>92.00</b>	692.91
Loans from banks / financial institutions (Note I)	<b>3,712.76</b>	5,900.96
Interest accrued and due	<b>56.80</b>	134.22
	<b>3,861.56</b>	6,728.09
<b>NOTES :</b>		
I) Above loans from financial institutions/banks are secured by demand promissory note, pledge of shares of some of the Directors and their relatives and guaranteed by some of the Directors in their personal capacity.		





**SCHEDULE : 5**

**FIXED ASSETS**

(Rs. in Lacs)

Sr. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
		As at 01/04/02	Additions during the year	Deductions during the year	As at 31/03/03	As at 01/04/02	Provided for the year	Deductions during the year	As at 31/03/03	As at 31/03/03	As at 31/03/02
1	Land	573.86	3.12	24.66	<b>552.32</b>	0.00	0.00	0.00	<b>0.00</b>	<b>552.32</b>	573.86
2	Building	1735.35	0.77	0.00	<b>1736.12</b>	122.67	28.29	0.00	<b>150.96</b>	<b>1585.16</b>	1612.68
3	Plant & machinery	77.89	0.00	0.00	<b>77.89</b>	20.55	3.70	0.00	<b>24.25</b>	<b>53.64</b>	57.34
4	Furniture & fixtures	568.99	3.42	0.03	<b>572.38</b>	160.24	36.12	0.01	<b>196.35</b>	<b>376.03</b>	408.75
5	Electric fittings & installations	101.75	1.66	0.76	<b>102.65</b>	22.17	4.87	0.00	<b>27.04</b>	<b>75.61</b>	79.58
6	Office equipment	325.84	17.25	11.64	<b>331.45</b>	64.25	15.62	1.18	<b>78.69</b>	<b>252.76</b>	261.59
7	Computer equipment	243.33	8.12	0.20	<b>251.25</b>	135.44	31.62	0.12	<b>166.94</b>	<b>84.31</b>	107.89
8	Vehicles	779.52	30.45	94.82	<b>715.15</b>	260.96	65.33	46.60	<b>279.69</b>	<b>435.46</b>	518.56
	<b>Total</b>	<b>4406.53</b>	<b>64.79</b>	<b>132.11</b>	<b>4339.21</b>	<b>786.28</b>	<b>185.55</b>	<b>47.91</b>	<b>923.92</b>	<b>3415.29</b>	<b>3620.25</b>
	Previous year	4021.25	431.47	46.19	4406.53	616.04	188.84	18.60	786.28	3620.25	-

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2003	AS AT 31-03-2002
<b>SCHEDULE : 6</b>		
<b>INVESTMENTS (LONG-TERM) NON-TRADE :</b>		
<b>GOVERNMENT SECURITIES (UNQUOTED)</b>		
(Lodged with Government departments)		
- in 6 year National Saving Certificates	<b>2.06</b>	2.06
- in Kisan Vikas Patra	<b>0.01</b>	0.01
<b>INVESTMENT IN SUBSIDIARY COMPANIES (UNQUOTED)</b>		
1) 2,50,000 (2,50,000) fully paid up equity shares of Adani Chemicals Ltd. of Rs. 10/- each	<b>25.00</b>	25.00
2) 64,000 (4,000) fully paid up equity shares of Adani Global Ltd. of \$ 100/- each	<b>3,089.65</b>	148.77
3) 36,000 (36,000) fully paid up 10% redeemable preference shares of Adani Global Ltd. of \$ 100/- each	<b>1,446.14</b>	1,446.14
<b>OTHERS (UNQUOTED) NON-TRADE :</b>		
1) 14,23,300 (37,63,300) fully paid up equity shares of Adani Port Ltd. of Rs. 10/- each	<b>142.33</b>	376.33
2) 1,28,83,950 (1,28,83,950) equity shares of Adani Wilmar Ltd. of Rs. 10/- each	<b>1,288.40</b>	1,288.40
3) 500 (500) fully paid up units of Rs. 10/- each of GIC Mutual Fund	<b>0.05</b>	0.05
4) 10 (10) equity shares of Coffee Futures Exchange Board India Ltd. of Rs. 10,000/- each	<b>1.00</b>	1.00
5) 1,55,00,000 (2,10,00,000) fully paid up equity shares of Gujarat Adani Port Ltd. of Rs. 10/- each	<b>1,550.00</b>	2,100.00
6) 26,000 (26,000) equity shares of Adani Container (Mundra) Terminals Ltd. of Rs. 10/- each fully paid up (previous year partly paid-up)	<b>26.00</b>	1.30
7) 5 (5) Bond of UCO Bank of Rs. 5,00,000/- each	<b>25.00</b>	25.00
8) 2,600 (NIL) equity shares of Adani Petronet (Dahej) Port Pvt. Ltd. of Rs. 10/- each	<b>0.26</b>	-
<b>OTHERS (QUOTED) NON-TRADE :</b>		
1) 3,350 (3,350) fully paid up equity shares of State Bank of Travancore of Rs. 100/- each	<b>20.10</b>	20.10
2) 1,35,578 (1,35,578) fully paid up equity shares of IndusInd Bank Ltd. of Rs. 10/- each	<b>61.01</b>	61.01
3) 6,91,838 (6,91,838) equity shares of IFCI of Rs. 10/- each fully paid up	<b>69.18</b>	69.18
4) 1,84,744 (3,07,725) fully paid up equity shares of PNB Gilts Ltd. of Rs. 30/- each	<b>55.42</b>	92.32
5) 5,33,450 (5,33,450) fully paid up equity shares of Unicorp Industries Ltd. of Rs. 10/- each	<b>266.73</b>	266.73
Less :- Provision for diminution in value	<b>266.73</b>	266.73
	<b>7,801.61</b>	<b>5,656.67</b>
Aggregate book value - Quoted	<b>205.72</b>	242.61
- Unquoted	<b>7,595.89</b>	5,414.06
Aggregate market value - Quoted	<b>100.85</b>	68.92





(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2003		AS AT 31-03-2002	
<b>SCHEDULE : 7</b>				
<b>INVENTORIES</b>				
<b>(AS CERTIFIED BY THE MANAGEMENT)</b>				
Raw-materials		20.38		7.27
Finished goods		7,394.05		12,075.44
Licences		331.96		443.54
		<b>7,746.39</b>		<b>12,526.25</b>
<b>SCHEDULE : 8</b>				
<b>RECEIVABLES</b>				
<b>(UNSECURED, CONSIDERED GOOD)</b>				
Over six months		32,344.48		21,759.39
Others		76,589.32		76,383.32
		<b>1,08,933.80</b>		<b>98,142.71</b>
<b>SCHEDULE : 9</b>				
<b>CASH &amp; BANK BALANCES</b>				
Cash on hand (Including cheques on hand)		541.89		162.94
Balances with scheduled banks :				
- Margin money account		8,959.04		9,134.76
- In current account		938.05		2,772.98
- Public issue collection account		-		2.99
- Unclaimed dividend account		8.71		6.14
		<b>10,447.69</b>		<b>12,079.81</b>
<b>SCHEDULE : 10</b>				
<b>LOANS &amp; ADVANCES</b>				
<b>(UNSECURED, CONSIDERED GOOD)</b>				
Loans		571.87		1,631.66
Advances recoverable in cash or kind or for value to be received		33,642.43		36,325.14
Interest accrued but not due		290.62		351.74
Interest accrued and due on investments		0.77		-
Advance payment of income tax (including TDS of Rs. 1055.29 lacs, previous year Rs. 919.09 lacs)		1,331.97		1,061.83
Deposit with customs, central excise authorities		349.39		299.83
		<b>36,187.05</b>		<b>39,670.20</b>
<b>SCHEDULE : 11</b>				
<b>CURRENT LIABILITIES</b>				
Sundry creditors		69,223.86		65,955.92
Other liabilities		6,895.52		5,352.81
Unclaimed dividend		8.79		9.53
Interest accrued but not due		5.50		313.86
		<b>76,133.67</b>		<b>71,632.12</b>
<b>SCHEDULE : 12</b>				
<b>PROVISIONS</b>				
Provision for taxation		484.69		185.36
Proposed dividend		661.96		663.99
Tax on dividend (including surcharge)		84.81		-
		<b>1,231.46</b>		<b>849.35</b>



**Schedules 13 to 18 forming part of the Profit & Loss Account  
for the year ended 31st March, 2003**

(Rs. in Lacs)

PARTICULARS	2002-2003		2001-2002	
<b>SCHEDULE : 13</b>				
<b>SALES &amp; OPERATING EARNINGS</b>				
Sales		<b>2,72,796.96</b>		2,77,384.80
Export incentives		<b>1,134.51</b>		1,997.21
Commission & service charges (TDS Rs. 45.67 Lacs, P.Y. Rs. 85.94 lacs)		<b>6,661.58</b>		1,861.87
Miscellaneous income		<b>596.32</b>		398.15
		<b>2,81,189.37</b>		2,81,642.03
<b>SCHEDULE : 14</b>				
<b>OTHER INCOME</b>				
Dividend (gross) (TDS Rs. 0.019 lacs, P.Y. Rs. NIL)		<b>8.02</b>		12.48
Dividend from subsidiary company		<b>69.57</b>		200.72
Profit on sale of investments		<b>5,968.00</b>		700.00
Profit on sale of fixed assets		<b>15.36</b>		0.04
		<b>6,060.95</b>		913.24
<b>SCHEDULE : 15</b>				
<b>COST OF MATERIALS</b>				
Raw material consumed				
Opening stock		<b>7.27</b>		455.43
ADD : Purchases during the year		<b>1,931.14</b>		1,468.56
		<b>1,938.41</b>		1,923.99
LESS : Closing stock		<b>20.38</b>		7.27
		<b>1,918.03</b>		1,916.72
ADD : Processing charges		<b>902.58</b>		1,180.37
		<b>2,820.61</b>		3,097.09
<b>Purchase of traded goods</b>		<b>2,54,820.41</b>		2,57,289.16
<b>Decrease / (Increase) in stock</b>				
Opening stock of finished / traded goods		<b>12,518.98</b>		12,332.23
Closing stock of finished / traded goods		<b>7,726.01</b>		12,518.98
		<b>4,792.97</b>		(186.75)
		<b>2,62,433.99</b>		2,60,199.50
<b>SCHEDULE : 16</b>				
<b>PERSONNEL EXPENSES</b>				
Salaries & bonus		<b>451.78</b>		563.57
Contribution to provident & other funds		<b>78.11</b>		83.18
Staff welfare expenses		<b>43.35</b>		17.33
		<b>573.24</b>		664.08



PARTICULARS	2002-2003		2001-2002	
(Rs. in Lacs)				
<b>SCHEDULE : 17</b>				
<b>OPERATION &amp; OTHER EXPENSES</b>				
Rent		69.10		67.38
Rates & taxes		212.33		92.89
Postage, telephone & telex expenses		170.83		268.49
Stationery & printing expenses		37.75		38.51
Bank commission / charges		1,686.09		1,678.86
<b>REPAIRS TO :</b>				
Office building	13.30		12.97	
Office equipments	19.09		23.96	
Others	45.49		58.68	
		77.88		95.61
Electric power expenses		63.21		76.88
Insurance expenses		199.53		227.88
Miscellaneous expenses		1,534.97		684.66
Payment to auditors		12.59		12.26
Office expenses		10.45		12.06
Directors' sitting fees		1.75		1.10
Loss on sale of assets		21.72		12.91
Loss on sale of investments		8.35		27.22
Clearing & forwarding expenses		3,879.50		4,538.38
Commission to supporting manufacturers		-		289.99
Packing expenses		395.49		141.20
Advertisement expenses		6.75		10.44
Supervision & testing expenses		378.24		359.35
Sales promotion expenses		19.25		21.45
Bad-debts written-off (net of recovery Rs. 63.00 lacs, P.Y. Rs. NIL)	3,487.16		3,031.34	
LESS : Transferred from general reserve (see note no. 7)	3,487.16	-	3,031.34	-
Diminution in value of investments :			266.73	
LESS : Transferred from general reserve		-	266.73	-
Brokerage, commission & service charges		909.24		909.40
Traveling & conveyance expenses		340.07		402.50
Exchange rate difference		1,125.04		698.90
		<b>11,160.13</b>		<b>10,668.32</b>
<b>SCHEDULE : 18</b>				
<b>INTEREST EXPENSES</b>				
Interest others	2,152.03		2,287.14	
Interest on bank borrowings	5,658.42		5,408.41	
		7,810.45		7,695.55
<b>LESS : INTEREST INCOME</b>				
Interest on deposit & others (gross) TDS of Rs. 232.63 lacs (previous year Rs. 723.23 lacs)		3,996.49		3,517.65
		<b>3,813.96</b>		<b>4,177.90</b>



## SCHEDULE: " 19 "

### NOTES FORMING PART OF THE ACCOUNTS

#### A) SIGNIFICANT ACCOUNTING POLICIES adopted by the Company in the preparation and presentation of the Accounts:

- a) **SYSTEM OF ACCOUNTING**
  - i) The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
  - ii) Accounting policies, not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
  - iii) All expenditure and income to the extent considered payable and receivable respectively are accounted for on accrual basis except those with significant uncertainties.
- b) **FIXED ASSETS**

Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation.
- c) **DEPRECIATION**
  - i) Depreciation on Fixed Assets is provided on Straight Line Method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs.
  - ii) Depreciation on Assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.
- d) **INVESTMENTS**
  - i) Long term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the Management.
  - ii) Investment in shares of foreign subsidiary company is expressed in Indian currency at the rates of exchange prevailing at the time when the investment was made.
- e) **INVENTORIES**
  - i) Inventories are valued at lower of cost or net realisable value.
  - ii) The Custom duty in respect of closing inventory of finished goods is included as cost of inventory.
  - iii) The basis of determining cost for various categories of inventories are as follows:
    - a) Raw material : First in First Out (FIFO)
    - b) Traded / Finished goods : First in First Out (FIFO) / Specific identification of their individual costs - as the case may be
    - c) Licences on hand : Specific identification of their individual costs
- f) **COMMODITY HEDGING TRANSACTIONS**

The commodity hedging contracts are accounted on the date of their settlement & realised gain/loss in respect of settled contracts are recognised in the profit and loss account, together with the underlying transactions.
- g) **ACCOUNTING OF CLAIMS**
  - i) Claims received are accounted at the time of lodgment depending on the certainty of receipt and claims payable are accounted at the time of acceptance.
  - ii) Claims raised by Government authorities regarding taxes and duties, which are disputed by the Company, are accounted based on legality of each claim. Adjustments, if any are made in the year in which disputes are finally settled.
- h) **EXPORT INCENTIVES**

Export benefits under duty entitlement pass book and duty draw back are accounted on accrual basis to the extent considered receivable.
- i) **PROPOSED DIVIDEND**

Dividend proposed by the Directors is provided for in the books of account pending approval at the Annual General Meeting.
- j) **CAPITAL WORK-IN-PROGRESS**

Advances paid towards the acquisition of fixed assets, and the cost of assets not put to use before the year ended, are disclosed under capital work-in-progress..
- k) **INSURANCE CLAIMS**

Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor. However, claims and refunds whose recovery can not be ascertained with reasonable certainty, are accounted for on acceptance/actual receipts basis.
- l) **CONTINGENT LIABILITIES**

All known liabilities are provided for in the accounts except liabilities which are of a contingent nature, in respect of which suitable disclosures are made in the accounts.
- m) **PRIOR PERIOD ITEMS**

Prior period expenses/income is accounted under the respective heads. Material items, if any, are disclosed separately by way of note.
- n) **MATERIAL EVENTS**

Material events occurring after the balance sheet date are taken into cognizance.
- o) **REVENUE RECOGNITION**
  - i) Sales of goods is recognised on shipment or despatch to customer sales and net of Sales -tax and return.
  - ii) Dividend income from investments is recognised when the Company's right to receive payment is established.
  - iii) Income from services rendered is accounted for when the work is performed.



p) **FOREIGN CURRENCY TRANSACTIONS**

- i) Export Sales are accounted for at the rate as on the date of negotiation or collection or at forward contract rates, wherever applicable.
- ii) Imports are accounted for at contracted rates or at actuals, wherever applicable.
- iii) The foreign exchange difference/roll-over charges for the forward contracts and payments/receipts on cancellation of forward contracts are adjusted to the profit and loss account.
- iv) Foreign currency liabilities are revalued in the accounts on the basis of exchange rates prevailing at the close of the year and exchange difference arising therefrom charged to the profit and loss account.

q) **RETIREMENT BENEFITS**

- i) **Provident Fund and Pension Fund:** The Company contributes towards provident and pension fund, which is administered by Central Government and are charged against revenue every year.
- ii) **Gratuity and Superannuation Fund:** Liabilities for payment of Gratuity & Super Annuation to employees are covered through Group Gratuity & Super Annuation Scheme of Life Insurance Corporation of India and are charged against revenue every year.
- iii) **Leave Encashment:** The Company has provided the liabilities pertaining to accrued leave encashment as at the year end in its books of accounts on the basis of the actuarial valuer's certificate.

r) **BORROWING COST**

Interest and other costs in connection with the borrowing of funds by the Company are recognised as an expense in the period in which they are incurred unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.

s) **SEGMENT ACCOUNTING**

General Clarification (GC) - 11/2002, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, on AS 17, segment reporting clarifies that in case, by applying the definitions of "business segment" and "geographical segment" given in AS 17, it is concluded that there is neither more than one business segment nor more than one geographical segment, segment information as per AS 17 is not required to be disclosed.

t) **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if at any time during the year, one party has the ability to control the other party or to exercise significant influence over the other party in making financial and/or operating decisions.

u) **EARNING PER SHARE**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax attributable to equity share holder. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

v) **TAXATION**

- i) Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment years.
- ii) In case of matters under appeal, due to disallowance or otherwise, full provision will be made when the said liabilities are accepted.

w) **DEFERRED TAXATION**

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise as deferred tax charge/benefit in the profit and loss account and as deferred tax asset/liabilities in the balance sheet.

**B) NOTES ON ACCOUNTS:**

1. Cumulative redeemable preference shares under series VII of the face value of Rs. 10/- each are redeemable at the end of five years from the date of allotment, being 10-06-2000. The Company has an option to redeem the preference shares any time after 4 years in case of series VII, from the date of issue at a par.
2. Buildings include cost of ownership accommodations including Rs. 0.03 lacs (Previous year Rs. 0.03 lacs), being cost of shares held in various Co-operative Societies.
3. Office premises of Rs. 375.25 lacs includes Rs. 231.68 lacs represent unquoted shares (160 equity shares of A type and 1280 equity shares of B type of Rs. 100 each fully paid up) in Ruparelia Theatres P. Ltd. By virtue of investment in shares, the Company is enjoying rights in leasehold land and Rs. 143.57 lacs, towards construction contribution and exclusive use of terrace and allotted parking space.
4. **Capital work in progress includes:**  
Building worth Rs. 64.64 lacs (Previous year Rs. 64.64 lacs) has been disputed and the matter is sub-judice.
5. No provision has been made in the accounts for diminution in the value of investments Rs. 104.86 lacs (Previous Year Rs. 173.70 lacs) by reason of these investments being strategic "Long Term Investments" and the decline in their value being on account of temporary factors, in view of the Management.

6. **Capital Commitments:**

	(Rs. in Lacs)	
Estimated amount of contracts remaining to be executed and not provided for	<b>0.50</b>	31.33

7. During the year, excess interest charged by bank on working capital facilities other than contracted rates has been treated as advance, pending negotiation with the banks.



8. During the year, outstanding in receivable account amounting to Rs. 1,609.12 lacs (previous year Rs. 1,904.55 lacs) outstanding for more than six months and trade advances given in the due course of business of Rs. 1,941.05 lacs (previous year Rs. 1,126.78 lacs) has been identified as doubtful of recovery. The determination of this balance of written off amount is based on evaluation of individual advances, current economic conditions, viability and other factors and reflects an amount which, in Management's judgement, is doubtful of recovery. Accordingly, the above amount in respect of outstanding dues representing sales affected in past years has been debited to the profit & loss account. An equivalent amount has been withdrawn from the general reserve to offset this charge, as it pertains to past years'.
9. **Receivable includes:**
- Amount due from a subsidiary company of Rs. 5,594.00 lacs (previous year Rs. 8,974.87 lacs)
  - Amount due from a company of Rs. 50.42 lacs (previous year Rs. NIL) in which some of the Directors are interested.
10. Sundry creditors, sundry debtors and loans and advances include certain items for which confirmations are yet to be received and include certain long outstanding balances, which are considered payable / realisable, as the case may be. Provision for doubtful debts, if any, in respect of above and the consequential adjustment, if any, arising out of reconciliation are unascertainable at this stage.
11. **Loans & advances include:**
- Amount due from subsidiary companies of Rs. 199.75 lacs (previous year Rs. 199.00 lacs)
  - Amount due from companies Rs. 574.10 lacs (previous year Rs. 4,222.79 lacs) in which some of the Directors of the Company are interested.
  - Rs. 500.00 lacs (previous year Rs. 500.00 lacs) towards advance against promoter's contribution in a company under the same management.
  - Rs. NIL (previous year Rs. 15.00 lacs) towards equity of Punjab National Bank Limited, pending allotment of shares.
12. Loans & advances include claim against the Insurance Company in respect of loss of materials, pending settlements, which is yet to be settled by the Insurance Company. To expedite the matter, Company had filed an application before High Court of Gujarat against which the Honorable High Court has instructed to dispose of the matter within 3 months. Hence, the adjustment in Company account in respect thereon will be made on settlement of the claim by Insurance Company.
13. The Company had disinvested 55.00 lacs shares of Gujarat Adani Port Limited and 23.40 lacs shares of Adani Port Limited, being long term investment & the resultant gain is credited to profit & loss account.
14. The Company has given advances to some of the parties for fulfillment of commitment, and for non-fulfillment of commitment, the Company has taken legal action and is examining other options for recovery of the advances.
15. Export incentive receivable under Pass Book Scheme included under the head loans & advances are disputed in respect of determination of value the matter is pending for disposal with the Supreme Court. Shortfall/excess if any will be taken into accounts as and when it is determined.
16. The Company has initiated legal proceedings against various parties for recovery of dues and such legal proceedings are at different stages as at the date of the balance sheet and are expected to materialise in recovering the dues in the future. Management is hopeful of their recovery. In the opinion of the Management adequate balance lying in general reserve to meet the eventuality of this account being irrecoverable.
17. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business, except unless stated otherwise. The provision for all the known liabilities is adequate and not in excess of amount considered reasonably necessary.
18. **Contingent liabilities not provided for:**

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2003	AS AT 31-03-2002
a) Claims against the Company not acknowledge as debts	<b>346.00</b>	67.00
b) In respect of Corporate Guarantee given :-		
i) To Companies under the same management	<b>63,562.00</b>	80,722.00
ii) For obligations to other parties	<b>100.00</b>	100.00
c) In respect of disputed demand from custom authorities for which the liability is not ascertainable	---	---
d) Demand against the Company not admitted as debts regarding sales tax against which appeals are pending	<b>105.32</b>	236.90
e) Demand against the Company not admitted as debts regarding custom duty against which appeals are pending	<b>1,185.44</b>	37.03
f) In respect of bank guarantees given towards		
i) To Govt. agencies for exports	<b>1,090.00</b>	810.75
ii) Towards various demurrage claims under settlement	<b>128.71</b>	708.08
g) Uncalled liability on party paid investments	---	24.70

- Certain claims / show cause notices disputed have neither been considered as contingent liabilities nor acknowledged as claims based on the opinions obtained in the earlier years from prominent legal counsels.
- No provision has been made in the accounts for demands of Income-Tax for the earlier years amounting to Rs. 0.12 lacs (previous year Rs. 18.62 lacs) against which appeals have been filed.
- 12.50 lacs equity shares of Rs. 10/- each fully paid up in Gujarat Adani Port Limited, held by the Company as investment have been pledged for securing financial assistance granted by the lenders to that company.



- k) During the year under inspection by the Department of Company Affairs (DCA), noticed certain irregularities. The Company had filed compounding applications, which are pending before DCA. The proceedings are pending and liability is not ascertainable.
19. The Company has given counter guarantee to Housing Development Finance Corporation Limited (HDFC) against loan given to employees amounting to Rs. 62.13 lacs (previous year Rs. 89.22 lacs) for construction/purchase of residential houses.
20. The Company has taken out a group gratuity insurance policy with the Life Insurance Corporation of India for future payments of retirement gratuity to employees. In the event of any employees leaving service earlier, the Company will have to bear a certain portion of the gratuity, which is not ascertainable and no provision has been made in respect thereof.
21. In terms of notification issued by the Department of Company Affairs dated 22-02-1999, the Company is required to make certain additional disclosures under the head "Sundry Creditors" in respect of dues to small scale industrial undertakings. In absence of complete information about the status of creditors as to whether they constitute an SSI undertaking as on 31-03-2003, the details of amount due to each small scale undertakings exceeding Rs. 1.00 lacs and outstanding for more than 30 days could not be complied and disclosed.
- 22. Other liabilities include:**
- Rs. 5.00 lacs (previous year Rs. 9.00 lacs) received against agreement to sell of land pending other formalities.
  - Rs. 381.16 lacs (previous year Rs. 386.51 lacs) being temporary overdrawn balance in current account with scheduled banks.
  - Amount due to Company in which some of the Directors are interested Rs. 22.59 lacs (previous year Rs. 22.59 lacs)
  - Rs. 46.82 lacs for liability against leave earned (leave liability actuarially valued at 31-03-2002 is Rs. 33.57 lacs)
23. a) Provision for taxation for the year has been made after considering allowance, claims and reliefs available to the Company as advised by the Company's tax consultants.
- b) Various tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and management does not estimate any incremental liability in respect of legal proceedings.
- 24. Unsecured loan includes:**  
Rs. 22.00 lacs (previous year Rs. 22.00 lacs) from a company in which one of the Director is interested.
25. No amounts are due for deposits as at the balance sheet date to the Investors Education and Protection Fund.
26. Items of Expenditure in the profit and loss account include reimbursements to and by the Company.
27. Disclosure as required by Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India are given below:  
Being the Company is lessee:
- The Company's significant leasing arrangements are in respect of godowns/residential/office premises (including furniture and fittings therein, as applicable). The aggregate lease rental payable are charged to profit and loss account as rent in Schedule 17.
  - The leasing arrangements, which are cancelable at any time on month to month basis and in some cases between 11 months to 2 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given.
28. In view of the amendment of Section 115 O of the Income-Tax Act, 1961 in the Finance Act, 2003, tax on distributed profits of Rs. 84.81 lacs has been provided for during the current year (previous year Rs. NIL)
- 29. Payments to auditors (including service tax):**

	(Rs. in Lacs)	
	<b>2002-2003</b>	2001-2002
i Audit fee	<b>9.93</b>	9.66
ii Tax audit fee	<b>2.16</b>	2.10
iii Other matters	<b>0.50</b>	0.50
<b>Total</b>	<b>12.59</b>	12.26

**30. Prior period adjustments includes :**

	(Rs. in Lacs)	
	<b>2002-2003</b>	2001-2002
Debits relating to earlier years	<b>135.66</b>	90.88
Credits relating to earlier years	<b>143.84</b>	31.24
<b>Net Total</b>	<b>(8.18)</b>	59.64



### 31. Computation of net profit under Section 349 of the Companies Act, 1956

PARTICULARS	(Rs. in Lacs)	
	2002-2003	2001-2002
<b>A. Profit before taxation</b>	<b>9,091.63</b>	6,596.99
ADD: Depreciation as per accounts	<b>185.55</b>	188.84
Directors remuneration	<b>40.93</b>	35.12
Directors commission	<b>38.61</b>	71.67
Loss on sale of investments/assets	<b>30.07</b>	40.13
	<b>9,386.79</b>	6,932.75
LESS: Depreciation as per Sec. 350 of the Companies Act, 1956	<b>185.55</b>	259.16
Profit on sale of investments/assets	<b>5,983.36</b>	700.04
	<b>3,217.88</b>	5,973.55
<b>Profit for the purpose of directors' commission</b>		
Chairman @ 0.4% on Rs. 3,217.88 (prev. year at 0.4% on Rs. 5,973.55)	<b>12.87</b>	23.89
Managing director @ 0.4% on Rs. 3,217.88 (prev. year at 0.4% on Rs. 5,973.55)	<b>12.87</b>	23.89
Whole-time director @ 0.4% on Rs. 3,217.88 (prev. year at 0.4% on Rs. 5,973.55)	<b>12.87</b>	23.89
	<b>38.61</b>	71.67
<b>B. Managerial remuneration to Chairman, Managing &amp; Whole-time directors under section- 198 of the Companies Act, 1956</b>		
i) Salaries	<b>37.78</b>	33.09
ii) Contributions to provident and other funds	<b>3.15</b>	2.03
iii) Commission	<b>38.61</b>	71.67
	<b>77.79</b>	105.69

32. Miscellaneous income includes Rs. 6.52 lacs (previous year Rs. 8.36 lacs) being net of debit & credit balances no longer required & written off during the year.

### 33. Related party disclosure (As identified by the Management)

#### i) Name of related parties & description of relationship

##### A Controlling Companies

—

##### B Subsidiary Companies

Adani Chemicals Ltd.  
Adani Global Ltd.  
Adani Global FZE  
Adani Global Pte. Ltd.

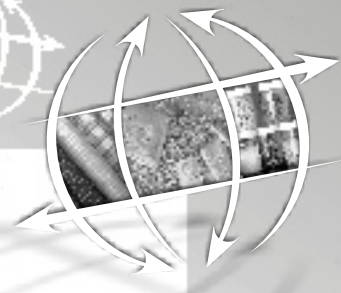
##### C Associate Entities

Adani Properties Private Ltd.  
Adani Agro Private Ltd.  
Adani Container (Mundra) Terminals Ltd.  
Adani Port Infrastructure Ltd.  
Adani Port Ltd.  
Gujarat Adani Port Ltd.  
Advance Exports  
Adani Impex Private Ltd.  
Adani Petronet (Dahej) Port Pvt. Ltd.  
B2C India Ltd.  
Crown International  
Gujarat Adani Energy Ltd.  
Gujarat Adani Infrastructure Private Ltd.  
i Call India Ltd.  
Inter Continental (India)  
Shahi Property Developers Private Ltd.  
Shantivan

##### D Joint Control

Adani Wilmar Ltd





**E Key Management Personals**

Shri Gautam S. Adani  
Shri Rajesh S. Adani  
Shri Vasant S. Adani

**F Relatives**

Shri Vinod S. Adani  
Smt. Ranjan Vinod Adani

ii) **Nature & Volume of transaction with related parties**

(Rs. in Lacs)

PARTICULARS	Subsidiary Company	Associate Entities	Jt. Control Company	Key Mngt. Personnel	Relatives
1 Sales (net of return)	<b>18,905.54</b> 25,000.99	<b>4,518.44</b> 916.94	<b>27.10</b> 21.75	-	-
2 Sale of investment	-	<b>4,400.00</b>	-	-	-
3 Sale of fixed assets	-	750.00	-	-	-
4 Purchase net of return	-	-	-	-	-
5 Interest - received / (paid)	<b>3,562.75</b> 10,378.15	<b>211.95</b> 3,481.17	-	-	-
6 Funds given [incl. equity participation]	<b>292.17</b>	-	-	-	-
7 Funds received	<b>2,946.88</b> 0.45	<b>3,569.67</b> 56,076.37	<b>1,134.00</b> 4,632.91	-	-
8 Service rendered	-	<b>8,543.17</b> 55,028.17	<b>3,575.99</b> 3,661.40	-	-
9 Service availed	<b>41.66</b> 96.68	<b>603.11</b> 236.50	<b>924.96</b> 54.88	-	-
10 Rent paid	-	<b>4,748.66</b> 1,150.02	-	-	4.05
11 Rent received	-	<b>26.69</b> 39.29	-	-	<b>3.60</b>
12 Remuneration	-	-	11.08	-	-
13 Guarantee & collateral securities [given] (Outstanding facility as on 31.03.2003)	-	-	17.41	<b>77.80</b>	-
14 Balance outstanding as on 31st March, 2003	-	-	-	105.69	-
	<b>8,550.00</b> 4,695.00	<b>36,022.00</b> 55,926.00	<b>18,990.00</b> 20,101.00	-	-
	<b>8,883.40</b> 9,173.87	<b>7,984.15</b> 3,431.16	-	-	-
	-	-	1,357.80	-	-

iii) As required by the amendment to the Clause 32 of the listing agreement vide SEBI circular no. 2 / 2003 of 10th January, 2003, the following disclosure has been made :

(a) Loans and advances in the nature of loans to subsidiaries :

Adani Chemicals Ltd. - The amount outstanding as at year end Rs. 199.75 lacs and the maximum outstanding during the year Rs. 199.75 lacs.

(b) Loans and advances in the nature of loans to associates :

(Rs. in Lacs)

Sr. No.	Name of entity	Closing Balance as at 31-03-2003	Maximum amount outstanding during the year
1	Adani Agro Pvt. Ltd.	<b>NIL</b>	1,501.78
2	Adani Container (Mundra) Terminals Ltd.	<b>NIL</b>	1,575.30
3	Adani Port Infrastructure Ltd.	<b>NIL</b>	0.03
4	Adani Port Ltd.	<b>NIL</b>	2,465.18
5	Adani Properties Pvt. Ltd.	<b>13.74</b>	197.44
6	Adani Wilmar Ltd.	<b>NIL</b>	1,444.25
7	B2C India Ltd.	<b>NIL</b>	730.57
8	Gujarat Adani Energy Ltd.	<b>48.92</b>	49.92
9	Gujarat Adani Port Ltd.	<b>215.73</b>	570.62
10	i Call India Ltd.	<b>309.45</b>	310.35



(c) Loans and advances in the nature of loans where there is no repayment schedule, or no interest or interest below Section 372A of the Companies Act, 1956 :

(Rs. in Lacs)

Sr. No.	Name of entity	Closing Balance as at 31-03-2003	Maximum amount outstanding during the year
1	Adani Agro Pvt. Ltd.	NIL	1,501.78
2	Adani Container (Mundra) Terminals Ltd.	NIL	1,575.30
3	Adani Port Infrastructure Ltd.	NIL	0.03
4	Adani Port Ltd.	NIL	2,465.18
5	Adani Properties Pvt. Ltd.	13.74	197.44
6	Adani Wilmar Ltd.	NIL	1,444.25
7	B2C India Ltd.	NIL	730.57
8	Gujarat Adani Energy Ltd.	48.92	49.92
9	Gujarat Adani Port Ltd.	215.73	570.62
10	i Call India Ltd.	309.45	310.35

(d) Loans and advances in the nature of loans to firms/companies in which directors are interested :

(Rs. in Lacs)

Sr. No.	Name of entity	Closing Balance as at 31-03-2003	Maximum amount outstanding during the year
1	Adani Agro Pvt. Ltd.	NIL	1,501.78
2	Adani Container (Mundra) Terminals Ltd.	NIL	1,575.30
3	Adani Port Infrastructure Ltd.	NIL	0.03
4	Adani Port Ltd.	NIL	2,465.18
5	Adani Properties Pvt. Ltd.	13.74	197.44
6	Adani Wilmar Ltd.	NIL	1,444.25
7	B2C India Ltd.	NIL	730.57
8	Gujarat Adani Energy Ltd.	48.92	49.92
9	Gujarat Adani Port Ltd.	215.73	570.62
10	i Call India Ltd.	309.45	310.35
11	Adani Chemicals Ltd.	199.75	199.75

(e) Investments by the loanee in the shares of the Company as on 31st March, 2003 : NIL

34. Earning per share

(Rs in Lacs)

PARTICULARS	Year ended	Year ended
	31st March, 2003	31st March, 2002
Net profit after tax provision	8,833.59	6,567.38
LESS: Preference dividend including tax thereon	143.29	365.50
Net profit after tax available for equity shareholders (Rs. in '000)	8,690.30	6,201.88
Weighted average no. of equity shares of Rs. 10 each outstanding during the year	2,20,47,400	2,20,47,400
Basic earning per share (in Rs.)	39.42	28.13

The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earning per share of the Company remain the same.

35. a) Deferred tax

(Rs in Lacs)

PARTICULARS	AS AT	AS AT
	31st March, 2003	31st March, 2002
<b>Deferred tax liability on account of</b>		
(i) Depreciation	370.54	396.27
<b>Total</b>	370.54	396.27
<b>Deferred tax assets on account of</b>		
(i) Miscellaneous expenditure	—	0.85
(ii) Brought forward capital loss	14.45	7.19
(iii) Diminution in value of investments	54.68	56.02
(iv) Leave encashment	16.79	—
<b>Total</b>	85.92	64.06
<b>Net deferred tax liability</b>	<b>284.62</b>	<b>332.21</b>

b) In accordance with "Accounting Standard 22", the deferred tax assets of Rs. 47.60 lacs (previous year liabilities of Rs. 9.61 lacs) for the year has been recognised in the profit & loss account.



36. As per Accounting Standards 21 on "Consolidated Financial Statements" and Accounting Standards 27 on "Financial Reporting of Interests in Joint Venture" disclosed in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the Company has presented consolidated financial statements separately, including subsidiaries and joint venture, in this annual report.
37. The Company has 50% interest in a joint venture, Adani Wilmar Limited, incorporated in India. The following represents the Company's share of assets and liabilities as at 31st March, 2003 and income and expenses for the year ended on that date.

PARTICULARS	(Rs in Lacs)	
	Amount	
Assets	18,182.55	
Liabilities	14,957.61	
Income	62,800.49	
Expenses (including provision for tax)	61,915.68	
Contingent liabilities as on 31st March, 2003	425.19	
Capital commitments as on 31st March, 2003	6.07	

38. Quantitative information to the extent applicable for the year pursuant to the paragraph 3 & 4 of part II of Schedule VI to the Companies Act, 1956 (As certified by the Management).

**(A) SALES AND STOCKS OF GOODS TRADED AND PROCESSED**

(Rs in Lacs)

SR. NO.	CLASS	UNITS	OPENING STOCK		CLOSING STOCK		SALES	
			Qty.	Amount	Qty.	Amount	Qty.	Amount
1	CHEMICAL / PLASTICS	MT	<b>5,911.609</b>	<b>1,204.29</b>	<b>12,322.816</b>	<b>2,355.38</b>	<b>92,299.709</b>	<b>14,908.26</b>
			9,627.258	1,514.65	5,911.609	1,204.29	58,456.133	7,741.86
2	AGRO PRODUCTS	MT	<b>26,088.063</b>	<b>3,014.01</b>	<b>41,916.767</b>	<b>4,356.86</b>	<b>1,835,244.213</b>	<b>116,918.16</b>
			120,344.674	7,544.32	26,088.063	3,014.00	983,676.088	79,112.49
3	PRECIOUS & OTHER METAL	KGS	<b>11,305.508</b>	<b>1,467.09</b>	<b>15.190</b>	<b>79.29</b>	<b>378,924.381</b>	<b>55,601.27</b>
			0.190	0.92	11,305.508	1,467.09	828,964.706	71,627.93
4	MINERALS / OILS	MT	<b>49,149.564</b>	<b>2,212.78</b>	<b>3,797.916</b>	<b>113.86</b>	<b>1,300,721.366</b>	<b>49,617.30</b>
			62,424.662	2,003.32	49,149.564	2,212.78	1,967,980.817	68,038.93
5	TEXTILE PRODUCTS	KGS	<b>291,042.490</b>	<b>151.17</b>	<b>315,783.560</b>	<b>189.63</b>	<b>5,310,144.220</b>	<b>6,243.70</b>
			250,335.100	439.88	291,042.490	151.17	6,630,655.385	7,263.11
	TEXTILE PRODUCTS	NOS	—	—	—	—	<b>117,471.000</b>	<b>161.03</b>
			238.000	0.04	—	—	19,426.000	14.70
	TEXTILE PRODUCTS	YDS	<b>25,346.750</b>	<b>16.15</b>	<b>44,141.000</b>	<b>33.30</b>	<b>4,807,754.750</b>	<b>2,312.51</b>
			114,101.650	72.83	25,346.750	16.15	8,462,913.980	4,038.52
	TEXTILE PRODUCTS	MTR	<b>90,711.800</b>	<b>34.27</b>	<b>112,978.600</b>	<b>59.26</b>	<b>37,319,608.310</b>	<b>13,127.72</b>
			661,670.600	306.65	90,711.800	34.27	25,500,038.920	11,400.95
6	FROZEN FOODS	MT	—	—	—	—	<b>263,288.184</b>	<b>375.03</b>
			—	—	—	—	17,016.816	12,829.73
7	FERTILIZERS	MT	—	—	<b>4,850.814</b>	<b>206.45</b>	<b>139,008.639</b>	<b>4,765.10</b>
			—	—	—	—	63,753.794	1,109.69
8	SHARES (OF RS. 10/- EACH) ADANI PORT LTD. GUJARAT ADANI PORT LTD.	NOS	<b>2,300,000</b>	<b>2,300.00</b>	—	—	<b>2,300,000</b>	<b>3,450.00</b>
			<b>1,213,300</b>	<b>970.64</b>	—	—	<b>1,213,300</b>	<b>970.64</b>
			<b>3,513,300</b>	<b>3,270.64</b>	—	—	<b>3,513,300</b>	<b>4,420.64</b>
			—	—	3,513,300	3,270.64	—	—
9	OTHER PRODUCTS	—	<b>299.341</b>	<b>1,148.60</b>	—	<b>331.96</b>	<b>182,950.341</b>	<b>4,346.25</b>
			193.341	449.62	299.341	1,148.60	57,961.000	14,206.88
	<b>GRAND TOTAL</b>			<b>12,518.98</b>	<b>7,726.01</b>		<b>2,72,796.96</b>	
				12,332.23	12,518.98		277,384.80	



**(B) PURCHASE OF TRADED GOODS**

(Rs in Lacs)

SR. NO.	CLASS	UNITS	2002-2003		2001-2002	
			Qty.	Amount	Qty.	Amount
1	CHEMICAL / PLASTICS	MT	99,045.666	15,261.78	54,886.385	7,243.67
2	AGRO PRODUCTS	MT	1,866,175.507	1,12,615.02	902,035.611	66,233.96
3	PRECIOUS & OTHER METAL	KGS	367,478.941	53,483.87	847,980.250	73,573.18
4	MINERALS / OILS	MT	1,259,071.164	45,895.42	1,956,924.100	60,610.64
5	TEXTILE PRODUCTS	KGS	5,335,804.880	5,976.72	6,585,441.465	6,459.66
	TEXTILE PRODUCTS	NOS	21,887.000	22.77	19,188.000	10.46
	TEXTILE PRODUCTS	YDS	2,321,679.000	1,482.84	5,261,430.170	3,013.81
	TEXTILE PRODUCTS	MTR	34,815,572.610	11,577.78	21,149,810.680	8,843.23
6	FROZEN FOODS	MT	263,288.184	375.03	17,016.816	12,829.73
7	FERTILIZERS	MT	143,859.453	4,535.66	63,753.794	942.92
8	SHARES OF RS. 10/- EACH	NOS	-	-	-	-
	ADANI PORT LTD.		-	-	2,300,000	2,300.00
	GUJARAT ADANI PORT LTD.		-	-	1,213,300	970.64
9	OTHER PURCHASES	-	182,651.000	3,593.52	58,067.000	14,257.26
	<b>TOTAL</b>			<b>2,54,820.41</b>		<b>2,57,289.16</b>

**(C) RAW MATERIAL CONVERTED**

(Rs in Lacs)

SR. NO.	CLASS	UNITS	2002-2003		2001-2002	
			Qty.	Amount	Qty.	Amount
1	PRECIOUS METAL	MT	77.000	418.71	-	-
2	TEXTILES	KGS	-	-	1,308,180.000	1,080.56
		YDS	2,504,880.000	795.70	4,615,507.540	1,857.83
		MTR	3,007,350.170	1,606.20	249,992.000	158.70
	<b>TOTAL</b>			<b>2,820.61</b>		<b>3,097.09</b>

**D) IMPORTED & INDIGENOUS CONSUMPTION**

(Rs in Lacs)

	2002-2003	%	2001-2002	%
Raw material – Import	NIL	NIL	45.18	1.46
Indigenous	2,820.61	100%	3,051.91	98.54
<b>Total</b>	<b>2,820.61</b>	<b>100%</b>	<b>3,097.09</b>	<b>100</b>

**E) VALUE OF IMPORTS ON CIF BASIS**

(Rs in Lacs)

	2002-2003	2001-2002
Trade goods	76,217.51	74,777.04
Capital goods	-	-
<b>Total</b>	<b>76,217.51</b>	<b>74,777.04</b>

**F) EXPENDITURE IN FOREIGN CURRENCY**

(Rs in Lacs)

	2002-2003	2001-2002
Traveling expenses	30.60	90.88
Other matter	132.24	260.09
Interest	85.02	304.97
Bank charges	53.04	113.05
<b>Total</b>	<b>300.90</b>	<b>768.99</b>

**G) EARNING IN FOREIGN CURRENCY**

(Rs in Lacs)

	2002-2003	2001-2002
Export of goods on F.O.B. basis	37,628.32	86,782.02
Commission	41.66	1.02
Interest income	3.22	11.92
Dividend income	69.57	200.72
<b>Total</b>	<b>37,742.77</b>	<b>86,995.68</b>

**Note** : Licensed and installed capacity : Not applicable (previous year : Not applicable)



39. Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.
40. Additional information as required under Part IV of Schedule VI to the Companies Act, 1956. Balance Sheet Abstract and Company's General Business Profile:

**I. Registration details :**

Registration no.	:	19067
State code	:	04
Balance sheet date	:	31-03-2003

**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue - NIL	Right Issue - NIL
Bonus Issue - NIL	Private Placement - NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total liabilities	:	1,74,89,484
Total assets	:	1,74,89,484

**Sources of funds:**

Paid-up capital	:	3,20,474
Reserves & surplus	:	51,86,301
Secured loans	:	38,22,986
Unsecured loans	:	3,86,156
Deferred tax liability	:	28,462

**Application of funds:**

Net fixed assets	:	3,69,238
Investments	:	7,80,161
Net current assets	:	85,94,980
Miscellaneous expenditure	:	-
Accumulated losses	:	-

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover (including other income)	:	2,87,25,032
Total expenditure	:	2,78,15,869
Profit/(Loss) before tax	:	9,09,163
Profit/(Loss) after tax	:	8,83,359
Earning per share (Rs.)	:	39.42
Dividend rate (%)	:	30

**V. Generic Names of Three Principal products/services of Company (as per monetary terms)**

Item code no. (ITC Code)	Not Ascertainable
Product description	Merchant Exporters
Item code no. (ITC Code)	Not Ascertainable
Product description	Merchant Exporters
Item code no. (ITC Code)	Not Ascertainable
Product description	Merchant Exporters

Signature to Schedule "1" to "19".

For and on behalf of the Board

**GAUTAM S. ADANI**  
Chairman

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

**HEMENDRA C. SHAH**  
Company Secretary

**RAJESH S. ADANI**  
Managing Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

(Rs. in Lacs)

Sr.	PARTICULARS	2002-2003		2001-2002	
<b>A</b>	<b>CASH FLOW FROM OPERATIONS</b>				
	<b>Net profit before tax &amp; extraordinary items</b>		<b>9,091.63</b>		6,596.99
	Adjustment for:				
	Depreciation	185.55		188.84	
	Income from investments	(77.59)		(213.20)	
	Loss on sale of investment	8.35		27.22	
	Profit on sale of investment	(5,968.00)		(700.00)	
	Profit on sale of assets	(15.36)		(0.04)	
	Loss on sale of fixed assets	21.72		12.91	
	Interest paid	7,810.45		7,695.54	
	Interest income	(3,996.49)		(3,517.65)	
	<b>Operating profit before working capital changes</b>		<b>(2,031.37)</b>		3,493.62
	Adjustment for:				
	Trade & other receivables	(12,337.21)		342.91	
	Inventories	4,779.87		261.41	
	Loans & advances	1,770.64		(5,601.77)	
	Trade payables	4,791.18		9,511.31	
	<b>Cash generated from operations</b>		<b>(995.52)</b>		4,513.86
	Direct tax (paid) / refund	(43.83)	(43.83)	(29.54)	(29.54)
	<b>Net cash from operating activities</b>		<b>6,020.92</b>		14,574.93
<b>B</b>	<b>Cash Flow from investing activities</b>				
	Additions to fixed assets	(64.79)		(294.53)	
	Additions to work in progress	(1.80)		0.00	
	Sale of fixed assets	77.84		14.72	
	Sale of investments	6,780.55		777.72	
	Purchase of investments	(2,965.84)		(26.30)	
	Income from investments	77.59		213.20	
	Interest received	3,824.21		2,832.77	
	<b>Net cash used in investing activities</b>		<b>7,727.76</b>		3,517.58
<b>C</b>	<b>Cash flow from financing activities</b>				
	Proceeds from issue of share capital	0.00		0.00	
	Redemption of preference shares	(1,000.00)		(1,050.00)	
	Proceeds from working capital borrowings	2,752.52		(2,303.32)	
	Proceeds from long term borrowings	(5,335.56)		(2,547.07)	
	Proceeds from short term borrowings	(2,789.12)		(4,510.73)	
	Interest paid	(8,201.97)		(7,219.58)	
	Dividend paid	(806.67)		(1,173.78)	
	<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>(15,380.80)</b>		(18,804.48)
	<b>Cash &amp; cash equivalent at the beginning of the year</b>		<b>(1,632.12)</b>		(711.97)
	<b>Cash &amp; cash equivalent as at 31/03/2003</b>		<b>12,079.81</b>		12,791.78
			<b>10,447.69</b>		12,079.81

- Notes:**
- The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS)-3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
  - Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.
  - Cash and cash equivalents includes Rs. 8,967.75 lacs (previous year Rs. 9,143.89 lacs), which are not available for use by the Company (refer schedule 9 to the accounts)
  - The figures in brackets represent outflows of cash and cash equivalents.

**As per our attached report of even date**

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**D. A. PARIKH**  
Proprietor

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

**HEMENDRA C. SHAH**  
Company Secretary

For and on behalf of the Board  
**GAUTAM S. ADANI**  
Chairman

**RAJESH S. ADANI**  
Managing Director

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

**AUDITORS' REPORT**

We have verified the attached Cash Flow Statement of Adani Exports Limited, derived from audited financial statements and the books and records maintained by the Company for the year ended 31st March, 2003, and 31st March, 2002, and found the same in agreement therewith.

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

For **DHARMESH PARIKH & CO.**  
Chartered Accountants  
**D. A. PARIKH**  
Proprietor



## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Adani Chemicals Ltd. Rs. in Lacs	Adani Global Ltd. in US\$	Adani Global FZE in AED	Adani Global Pte. Ltd. in S\$
1. Financial year of the subsidiary companies ended on	31/03/2003	31/12/2002	31/12/2002	31/12/2002
2. Extent of interest in subsidiary companies	51.02%	100%	100%	100%
3. Net aggregate amount of the profits of the subsidiary company as far as it concerns the members of the Company				
a) Dealt with in the Company's accounts				
i) for the financial year of the subsidiary	NIL	NIL	NIL	NIL
ii) for the previous year of the subsidiary since it became the subsidiary of the Company	NIL	NIL	NIL	NIL
b) Not dealt with in the Company's accounts				
i) for the financial year of the subsidiary	NIL	NIL	9748785	210669
ii) for the previous year of the subsidiary since it became the subsidiary of the Company	NIL	185120	13326337	139315
4. Statement of changes under Section 212(5) of the Companies Act, 1956 from		(01/01/2003 to 31/03/2003)		
1. Fixed assets, capitalised assets & W.I.P.	NIL	NIL	1494	NIL
2. Investments	NIL	NIL	NIL	NIL
3. Monies lent	NIL	NIL	NIL	NIL
4. Monies borrowed term loan for its ongoing project from the Financial Institutions/Banks	NIL	NIL	NIL	NIL

For and on behalf of the Board

**GAUTAM S. ADANI**  
Chairman

**RAJESH S. ADANI**  
Managing Director

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

**HEMENDRA C. SHAH**  
Company Secretary



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

(Rs. in Lacs)

PARTICULARS	SCHEDULE	AS AT 31-03-2003		AS AT 31-03-2002	
<b>A SOURCES OF FUNDS</b>					
<b>I. SHAREHOLDERS' FUND</b>					
(A) Share capital	1	3,205.44		4,204.74	
(B) Reserves & surplus	2	58,337.92		51,126.46	
			<b>61,543.36</b>		55,331.20
<b>II. LOAN FUNDS</b>					
(A) Secured loans	3	40,212.41		40,818.64	
(B) Unsecured loans	4	3,906.81		6,728.09	
			<b>44,119.22</b>		47,546.73
<b>III. MINORITY INTEREST</b>					
(A) Capital		25.00		25.00	
(B) Less :- Miscellaneous expenses to the extent not written off		0.29		0.29	
			<b>24.71</b>		24.71
<b>IV. DEFERRED TAX LIABILITY</b>					
Deferred tax liability		956.57		396.27	
Less :- Deferred tax assets		91.15		64.06	
			<b>865.42</b>		332.21
<b>TOTAL</b>			<b>1,06,552.71</b>		1,03,234.85
<b>B APPLICATION OF FUNDS</b>					
<b>I. FIXED ASSETS</b>					
(A) Gross block	5	9,226.74		4,777.81	
(B) Less : Depreciation		1,678.98		1,052.41	
<b>(C) Net block</b>		<b>7,547.76</b>		3,725.40	
(D) Capital work-in-progress		304.25		288.18	
			<b>7,852.01</b>		4,013.58
<b>PRE-OPERATIVE EXPENDITURE PENDING ALLOCATION</b>					
			<b>186.86</b>		175.28
<b>II. INVESTMENTS</b>					
	6		<b>2,643.43</b>		4,665.90
<b>III. CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
(A) Inventories	7	17,340.45		13,268.83	
(B) Receivables	8	1,19,681.65		1,07,095.16	
(C) Cash & bank balances	9	15,573.09		14,381.88	
(D) Loans & advances	10	37,160.06		39,555.33	
		<b>1,89,755.25</b>		1,74,301.20	
<b>LESS :- CURRENT LIABILITIES &amp; PROVISIONS</b>					
(A) Current liabilities	11	92,348.61		79,064.24	
(B) Provisions	12	1,536.54		857.18	
		<b>93,885.15</b>		79,921.42	
<b>NET CURRENT ASSETS</b>			<b>95,870.10</b>		94,379.78
<b>IV. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF</b>					
			<b>0.31</b>		0.31
<b>TOTAL</b>			<b>1,06,552.71</b>		1,03,234.85

Notes forming part of the accounts  
As per our attached report of even date

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For and on behalf of the Board

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**GAUTAM S. ADANI**  
Chairman

**D. A. PARIKH**  
Proprietor

**HEMENDRA C. SHAH**  
Company Secretary

**RAJESH S. ADANI**  
Managing Director

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003





## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

(Rs. in Lacs)			
PARTICULARS	SCHEDULE	2002-2003	2001-2002
<b>A INCOME</b>			
Sales & operating earnings	13	4,50,355.82	3,76,136.16
Other income	14	5,991.61	913.24
		<u>4,56,347.43</u>	<u>3,77,049.40</u>
<b>B EXPENDITURE</b>			
Cost of materials	15	4,20,911.58	3,51,049.08
Personnel expenses	16	1,033.28	840.60
Operation & other expenses	17	17,569.85	11,544.20
Interest	18	4,718.93	4,890.50
Depreciation		423.35	228.57
		<u>4,44,656.99</u>	<u>3,68,552.95</u>
<b>Profit for the year before prior period adjustments</b>		11,690.44	8,496.45
<b>Add / (Less) : Prior period adjustment (net)</b>		(33.36)	(59.64)
<b>Add : Excess provision written back (earlier years)</b>		46.39	-
<b>Profit for the year before taxation</b>		11,703.47	8,436.81
<b>Provision for taxation:</b>			
- Current tax (including Wealth tax of Rs. 3.10 lacs, previous year Rs. 5.62 lacs Short provision (net) of earlier years Rs. 70.54 lacs, previous year Rs. NIL)		560.62	27.64
- Deferred tax		122.79	9.61
<b>Profit after taxation</b>		11,020.06	8,399.56
Add: Surplus brought forward from previous year		20,629.00	15,893.34
Less: Adjustment of net cumulative effect of recognition of deferred tax liability up to 31st March, 2002.		410.42	-
<b>Profit available for appropriation</b>		31,238.64	24,292.90
<b>APPROPRIATIONS :</b>			
Interim dividend on preference shares		142.68	329.34
Dividend on preference shares		0.54	2.56
Proposed dividend on equity shares		661.42	661.42
Tax on dividend (including surcharge)		84.81	33.59
Transfer to general reserve		5,000.00	2,670.67
Transfer to preference shares redemption reserve		1,000.00	500.00
Transferred to debenture redemption reserve		750.00	600.00
<b>Balance carried to balance sheet</b>		<u>23,599.19</u>	<u>19,495.32</u>
		<u>31,238.64</u>	<u>24,292.90</u>
<b>Earning per Share - Rs. 10/- each (in Rupees)</b>			
- Basic & Diluted		48.56	34.36
- Annualised		48.56	34.36

Notes forming part of the accounts  
As per our attached report of even date

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For and on behalf of the Board

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**GAUTAM S. ADANI**  
Chairman

**D. A. PARIKH**  
Proprietor

**HEMENDRA C. SHAH**  
Company Secretary

**RAJESH S. ADANI**  
Managing Director

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003



### Schedules 1 to 12 forming part of the Consolidated Balance Sheet as at 31st March, 2003

(Rs. In Lacs)

PARTICULARS	AS AT 31-03-2003		AS AT 31-03-2002	
<b>SCHEDULE : 1</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
3,00,00,000 Equity shares of Rs. 10/- each		<b>3,000.00</b>		3,000.00
7,00,00,000 Preference shares of Rs. 10/- each		<b>7,000.00</b>		7,000.00
		<b>10,000.00</b>		10,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>				
2,20,47,400 Equity shares of Rs. 10/- each		<b>2,205.44*</b>		2,204.74
1,00,00,000 13.5% Cumulative redeemable preference shares - Series VI of Rs. 10/- each.		-	1,000.00	
1,00,00,000 9.9% Cumulative redeemable preference shares - Series VII of Rs. 10/- each.	<b>1,000.00</b>		1,000.00	
		<b>1,000.00</b>		2,000.00
		<b>3,205.44</b>		<b>4,204.74</b>
<b>NOTES :</b>				
of the above :				
i 5,00,000 Equity shares of Rs. 10/- each were allotted as fully paid up at premium without payment being received in cash pursuant to the scheme of amalgamation as approved by the High Court of Gujarat.				
ii 5,00,000 Equity shares were issued as bonus shares by capitalization of profit.				
iii 1,65,35,500 Equity shares were issued as bonus shares by capitalization of share premium.				
*Includes equity shares of Rs. 70,000/- held by promoters of joint venture.				
<b>SCHEDULE : 2</b>				
<b>RESERVES &amp; SURPLUS</b>				
<b>GENERAL RESERVE</b>				
As per last balance sheet	<b>25,000.00</b>		25,000.00	
ADD :- Transferred during the year from profit & loss account	<b>5,000.00</b>		2,670.67	
ADD :- Preference share redemption reserve written back	<b>2,000.00</b>		950.00	
LESS :- Deferred tax liability of previous years'	-		322.60	
LESS :- Transferred to profit & loss account in respect of bad-debts	<b>3,487.16</b>		3,031.34	
LESS :- Transferred to profit & loss account in respect of diminution in value of investment.	-		266.73	
		<b>28,512.84</b>		25,000.00
<b>PREFERENCE SHARE REDEMPTION RESERVE</b>				
As per last balance sheet	<b>2,000.00</b>		2,450.00	
LESS :- Transfer to general reserve	<b>2,000.00</b>		950.00	
ADD :- Transferred during the year from profit & loss account	<b>1,000.00</b>		500.00	
		<b>1,000.00</b>		2,000.00
<b>DEBENTURE REDEMPTION RESERVE</b>				
As per last balance sheet	<b>2,250.00</b>		1,650.00	
Created during the year	<b>750.00</b>		600.00	
		<b>3,000.00</b>		2,250.00
<b>SHARE PREMIUM ACCOUNT</b>				
As per last balance sheet	<b>963.11</b>		963.11	
		<b>963.11</b>		963.11
<b>RESERVE UNDER SECTION 33AC OF INCOME-TAX ACT, 1961</b>				
As per last balance sheet	<b>750.00</b>		750.00	
		<b>750.00</b>		750.00
<b>EXCHANGE RESERVE</b>		<b>(29.98)</b>		63.44
<b>CAPITAL RESERVE</b>		<b>542.76</b>		604.59
<b>SURPLUS IN PROFIT &amp; LOSS ACCOUNT</b>		<b>23,599.19</b>		19,495.32
		<b>58,337.92</b>		<b>51,126.46</b>



(Rs. In Lacs)

PARTICULARS	AS AT 31-03-2003	AS AT 31-03-2002
<b>SCHEDULE : 3</b>		
<b>SECURED LOANS</b>		
From banks - term loans (Note I to V)		
a) Foreign currency loan (ECB)	950.00	1,626.67
b) Rupee loan	6,612.50	9,771.39
From banks - Working capital (Note I to IV)	29,357.48	24,622.41
Non convertible debentures (Note VI)	3,000.00	4,500.00
Interest accrued and due	292.43	298.17
	<u>40,212.41</u>	<u>40,818.64</u>
<b>NOTES :</b>		
Above facilities are ;		
I Secured by hypothecation of the stocks and book debts by way of first charge ranking pari passu among the banks.		
II Secured by tangible movable properties ranking pari passu among the banks.		
III Guaranteed by some of the Directors and their relatives in their personal capacity		
IV Further secured by creation of equitable mortgage.		
a) Over certain immovable properties belonging to some of the Directors and their relatives to secure the ECB facilities and rupee term loan from State Bank of India and Andhra Bank.		
b) Over certain immovable properties belonging to the Company.		
c) Over certain immovable properties belonging to Adani Properties Pvt. Ltd.		
V Term loan refer to in I (b) above to the extent of Rs. 86.44 crore are secured by second pari passu charge.		
a) Over movable assets of the company,		
b) Over creation of immovable properties by creation of equitable mortgage as mentioned in Note No. IV b) & c) above and by pledge of shares held by some of the directors and their relatives and guaranteed by some of the directors and their relatives in their personal capacity.		
VI a) 10,00,000 privately placed 14.75% secured redeemable non convertible debentures of Rs. 100/- each allotted w.e.f. 18th May 1999, are redeemable at par in one installment at the end of 36 months from the date of allotment.		
b) 15,00,000 privately placed 14.50% secured redeemable non convertible debentures of Rs. 100/- each allotted w.e.f. 29th December 1999, are redeemable at par in three equal annual installments commencing from the expiry of 3rd year from the date of allotment.		
c) 20,00,000 privately placed 13.5% secured redeemable non convertible debentures of Rs. 100/- each allotted w.e.f. 28th July 2000, are redeemable at par at the end of 36 months from the date of allotment.		
d) All the above debentures are secured by pledge of shares of some of the Directors and their relatives by way of mortgage and exclusive charge on some of the immovable properties of the Company.		
<b>SCHEDULE : 4</b>		
<b>UNSECURED LOANS</b>		
Inter corporate loans	137.25	692.91
Loans from banks / Financial institutions (Note I)	3,712.76	5,900.96
Interest accrued and due	56.80	134.22
	<u>3,906.81</u>	<u>6,728.09</u>
<b>NOTES :-</b>		
I) Above loans from financial institutions/banks are secured by demand promissory note, pledge of shares of some of the Directors and their relatives and guaranteed by some of the Directors in their personal capacity.		





**SCHEDULE : 5  
FIXED ASSETS**

(Rs. In Lacs)

Sr. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01/04/02	Addition during the year	Deductions during the year	As at 31/03/03	As at 01/04/02	Provided for the year	Deductions during the year	As at 31/03/03	As at 31/03/02
1	Land	587.87	3.12	24.66	566.33	0.00	0.00	0.00	566.33	587.87
2	Building	2593.75	53.45	0.00	2647.20	258.26	54.32	0.00	312.58	2334.62
3	Plant & Machinery	3066.58	436.28	0.00	3502.86	224.68	164.65	0.00	389.33	3113.53
4	Furniture & Fixtures	754.16	49.38	0.05	803.49	268.58	53.40	0.02	321.96	481.53
5	Electric Fittings & Installations	196.22	6.15	0.76	201.61	26.70	9.54	0.00	36.24	165.37
6	Office Equipment	391.73	26.61	11.64	406.70	88.01	21.13	1.18	107.96	298.74
7	Computer Equipment	302.09	11.76	0.20	313.65	152.21	40.66	0.12	192.75	120.90
8	Vehicles	847.46	32.53	95.09	784.90	282.42	82.37	46.63	318.16	466.74
	<b>Total</b>	8739.86	619.28	132.40	9226.74	1300.86	426.07	47.95	1678.98	7547.76
	Previous Year	4369.88	454.12	46.19	4777.81	838.99	232.03	18.60	1052.41	3725.40

(Rs. In Lacs)

PARTICULARS	AS AT 31-03-2003	AS AT 31-03-2002
<b>SCHEDULE : 6</b>		
<b>INVESTMENTS (LONG-TERM) (NON TRADING)</b>		
<b>GOVERNMENT SECURITIES (UNQUOTED)</b>		
(Lodged with government departments)		
in 6 year National Saving Certificates	2.70	6.88
in Kisan Vikas Patra	0.01	0.01
<b>OTHERS (UNQUOTED) (NON TRADE)</b>		
1) 14,23,300 (37,63,300) fully paid up equity shares of Adani Port Ltd. of Rs. 10/- each	142.33	376.33
2) 1,28,83,950 (1,28,83,950) Equity Shares of Adani Wilmar Ltd. of Rs. 10/- each	-	1,288.40
3) 500 (500) fully paid up units of Rs. 10/- each of GIC Mutual Fund	0.05	0.05
4) 10 (10) equity shares of Coffee Futures Exchange Board India Ltd. of Rs. 10,000/- each	1.00	1.00
5) 1,55,00,000 (2,10,00,000) fully paid up equity shares of Gujarat Adani Port Ltd. of Rs. 10/- each	1,550.00	2,100.00
6) 26,000 (26,000) equity shares of Adani Container (Mundra) Terminals Ltd. of Rs. 10/- each	26.00	1.30
7) 5 (5) Bond of UCO Bank of Rs. 5,00,000/- each.	25.00	25.00
8) NIL (5,00,000) equity shares of Adani Wilmar (Singapore) Pte. Ltd. of SGD 1 each.	-	142.86
9) 2,600 (NIL) equity shares of Adani Petronet (Dahej) Port Pvt. Ltd. of Rs. 10/- each.	0.26	-
10) India Millennium Deposit (USD 1094341)	519.20	481.46
11) Resurgent India Bonds (USD 150000)	71.17	-
12) 2,00,000 fully paid up Equity shares of Vishakha Polyfab Pvt. Ltd. of Rs. 10/- each	100.00	-
<b>OTHERS (QUOTED) (NON TRADE)</b>		
1) 3,350 (3,350) fully paid up equity shares of State Bank of Travancore of Rs. 100/- each.	20.10	20.10
2) 1,35,578 (1,35,578) fully paid up equity shares of IndusInd Bank Ltd. of Rs. 10/- each.	61.01	61.01
3) 6,91,838 (6,91,838) equity shares of Rs. 10/- each of IFCI	69.18	69.18
4) 1,84,744 (3,07,725) fully paid up equity shares of PNB Gilts Ltd. of Rs. 30/- each	55.42	92.32
5) 5,33,450 (5,33,450) fully paid up equity shares of Unicorn Industries Ltd. of Rs. 10/- each.	-	266.73
	-	266.73
	<b>2,643.43</b>	<b>4,665.90</b>
Aggregate Book Value - Quoted	205.71	242.61
- Unquoted	2,437.72	4,423.29
Aggregate Market Value - Quoted	100.85	68.92



PARTICULARS	(Rs. in Lacs)	
	AS AT 31-03-2003	AS AT 31-03-2002
<b>SCHEDULE : 7</b>		
<b>INVENTORIES</b>		
<b>(AS CERTIFIED BY THE MANAGEMENT)</b>		
Raw material	506.82	7.27
Finished goods	12,944.52	12,818.02
Stores, chemicals & packing materials	249.80	-
Stock-in-process	22.91	-
Goods-in-transit	3,284.44	-
Licences	331.96	443.54
	<u>17,340.45</u>	<u>13,268.83</u>
<b>SCHEDULE : 8</b>		
<b>RECEIVABLES</b>		
<b>(UNSECURED, CONSIDERED GOOD)</b>		
Over six months	32,344.70	21,759.39
Others	87,336.95	85,335.77
	<u>1,19,681.65</u>	<u>1,07,095.16</u>
<b>SCHEDULE : 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand (including cheques on hand)	557.57	352.63
<b>Balances with scheduled banks :</b>		
- Margin money account	10,567.49	9,134.76
- Fixed deposits	2,535.77	1,647.15
- In current account	1,903.49	3,238.21
- Public issue collection account	-	2.99
- Unclaimed dividend account	8.71	6.14
Post office savings bank A/c	0.06	-
	<u>15,573.09</u>	<u>14,381.88</u>
<b>SCHEDULE : 10</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>(UNSECURED, CONSIDERED GOOD)</b>		
Loans	571.87	1,437.91
Advances recoverable in cash or kind or for value to be received	33,540.48	36,399.12
Interest accrued but not due	1,062.26	356.64
Interest accrued and due on NSC	0.77	-
Advance payment of Income tax (including TDS of Rs. 1102.69 lacs, previous year Rs. 919.09 lacs)	1,635.29	1,061.83
Deposit with customs, central excise authorities	349.39	299.83
	<u>37,160.06</u>	<u>39,555.33</u>
<b>SCHEDULE : 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry creditors	74,295.52	72,318.10
Other liabilities	18,032.85	6,422.75
Unclaimed dividend / Dividend payable	8.79	9.53
Interest accrued but not due	11.45	313.86
	<u>92,348.61</u>	<u>79,064.24</u>
<b>SCHEDULE : 12</b>		
<b>PROVISIONS</b>		
Provision for taxation	789.77	193.19
Proposed dividend	661.96	663.99
Tax on dividend (including surcharge)	84.81	-
	<u>1,536.54</u>	<u>857.18</u>



**Schedules 13 to 18 forming part of the Consolidated  
profit & loss account for the year ended 31st March, 2003**

PARTICULARS	(Rs. In Lacs)	
	2002-2003	2001-2002
<b>SCHEDULE : 13</b>		
<b>SALES &amp; OPERATING EARNINGS</b>		
Sales	<b>4,41,725.58</b>	3,71,768.94
Export incentives	<b>1,134.51</b>	1,997.21
Commission & service charges (TDS Rs. 45.67 lacs, previous year Rs. 85.94 lacs)	<b>6,661.58</b>	1,861.87
Miscellaneous Income (TDS Rs. 6.35 lacs, previous year Rs. NIL)	<b>834.15</b>	508.14
	<b>4,50,355.82</b>	3,76,136.16
<b>SCHEDULE : 14</b>		
<b>OTHER INCOME</b>		
Dividend (Gross) (TDS Rs. 0.19 lacs, previous year Rs. NIL)	<b>8.02</b>	213.20
Profit on sale of investments	<b>5,968.23</b>	700.00
Profit on sale of fixed assets	<b>15.36</b>	0.04
	<b>5,991.61</b>	913.24
<b>SCHEDULE : 15</b>		
<b>COST OF MATERIALS</b>		
Raw material consumed		
Opening stock	<b>90.08</b>	455.43
ADD : Purchases during the year	<b>43,952.64</b>	1,468.56
	<b>44,042.72</b>	1,923.99
LESS : Closing stock	<b>506.82</b>	7.27
	<b>43,535.90</b>	1,916.72
ADD : Processing charges	<b>902.58</b>	1,180.37
	<b>44,438.48</b>	3,097.09
Purchase of traded goods	<b>3,72,149.30</b>	3,48,633.13
Decrease / (Increase) in stock		
Opening stock of finished / traded goods	<b>17,438.64</b>	12,564.95
Closing stock of finished / traded goods	<b>13,276.52</b>	13,246.09
	<b>4,162.12</b>	(681.14)
Stock-in-process		
Opening stock	<b>184.59</b>	-
Closing stock	<b>22.91</b>	-
	<b>161.68</b>	-
	<b>4,20,911.58</b>	3,51,049.08
<b>SCHEDULE : 16</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries & bonus	<b>870.90</b>	740.09
Contribution to provident & other funds	<b>106.97</b>	83.18
Staff welfare expenses	<b>55.41</b>	17.33
	<b>1,033.28</b>	840.60



PARTICULARS	2002-2003		2001-2002	
(Rs. In Lacs)				
<b>SCHEDULE : 17</b>				
<b>OPERATION &amp; OTHER EXPENSES</b>				
Rent		<b>179.78</b>		91.62
Rates & taxes		<b>269.26</b>		92.89
Postage, telephone & telex expenses		<b>227.20</b>		268.98
Stationery & printing expenses		<b>47.12</b>		38.51
Bank commission / charges		<b>1,911.18</b>		1,774.82
Selling & distribution expenses				516.68
<b>REPAIRS TO</b>				
Office building	<b>26.28</b>		12.97	
Office equipments	<b>33.99</b>		23.96	
Others	<b>55.29</b>		58.68	
Electric power expenses		<b>115.56</b>		95.61
Insurance expenses		<b>426.61</b>		76.88
Miscellaneous expenses		<b>330.27</b>		227.88
Loss of stock (Accident)		<b>1,791.58</b>		686.20
Chemicals & consumables		<b>5.59</b>		-
Payment to auditors		<b>365.28</b>		-
Office expenses		<b>16.55</b>		12.84
Directors sitting fees		<b>25.20</b>		85.50
Loss on sale of assets		<b>1.75</b>		1.10
Loss on sale of investments		<b>21.77</b>		12.91
Clearing & forwarding expenses		<b>11.20</b>		27.22
Commission to supporting manufacturers		<b>5,681.97</b>		4,702.59
Packing expenses		<b>0.00</b>		289.99
Advertisement expenses		<b>2,416.96</b>		141.20
Supervision & testing expenses		<b>579.19</b>		10.44
Sales promotion expenses		<b>378.24</b>		359.35
Bad-debts written off (net of recovery Rs. 63 lacs, previous year Rs. NIL)		<b>19.25</b>		21.45
Less :- Transferred from general reserve	<b>3,583.22</b>		3,031.34	
Diminution in value of investments :	<b>3,487.16</b>	<b>96.06</b>	3,031.34	-
Less :- Transferred from general reserve	-	-	266.73	
Brokerage, commission & service charges		<b>1,093.65</b>		909.40
Traveling & conveyance expenses		<b>434.48</b>		402.50
Exchange rate difference		<b>1,124.15</b>		697.64
		<b>17,569.85</b>		<b>11,544.20</b>
<b>SCHEDULE : 18</b>				
<b>INTEREST EXPENSES</b>				
Interest others	<b>2,516.84</b>		3,007.00	
Interest on bank borrowings	<b>5,958.77</b>		5,408.41	
		<b>8,475.61</b>		8,415.41
<b>LESS : INTEREST INCOME</b>				
Interest on deposit & others (Gross) TDS of Rs. 273.68 lacs (previous year Rs. 723.23 lacs)		<b>3,756.68</b>		3,524.91
		<b>4,718.93</b>		<b>4,890.50</b>



**SCHEDULE: " 19 "**

**Notes forming part of the consolidated accounts**

**A) SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY IN PREPARATION AND PRESENTATION OF CONSOLIDATED ACCOUNTS:**

**1. Basis of accounting:**

The financial statements are prepared in accordance with the requirement of the Companies Act, 1956, including the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, as referred to in Section 211 (3C) of the Companies Act, 1956, under historical cost convention on an accrual basis.

**2. Principles of consolidation:**

- a) The consolidated financial statements have been prepared in accordance with Accounting Standard 21(AS 21) on "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) on "Financial Reporting of Interest in Joint Venture" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Adani Exports Limited (AEL) and its subsidiaries and joint venture. Reference in the notes to "Group" shall mean to include AEL, its subsidiaries and joint venture consolidated in these financial statements unless otherwise stated.
- b) The consolidated financial statements have been prepared on the following basis.
  - i) The financial statements of the Group are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21.
  - ii) In case of joint venture, the Group's share in the assets, liabilities, income and expenses has been accounted for using the proportionate consolidation method, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 27.
  - iii) In case of Adani Container (Mundra) Terminals Limited (ACTL), an associate, where the Company holds more than 20% of the equity, investment in associates is accounted for in accordance with AS-13 "Accounting for Investments" and not using equity method in accordance with AS-23 "Accounting for Investment in Associates in Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India considering that the Company intends to dispose off its investment in ACTL in the near future.
  - iv) The difference between the cost of investment in the subsidiaries / joint venture over the net assets at the time of acquisition of the investment in the subsidiaries / joint venture is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
  - v) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the consolidated financial statements.
  - vi) The name of Adani Wilmar Trading Pte. Limited, a joint venture company has been struck off during the year, has not been included in preparation of the consolidated financial statements.

The list of companies included in consolidation, relationship with Adani Exports Limited and Adani Exports Limited's shareholding therein is as under:

Name of Company	Country of incorporation	Relationship	Shareholding	Reporting date
Adani Global Ltd.(AGL)	Mauritius	Subsidiary	100%	31-12-02
Adani Global FZE (AGFZE)	U.A.E.	Subsidiary	100% by AGL	31-12-02
Adani Global Pte Ltd. (AGPTE)	Singapore	Subsidiary	100% by AGL	31-12-02
Adani Chemical Ltd.(ACL)	India	Subsidiary	51.02%	31-03-03
Adani Wilmar Ltd.(AWL)	India	Joint venture	50%	31-03-03

The list of companies included in consolidation in the previous year, relationship with Adani Exports Limited and Adani Exports Limited's shareholding therein is as under:

Name of Company	Country of incorporation	Relationship	Shareholding	Reporting date
Adani Global Ltd.(AGL)	Mauritius	Subsidiary	100%	31-12-01
Adani Global FZE (AGFZE)	U.A.E.	Subsidiary	100% by AGL	31-12-01
Adani Global Pte Ltd. (AGPTE)	Singapore	Subsidiary	100% by AGL	31-12-01
Adani Chemical Ltd.(ACL)	India	Subsidiary	51.02%	31-03-02

3. As this is the first year of Accounting Standard (AS 27) on "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India, figures for the previous year are therefore not comparable to that extent.

**4. Significant accounting policies:**

**a) SYSTEM OF ACCOUNTING**

- i) The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- ii) Accounting policies, not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- iii) All expenditure and income to the extent considered payable and receivable respectively are accounted for on accrual basis except those with significant uncertainties.





b) **FIXED ASSETS**

Fixed assets are stated at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation.

c) **DEPRECIATION**

- i) Depreciation on fixed assets is provided on straight line method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs.
- ii) Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

d) **INVESTMENTS**

- i) Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.
- ii) Investment in shares of foreign subsidiary company is expressed in Indian currency at the rates of exchange prevailing at the time when the investment was made.

e) **INVENTORIES**

- i) Inventories are valued at lower of cost or net realisable value.
- ii) The Custom duty in respect of closing inventory of finished goods is included as cost of inventory.
- iii) The basis of determining cost for various categories of inventories are as follows:
  - a) Raw material : First in first out (FIFO)
  - b) Traded / Finished goods : First in first out (FIFO) / Specific identification of their individual costs – as the case may be.
  - c) Stores, chemical & packing materials : First in first out (FIFO)
  - d) Licences on hand : Specific identification of their individual costs

f) **CUSTOMS DUTY**

The year end inventory of finished goods and materials in bond are valued inclusive of custom duty respectively, in accordance with revised guidance note on "Accounting Treatment for Excise Duty" issued by the Institute of Chartered Accountants of India.

g) **EXCISE DUTY**

The excise duty in respect of closing inventory of finished goods is included as part of inventory. The amount of CENVAT, credits in respect of materials consumed for sales is deducted from cost of material consumed.

h) **COMMODITY HEDGING TRANSACTIONS**

The commodity hedging contracts are accounted on the date of their settlement & realised gain / loss in respect of settled contracts are recognised in the profit and loss account, together with the underlying transactions.

i) **ACCOUNTING OF CLAIMS**

- i) Claims received are accounted at the time of lodgement depending on the certainty of receipt and claims payable are accounted at the time of acceptance.
- ii) Claims raised by Government authorities regarding taxes and duties, which are disputed by the Company, are accounted based on legality of each claim. Adjustments, if any are made in the year in which disputes are finally settled.

j) **EXPORT INCENTIVES**

Export benefits under duty entitlement pass book and duty draw back are accounted on accrual basis to the extent considered receivable.

k) **PROPOSED DIVIDEND**

Dividend proposed by the Directors is provided for in the books of account pending approval at the Annual General Meeting.

l) **CAPITAL WORK-IN-PROGRESS**

Advances paid towards the acquisition of fixed assets, and the cost of assets not put to use before the year ended, are disclosed under capital work-in-progress..

m) **INSURANCE CLAIMS**

Insurance and other claims to the extent considered recoverable are accounted for in the year of claim based on the amount assessed by the surveyor. However, claims and refunds whose recovery can not be ascertained with reasonable certainty, are accounted for on acceptance/actual receipts basis.

n) **CONTINGENT LIABILITIES**

All known liabilities are provided for in the accounts except liabilities which are of a contingent nature, in respect of which suitable disclosures are made in the accounts.

o) **PRIOR PERIOD ITEMS**

Prior period expenses/income is accounted under the respective heads. Material items, if any, are disclosed separately by way of note.



p) **REVENUE RECOGNITION**

- i) Sales of goods is recognised on shipment or despatch to customer sales and net of sales-tax and return.
- ii) Dividend income from investments is recognised when the Company's right to receive payment is established.
- iii) Income from services rendered is accounted for when the work is performed.

q) **FOREIGN CURRENCY TRANSACTIONS**

- i) Export sales are accounted for at the rate as on the date of negotiation or collection or at forward contract rates, wherever applicable.
- ii) Imports are accounted for at contracted rates or at actuals, wherever applicable.
- iii) The foreign exchange difference/roll-over charges for the forward contracts and payments/receipts on cancellation of forward contracts are adjusted to the profit and loss account.
- iv) Foreign currency liabilities are revalued in the accounts on the basis of exchange rates prevailing at the close of the year and exchange difference arising therefrom charged to the profit and loss account.

r) **RETIREMENT BENEFITS**

- i) **Provident fund and pension fund:** The Company contributes towards provident and pension fund which is administered by Central Government and are charged against revenue every year.
- ii) **Gratuity and superannuation fund:** Liabilities for payment of gratuity & super annuation to employees are covered through group gratuity & super annuation Scheme of Life Insurance Corporation of India and are charged against revenue every year.
- iii) **Leave encashment:** The Company has provided the liabilities pertaining to accrued leave encashment as at the year end in its books of accounts on the basis of the actuarial valuer's certificate.

s) **BORROWING COST**

Interest and other costs in connection with the borrowing of funds by the Company are recognised as an expense in the period in which they are incurred unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.

t) **SEGMENT ACCOUNTING**

General Clarification (GC) – 11/2002, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, on AS 17, Segment Reporting clarifies that in case, by applying the definitions of "business segment" and "geographical segment" given in AS 17, it is concluded that there is neither more than one business segment nor more than one geographical segment, segment information as per AS 17 is not required to be disclosed.

u) **RELATED PARTY TRANSACTIONS**

Parties are considered to be related if at any time during the year, one party has the ability to control the other party or to exercise significant influence over the other party in making financial and/or operating decisions.

v) **EARNING PER SHARE**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax attributable to equity share holder. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

w) **TAXATION**

- a) Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment years.
- b) In case of matters under appeal, due to disallowance or otherwise, full provision will be made when the said liabilities are accepted.

x) **DEFERRED TAXATION**

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise as deferred tax charge/benefit in the profit and loss account and as deferred tax asset/liabilities in the balance sheet.

5. In case of AGFZE, AGPTE and AGL, the summarized revenue and expenses transactions at the year end reflected in profit & loss account have been translated into Indian rupees at an average of average monthly exchange rate.

The assets and liabilities in the balance sheet have been translated into Indian rupees at the closing exchange rate at the year end. The resultant translation exchange, gain / loss has been disclosed as exchange reserves in reserves and surplus.

6. **Minority Interest**

Minority share includes 2,40,000 equity shares of Rs. 10/- each fully paid up, issued by Adani Chemical Ltd.

7. **Other Significant Accounting Policies:**

These are set out in the notes to accounts under "Statement of Accounting Policies" of the financial statements of the Company, AGL, AGFZE, AGPTE & ACL.

**(B) NOTES ON ACCOUNTS**

1. Cumulative redeemable preference shares under series VII of the face value of Rs. 10/- each are redeemable at the end of five years from the date of allotment, being 10-06-2000. The Company has an option to redeem the preference shares any time after 4 years in case of series VII, from the date of issue at a par.

2. Buildings include cost of ownership accommodations including Rs. 0.03 lacs (Previous year Rs. 0.03 lacs), being cost of shares held in various co-operative societies.



3. Office premises of Rs. 375.25 lacs, includes Rs. 231.68 lacs represent unquoted shares (160 equity shares of A type and 1280 equity shares of B type of Rs. 100 each fully paid up) in Ruparelia Theatres P. Ltd. by virtue of investment in shares, the Company is enjoying rights in leasehold land and Rs. 143.57 lacs, towards construction contribution and exclusive use of terrace and allotted parking space.

4. **Capital work in progress includes**

Building worth Rs. 64.64 lacs (previous year Rs. 64.64 lacs) has been disputed and the matter is sub-judice.

5. No provision has been made in the accounts for diminution in the value of investments Rs. 104.86 lacs (previous year Rs. 173.70 lacs) by reason of these investments being strategic "Long Term Investments" and the decline in their value being on account of temporary factors, in view of the Management.

6. **Capital Commitments**

	(Rs. in Lacs)	
Estimated amount of contracts remaining to be executed and not provided for (Including Joint Venture)	<b>6.57</b>	31.33

7. During the year, outstanding in receivable account amounting to Rs. 1,609.12 lacs (previous year Rs. 1,904.55 lacs) outstanding for more than six months and trade advances given in the due course of business of Rs. 1,941.05 lacs (previous year Rs. 1,126.78 lacs) has been identified as doubtful of recovery. The determination of this balance of written off amount is based on evaluation of individual advances, current economic conditions, viability and other factors and reflects an amount which, in management's judgement, is doubtful of recovery. Accordingly, the above amount in respect of outstanding dues representing sales affected in past years has been debited to the profit & loss account. An equivalent amount has been withdrawn from the general reserve to offset this charge, as it pertains to past years'.
8. Sundry creditors, sundry debtors and loans and advances include certain items for which confirmations are yet to be received and include certain long outstanding balances which are considered payable / realisable, as the case may be. Provision for doubtful debts, if any, in respect of above and the consequential adjustment, if any, arising out of reconciliation are unascertainable at this stage.
9. Loans & advances include claim against the insurance company in respect of loss of materials, pending settlements, which is yet to be settled by the insurance company. To expedite the matter, company had filed an application before High Court of Gujarat against which the Honorable High Court has instructed to dispose of the matter within 3 months. Hence, the adjustment in company account in respect thereon will be made on settlement of the claim by insurance company.
10. The Company has given advances to some of the parties for fulfilment of commitment, and for non-fulfillment of commitment, the Company has taken legal action and is examining other options for recovery of the Advances.
11. Export incentive receivable under Pass Book Scheme included under the head loans & advances are disputed in respect of determination of value the matter is pending for disposal with the Supreme Court. Shortfall / Excess if any will be taken into accounts as and when it is determined.
12. The Company has initiated legal proceedings against various parties for recovery of dues and such legal proceedings are at different stages as at the date of the balance sheet and are expected to materialise in recovering the dues in the future. Management is hopeful of their recovery. In the opinion of the Management adequate balance lying in general reserve to meet the eventuality of this account being irrecoverable.
13. Contingent liabilities not provided for

PARTICULARS	(Rs. in Lacs)	
	<b>AS AT 31-03-2003</b>	AS AT 31-03-2002
a) Claims against the Company not acknowledge as debts	<b>347.00</b>	67.00
b) In respect of corporate guarantee given :-		
i) To Companies under the same Management	<b>63,562.00</b>	80,722.00
ii) For obligations to other parties	<b>100.00</b>	100.00
c) In respect of disputed demand from custom authorities for which the liability is not ascertainable	-	-
d) Demand against the Company not admitted as debts regarding sales tax against which appeals are pending	<b>105.32</b>	236.90
e) Demand against the Company not admitted as debts regarding custom duty against which appeals are pending	<b>1,432.19</b>	37.03
f) In respect of bank guarantees given towards		
i) To Govt. agencies for exports	<b>1,090.00</b>	810.75
ii) Towards various demurrage claims under settlement	<b>128.71</b>	708.08
g) Uncalled liability on partly paid investments	-	24.70
h) Unredeemed bank guarantees	<b>70.57</b>	-
i) Letter of credit [Secured by hypothecation of tangible movable assets (both present & future) and a second charge on all immovable Properties (both Present & future)]	<b>106.88</b>	-



- j) Certain claims / show cause notices disputed have neither been considered as contingent liabilities nor acknowledged as claims based on the opinions obtained in the earlier years from prominent legal counsels.
  - k) No provision has been made in the accounts for demands of income-tax for the earlier years amounting to Rs. 0.13 lacs (previous year Rs. 18.62 lacs) against which appeals have been filed.
  - l) 12,50,000 (previous year NIL) equity shares of Rs. 10/- each fully paid up in Gujarat Adani Port Limited, held by the Company as investment have been pledged for securing financial assistance granted by the lenders to that company.
  - m) During the year under inspection by the Department of Company Affairs (DCA), noticed certain irregularities. The Company had filed compounding applications, which are pending before DCA. The proceedings are pending and liability is not ascertainable.
  - n) The Company has imported plant and machinery under EPCG Scheme, pending export obligation of Rs. 2,398.71 lacs which is needed to be fulfilled within next 6 years.
14. The Company has given counter guarantee to Housing Development Finance Corporation Limited (HDFC) against loan given to employees amounting to Rs. 62.13 lacs (previous year Rs. 89.22 lacs) for construction / purchase of residential houses.
15. The Company has taken out a group gratuity insurance policy with the Life Insurance Corporation of India for future payments of retirement gratuity to employees. In the event of any employees leaving service earlier, the Company will have to bear a certain portion of the gratuity which is not ascertainable and no provision has been made in respect thereof.
16. Sundry creditors include Rs. 56.54 lacs for liability against leave earned (leave liability actuarially valued at 31-3-2002 is Rs. 33.57 lacs)
17. In terms of notification issued by the Department of Company Affairs dated 22-02-1999, the Company is required to make certain additional disclosures under the head "Sundry Creditors" in respect of dues to small scale industrial undertakings. In absence of complete information about the status of creditors as to whether they constitute an SSI undertaking as on 31-3-3003, the details of amount due to each small scale undertakings exceeding Rs. 1.00 lacs and outstanding for more than 30 days could not be complied and disclosed.
18. Other liabilities include Rs. 5.00 lacs (previous year Rs. 9.00 lacs) received against agreement to sell of land pending other formalities.
19. Other liabilities include Rs. 381.16 lacs (previous year Rs. 386.51 lacs) being temporary overdrawn balance in current account with scheduled banks.
20. a) Provision for taxation for the year has been made after considering allowance, claims and relief's available to the Company as advised by the Company's tax consultants.  
b) Various tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and management does not estimate any incremental liability in respect of legal proceedings.
21. No amounts are due for deposits as at the balance sheet date to the Investors Education and Protection Fund.
22. Items of expenditure in the profit and loss account include reimbursements to and by the Company.
23. Disclosure as required by Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India are given below:  
Being the Company is lessee:
- (i) The Company's significant leasing arrangements are in respect of godowns / residential / office premises (including furniture and fittings therein, as applicable). The aggregate lease rental payable are charged to profit and loss account as rent in Schedule 17.
  - (ii) The leasing arrangements which are cancelable range between 11 months to 3 years. They are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given.
24. In view of the amendment of Section 115 O of the Income-Tax Act, 1961 in the Finance Act, 2003, tax on distributed profits of Rs. 84.81 lacs has been provided for during the current year (previous year Rs. NIL)
25. Payments to Auditors (including service tax):

	(Rs. in Lacs)	
	<b>2002-2003</b>	2001-2002
i Audit fee	<b>13.20</b>	10.32
ii Tax audit fee	<b>2.55</b>	2.10
iii Other services	<b>0.84</b>	0.50
iv Reimbursement	<b>0.05</b>	-
<b>Total</b>	<b>16.63</b>	12.92

26. Rs. 127.35 lacs being net gain on account of exchange rate difference has been adjusted in profit and loss account.  
Rs. 23.43 lacs being net loss on account of exchange rate difference in respect of forward cover contracts will be recognized in the profit and loss account in subsequent year.



27. Prior period adjustments includes :

	(Rs. in Lacs)	
	<b>2002-2003</b>	2001-2002
Debits relating to earlier years	<b>177.42</b>	90.88
Credits relating to earlier years	<b>144.06</b>	31.24
<b>Net Total</b>	<b>33.37</b>	59.64

28. Miscellaneous income includes Rs. 6.52 lacs (previous year Rs. 8.36 lacs) being net of Debit & Credit balances no longer required & written off during the year.

29. The project of Indian subsidiary company is under implementation and has not yet started any commercial activity. Hence, no profit & loss account has been prepared for the year ended 31st March, 2003. However, necessary details as per Schedule – VI Part II of the Companies Act, 1956 to the extent applicable has been disclosed under the head “Pre-operative Expenses” (Pending allocation) as under which will be capitalized on completion of the Project.

Head of Account	(Rs. in Lacs)	
	<b>Up to 31/03/2003</b>	Up to 31/03/2002
Salaries (include welfare expenses)	<b>9.75</b>	9.75
Rent, rates & taxes	<b>46.91</b>	38.92
Repairs & maintenance to building & other assets	<b>3.05</b>	3.05
Insurance	<b>0.90</b>	0.90
Traveling conveyance	<b>17.91</b>	17.89
Consultancy charges	<b>30.38</b>	30.38
Stationery, printing, telephone, postage & advertisement expenses	<b>10.44</b>	10.42
Vehicle expenses	<b>4.32</b>	4.32
Audit fees	<b>0.83</b>	0.75
Depreciation	<b>29.13</b>	26.43
General charges (including loss on sale of vehicle)	<b>12.07</b>	11.84
Professional fees	<b>26.08</b>	25.53
Application fees	<b>0.50</b>	0.50
	<b>192.27</b>	180.68
Less: Interest received	<b>4.89</b>	4.89
Liabilities written back	<b>0.014</b>	0.014
Application fees refunded	<b>0.50</b>	0.50
<b>Total</b>	<b>186.86</b>	175.28

30. **Related party disclosure (As identified by the Management)**

i) **Name of related parties & description of relationship**

**A Controlling companies**

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**B Associate entities**

Adani Properties Private Ltd.  
Adani Agro Private Ltd.  
Adani Container (Mundra) Terminals Ltd.  
Adani Port Infrastructure Ltd.  
Adani Port Ltd.  
Advance Exports  
Adani Impex Pvt. Ltd.  
Adani Petronet (Dahej) Port Pvt. Ltd.  
B2C India Ltd.  
Crown International  
Gujarat Adani Energy Ltd.  
Gujarat Adani Infrastructure Private Ltd.  
Gujarat Adani Port Ltd.  
i Call India Ltd.  
Intercontinental (India)  
Shahi Property Developers Pvt. Ltd.  
Shantivan

**C Key Management Personals**

Shri Gautam S. Adani  
Shri Rajesh S. Adani  
Shri Vasant S. Adani

**D Relatives**

Shri Vinodbhai Adani  
Smt. Ranjan Vinodbhai Adani



ii) Nature & volume of transaction with related parties

Particulars	(Rs. in Lacs)		
	Associate Entities	Key Mngt. Personnel	Relatives
1 Sales (net of return)	<b>4,518.44</b>	-	-
	401.90	-	-
2 Sale of investment	<b>4,400.00</b>	-	-
	750.00	-	-
3 Sale of fixed assets	-	-	-
	0.18	-	-
4 Purchase net of return	<b>211.95</b>	-	-
	11,698.19	-	-
5 Interest – received / (paid)	-	-	-
	3,056.03	-	-
6 Funds given (including equity participation)	<b>3,569.67</b>	-	-
	56,076.37	-	-
7 Funds received	<b>8,543.17</b>	-	-
	55,028.17	-	-
8 Service rendered	<b>603.11</b>	-	-
	712.13	-	-
9 Service availed	<b>4,748.66</b>	-	-
	1,150.02	-	4.05
10 Rent paid	<b>26.69</b>	-	<b>3.60</b>
	39.29	-	-
11 Rent received	-	-	-
	-	-	-
12 Remuneration	-	<b>77.80</b>	-
	-	105.69	-
13 Guarantee & collateral securities (whether given/availed previous year's figures) (outstanding facility as on 31.03.2003)	<b>36,022.00</b>	-	-
	55,926.00	-	-
14 Balance outstanding as on 31st March 2003	<b>7,984.15</b>	-	-
	1,169.95	-	-

31. Earning Per Share

Particulars	(Rs. in Lacs)	
	Year ended 31st March, 2003	Year ended 31st March, 2002
Net profit after tax provision	<b>11,020.06</b>	8,399.56
Less: Preference dividend including tax thereon	<b>314.30</b>	823.20
Net profit after tax available for equity shareholders	<b>10,705.76</b>	7,576.36
Weighted average no. of equity shares of Rs. 10 each outstanding during the year	<b>2,20,47,400</b>	2,20,47,400
Basic earning per share (in Rs.)	<b>48.56</b>	34.36

The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earning per share of the Company remain the same.

32. a) Deferred tax

Particulars	(Rs. in Lacs)	
	Year ended 31st March, 2003	Year ended 31st March, 2002
Deferred tax liability on account of		
(i) Depreciation	<b>956.57</b>	396.27
<b>Total</b>	<b>956.57</b>	396.27
Deferred tax assets on account of		
(i) Miscellaneous expenditure	<b>0.98</b>	0.85
(ii) Brought forward capital loss	<b>14.46</b>	7.19
(iii) Diminution in value of investments	<b>54.68</b>	56.01
(iv) Leave encashment	<b>20.28</b>	-
(v) Other	<b>0.75</b>	-
<b>Total</b>	<b>91.15</b>	64.05
Net Deferred Tax Liability	<b>865.42</b>	332.21



b) In accordance with "Accounting Standard 22", the deferred tax assets of Rs. 47.60 lacs (previous year liabilities of Rs. 9.61 lacs) for the year has been recognised in the profit & loss account.

33. The Group has 50% interest in a joint venture, Adani Wilmar Limited, incorporated in India. The following represents the Group's share of assets and liabilities as at 31st March, 2003 and income and expenses for the year ended on that date in the JV incorporated in the financial statements before elimination of intra-group transactions.

<b>Net Assets</b>	<b>Rs. in Lacs</b>
Net fixed assets	4,025.56
Investments	100.64
Inventories	9,591.79
Debtors	1,705.89
Cash & bank balances	2,119.45
Other current assets	-
Loans & advances	639.21
Current liabilities	12,108.66
Deferred tax liability (Net)	580.81
Net assets	18,182.55
<b>Profit &amp; loss account</b>	
Sales	62,800.49
Expenditure	61,474.68
Depreciation	205.09
Tax provision	235.91

34 Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.  
Signature to Schedule " 1 " to " 19 ".

For and on behalf of the Board

**GAUTAM S. ADANI**  
Chairman

**RAJESH S. ADANI**  
Managing Director

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

**HEMENDRA C. SHAH**  
Company Secretary



## Consolidated Cash Flow Statement for the year ended 31st March, 2003

(Rs. In Lacs)

Sr.	Particulars	2002-2003		2001-2002	
<b>A</b>	<b>CASH FLOW FROM OPERATIONS</b>				
	<b>Net Profit before tax &amp; extraordinary items</b>		<b>11,703.47</b>		8,436.81
	Adjustment for:				
	Depreciation	423.35		228.57	
	Income from investments	(8.02)		(213.20)	
	Loss on sale of investment	11.20		26.42	
	Profit on sale of investment	(5,968.23)		(700.00)	
	Profit on sale of assets	(15.36)		(0.04)	
	Loss on sale of fixed assets	21.77		13.71	
	Interest paid	8,475.61		8,415.41	
	Interest income	(3,756.68)		(3,524.91)	
	Preliminary expenses written off	0.00		0.43	
			<b>(816.36)</b>		
	<b>Operating Profit before working capital changes</b>		<b>10,887.11</b>		12,683.21
	Adjustment for:				
	Trade & other receivables	(14,132.60)		(7,222.83)	
	Inventories	(4,071.62)		(243.51)	
	Loans & advances	1,734.08		(5,717.89)	
	Trade payables	13,586.78		17,198.97	
			<b>(2,883.36)</b>		4,014.74
	<b>Cash generated from operations</b>		<b>8003.75</b>		16,697.95
	Direct tax (paid) refund	(537.50)	(537.50)	(4.08)	(4.08)
	<b>Net cash from operating activities</b>		<b>7,466.25</b>		16,693.87
<b>B</b>	<b>Cash flow from investing activities</b>				
	Additions to fixed assets	(619.28)		(317.16)	
	Additions to work in progress	(16.07)		0.00	
	Sale of fixed assets	78.04		13.88	
	Sale of investments	6,925.53		778.54	
	Purchase of investments	(133.87)		(563.09)	
	Income from investments	8.02		10.84	
	Interest received	3,050.29		3,524.91	
	Pre-operative expenditure	(8.88)		(6.48)	
	<b>Net cash used in investing activities</b>		<b>9,283.78</b>		3,441.44
			<b>16,750.03</b>		
<b>C</b>	<b>Cash flow from financing activities</b>				
	Redemption of preference shares	(1,000.00)		(1,050.00)	
	Proceeds from working capital borrowings	4,735.07		(2,303.32)	
	Proceeds from long term borrowings	(5,335.56)		(6,625.41)	
	Proceeds from short term borrowings	(2,743.86)		(102.75)	
	Interest paid	(8,861.18)		(8,415.41)	
	Dividend paid	(806.67)		(1,173.78)	
			<b>(1,4012.20)</b>		(19,670.68)
<b>D</b>	<b>Others</b>		<b>2,737.83</b>		
	Exchange reserve		(155.25)		38.53
	Adjustments for JV		(1,391.37)		
	Net increase/(decrease) in cash & cash equivalents		<b>1,191.21</b>		503.16
	Cash & cash equivalent at the beginning of the year		<b>14,381.88</b>		13,878.71
	Cash & cash equivalent as at 31/03/2003		<b>15,573.09</b>		14,381.88

Notes :-

- 1 The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS)-3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- 2 Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.
- 3 Cash and cash equivalents includes Rs. 8,967.75 lakhs (previous year Rs. 9143.89 lakhs) which are not available for use by the Company (refer Schedule 9 to the accounts).
- 4 As this is the first year of adoption of Accounting Standard - 27, "Financial Reporting of interests in Joint Ventures" issued by The Institute of Chartered Accountants of India, adjustments relating to the difference arising on account of opening block of fixed assets, opening balance of profit & loss account and opening balance of investments relating to joint ventures of the Company considered for its consolidated financial statements are shown as "adjustments for Joint Venture" in consolidated statement of cash flows for the year ended March 31, 2003.
- 5 The figures in bracket represent outflows of cash and cash equivalents.

For and on behalf of the Board

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

**GAUTAM S. ADANI**  
Chairman

**D. A. PARIKH**  
Proprietor

**HEMENDRA C. SHAH**  
Company Secretary

**RAJESH S. ADANI**  
Managing Director

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003

PLACE : AHMEDABAD  
DATE : 28TH JUNE, 2003





## REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF ADANI EXPORTS LIMITED

1. We have audited the attached consolidated balance sheet of Adani Exports Limited, its subsidiaries and joint venture as at March 31, 2003, the consolidated profit and loss account for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year ended on that date which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Indian subsidiary referred to in Note 2 of Schedule 19 to the consolidated financial statements, for the year ended 31st March, 2003 whose financial statements reflect total assets of Rs. 261 lacs as at 31st March, 2003 and total revenue of Rs. NIL for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the reports of the other auditors.
4. We also did not audit the financial statements of foreign subsidiaries referred to in Note 2 of Schedule 19 to the consolidated financial statement, for the year ended 31st December, 2002 whose financial statements reflect total assets Rs. 24982.88 lacs as at 31st December, 2002 and total revenue of Rs. 134831.61 lacs for the year ended. These financial statements have been audited by other auditors, whose reports have been furnished to us. It was not practicable to draw up the financial statements of these foreign subsidiaries to 31st March, 2003. Significant transactions & other events between 1st January, 2003 to 31st March, 2003 are taken into consideration while preparing the consolidated financial statements.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements, and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Adani Exports Limited, its subsidiaries and joint ventures included in the consolidated financial statements.
6. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Adani Exports Limited, its subsidiaries and joint ventures, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated balance sheet, of the consolidated state of affairs of Adani Exports Limited, its subsidiaries and joint venture, as at 31st March, 2003.
  - (b) in the case of the consolidated profit and loss account, of the consolidated results of operations of Adani Exports Limited, its subsidiaries and joint venture, for the year then ended ; and
  - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of Adani Exports Limited, its subsidiaries and joint venture, for the year then ended.

For **DHARMESH PARIKH & CO.**  
Chartered Accountants

Place: Ahmedabad  
Date : 28TH JUNE, 2003

**(D. A. PARIKH)**  
Proprietor



## DIRECTORS' REPORT

To,  
The Members

### ADANI CHEMICALS LIMITED

Your Directors have pleasure in presenting the Eleventh Annual Report together with the audited accounts of the Company for the financial year ended 31st March, 2003.

#### FINANCIAL HIGHLIGHTS:

During the year under review as the Company's project is under implementation, it has not started any trading or manufacturing activities. Hence, no profit and loss account has been made.

Total expenditure incurred on the project up to financial year 2002-2003 is about Rs. 2,56,19,326/- (including depreciation Rs. 25,05,518/-). The corresponding figure of expenditure for previous year is Rs. 2,51,74,710/- (including depreciation Rs. 22,34,919/-).

The Directors of the Company are putting their best efforts in the right direction for implementation of the project.

#### DIVIDEND:

As the Company has not started any commercial activities, your Directors, do not recommend any dividend for the year under review. Preference shareholders have waived arrears of accumulated dividends of 1000 15% redeemable cumulative preference shares of Rs. 100/- each up to 31st March, 2003, in their extra ordinary general meeting held on 21st May, 2003.

#### SHARE CAPITAL :

During the year under review, pursuant to the special resolutions passed by the equity shareholders & preference shareholders in their general meetings held on 21st May, 2003, time limit of redemption of 1000 15% redeemable cumulative preference shares of Rs. 100/- each has been extended by further five years to 25th May, 2008.

#### FIXED DEPOSITS:

During the year under review, the Company has not accepted any deposits from public.

#### DIRECTORS:

During the year under review Shri Jay Shah retires by rotation but being eligible offers himself for reappointment.

#### COMPANY SECRETARY:

During the year under review Mr. Bharat Thawani resigned from the office of Company Secretary w.e.f. 21/11/2002.

#### DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors confirm that in the preparation of the annual accounts for the year ended March 31, 2003-

- The applicable accounting standards have been followed and that no material departures have been made from the same.
- 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 period.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

#### AUDITORS:

The Company's Auditors M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad, will retire at the conclusion of ensuing Annual General Meeting and offer themselves for reappointment.

#### COMPLIANCE CERTIFICATE:

In accordance with section 383A of the Companies Act, 1956 and Companies (Compliance Certificate) Rules, 2001, the Company has obtained a certificate from a secretary in whole time practice confirming that the Company has complied with the provisions of the Companies Act, 1956 and copy of such certificate is annexed to this report.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO, ETC:

As Company has not started any commercial activity, 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 Board of Directors) Rules, 1988, is not appended. There is no foreign exchange earnings and outgo during the year under review.

#### PERSONNEL:

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975, read with Section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

#### ACKNOWLEDGEMENT:

The Directors take opportunity to thank the suppliers, bankers and all other personnel who are putting their wholehearted efforts for the implementation of the project.

For and on behalf of the Board

**RAJESH S. ADANI**  
Chairman

PLACE: AHMEDABAD  
DATE: 27TH JUNE, 2003



**Adani Chemicals Limited**  
(A Subsidiary Company of Adani Exports Limited)



## SECRETARIAL COMPLIANCE CERTIFICATE

**Registration No. of the Company : 04 - 18653**  
**Authorised Capital - 100.00 Lacs**

To,  
The Members  
**ADANI CHEMICALS LIMITED**  
'Shikhar', Nr. Adani House  
Mithakali Six Roads, Navrangpura  
Ahmedabad- 380 009

I have examined the registers, records, books and papers of Adani Chemicals Limited as required to be maintained under the Companies Act, 1956, and rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2003. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained the registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Gujarat, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the act and the rules made there under.
3. The Company being public limited company, has paid-up capital of Rs. 50,00,000/- ( Rupees Fifty Lacs) as on 31st March, 2003.
4. The Board of Directors met five times on 1st April, 2002, 8th June, 2002, 3rd September, 2002, 21st November, 2002 and 25th March, 2003 and the proceedings were properly recorded and signed in the minutes book maintained for the purpose. The Company has not passed any board resolution by circulation.
5. The Company was not required to close its register of members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2002, was held on 30th September, 2002 and the resolution passed thereat were duly recorded in the minutes book maintained for the purpose.
7. No extraordinary general meetings was held during the financial year under review.
8. The Company has not advanced any loans or given any guarantees or provided any securities to its directors or persons or firms referred to under Section 295 of the Companies Act, 1956.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Companies Act, 1956.
10. The Company was not required to make any entries in the register maintained under section 301 of the Companies Act, 1956.
11. As there were no instances falling within the purview of Section 314 of the Companies Act, 1956, the Company was not required to obtain any approvals from the Board of Directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company :
  - (i) has not made any allotment/ transfers/ transmission of securities during the financial year.
  - (ii) has not deposited any amount in a separate bank account as no dividend was declared during the financial period.
  - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial period.
  - (iv) has no unpaid dividend amount, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid and as are required to be transferred to Investor Education and Protection Fund.
  - (v) duly complied with the requirements of section 217 of the Companies Act, 1956.
14. The Board of Directors of the Company is duly constituted. There was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any managing director / whole-time director/ manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company had made application u/s 211(4) to Central Government for publishing figures in the balance sheet nearest to lacs, but the same was rejected by the Central Government. The Company was not required to obtain any other approvals from the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities as may be prescribed under the various provisions of the Companies Act, 1956, during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the act and the rules made there under.
19. The Company has not issued any new shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There were no redemption of preference shares/debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans, except inter-corporate deposit from the holding company, falling within the purview of Section 58A of the Companies Act, 1956, during the financial year.
24. The Company has not made any borrowings (except inter corporate deposits) during the financial year ended on 31st March, 2003.
25. The Company has not made loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for that purpose.



26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the object of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not carried out any alteration in its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company for alleged offences under the act and also no fines and penalties or any other punishment imposed on the Company in such cases, during the financial year.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards provident fund during the financial year, as the same is not applicable to the Company.

PLACE : AHMEDABAD  
DATE : 27TH JUNE, 2003

Name of Company Secretary : **TAPAN SHAH**  
C. P. No. : 2839

**Annexure A**

**Name of the Company : Adani Chemicals Limited**  
**Registration no. of the Company : 04 - 18653**  
**Authorised Capital - 100.00 Lacs**

**Registers as maintained by the Company**

1. Register of members u/s 150 of the Companies Act, 1956
2. Register of Directors' shareholding u/s 307 of the Companies Act, 1956
3. Register of Directors', Managing Director, Manager and Secretary u/s 303 of the Companies Act, 1956
4. Minutes book of Board of Directors u/s 193(1) of the Companies Act, 1956
5. Minutes book of the proceeding of general meeting u/s 193(1), 196(1) of the Companies Act, 1956
6. Register of members of preference shareholders
7. Register of investment
8. Register of contracts, companies and firms in which directors of the Company are interested u/s 301(3) of the Companies Act, 1956
9. Register of fixed assets
10. Register of attendance for board and general meetings.

**Annexure B**

**Name of the Company : Adani Chemicals Limited**  
**Registration No. of the Company : 04 - 18653**  
**Authorised Capital - 100.00 Lacs**

Forms and returns as filed by the Company with the Registrar of Companies, Gujarat, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2003.

**• With Registrar of Companies**

Sr. No.	Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time	If delay in filing, whether requisite additional fees paid
1.	32	303(2)	Appointment of Mr. Bharat Thawani as Co. Secretary w.e.f. 15/03/02	04/04/2002	Yes	No
2.	Rule 4A of deposit rule	58A	Statement in lieu of advertisement for acceptance of deposits	17/04/2002	Yes	No
3.	-	220(1)	Balance sheet made up to 31/03/2002	08/10/2002	Yes	No
4.	-	159(1)	Annual return under schedule V as of 30/09/2002	22/11/2002	Yes	No
5.	32	303(2)	Resignation of Mr. Bharat Thawani as Co. Secretary w.e.f. 21/11/02	19/12/2002	Yes	No

**• With Regional Director, Central Government or other authorities**

Not Applicable

PLACE : AHMEDABAD  
DATE : 27TH JUNE, 2003

Name of Company Secretary : **TAPAN SHAH**  
C. P. No. : 2839



## AUDITORS' REPORT

To,  
The Members of

### ADANI CHEMICALS LIMITED

We have audited the attached balance sheet of M/S. ADANI CHEMICALS LIMITED, as at 31st March, 2003. No profit & loss account for the year ended on that has been prepared as the Company has not commenced any manufacturing or trading activities during the year ended on 31st March, 2003. 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.

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

We report that :

1. 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.
2. 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.
3. The balance sheet dealt with by this report is in agreement with the books of account.
4. In our opinion, the balance sheet dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 as applicable.
5. On the basis of written representations received from the Directors, as on 31st March, 2003 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2003, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the significant accounting policies and other notes thereon; 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, in the case of balance sheet, of the state of affairs of the Company as at 31st March, 2003.

The Company has not carried out any manufacturing, trading or other commercial activities during the year ended on 31st March, 2003. We therefore report on the Manufacturing and other Companies (Auditors' Report) Order, 1988, on the relevant provisions of the said order applicable to the Company during the year under review as under :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. We are informed that the fixed assets have been physically verified during the year by the Management and no discrepancy was found on such verification as compared to the books accounts.
2. None of the fixed assets of the Company has been revalued during the year under review.
3. The Company has obtained interest free unsecured loans from the holding company. The terms and conditions of such loans are not prima facie prejudicial to the interests of the Company.
4. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to companies under the same management.
5. The Company has not given any loans or advances in the nature of loans to anyone during the year under review.
6. In our opinion there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of plant & machinery, equipments and other assets in as much as that they are under the direct control and supervision of the Directors of the Company.
7. The Company has not accepted any deposit from public during the year under review.
8. The Company did not have any formal internal audit system during the year under review. In the opinion of the Management, the existing internal control procedures are adequate and hence separate internal audit is not called for.
9. As informed to us, there are no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Custom-duty and Excise-duty outstanding as at 31st March, 2003, for a period of more than six months from the date they became payable.
10. According to the information and explanations given to us, no personal expenses of Directors have been charged to revenue accounts, other than those payable under contractual obligations or in accordance with generally accepted business practices.
11. The other clauses of the said order are not applicable to the Company during the year under review.

PLACE : AHMEDABAD  
DATE : 27TH JUNE, 2003

For **SHAH & SHAH ASSOCIATES**  
Chartered Accountants

**NIMISH B. SHAH**  
Partner



### Balance Sheet as at 31st March, 2003

PARTICULARS	SCHEDULE	AS AT		(in Rupees)	
		31-03-2003	31-03-2002	AS AT	AS AT
<b>I SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share capital	<b>A</b>	50,00,000		50,00,000	
Loan funds	<b>B</b>	1,99,75,000		1,93,75,000	
<b>TOTAL</b>		<b>2,49,75,000</b>		<b>2,43,75,000</b>	
<b>II APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
(a) Gross block	<b>C</b>	93,78,377	88,50,603		
(b) Less : Depreciation		25,05,518	22,34,919		
(c) Net block		68,72,859		66,15,684	
Pre-operative expenses (pending allocation)		1,86,86,287		1,75,27,616	
<b>INVESTMENT</b>	<b>D</b>	-		4,82,000	
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	<b>E</b>	5,11,554	5,32,159		
LESS: Current liabilities	<b>F</b>	11,55,880	8,42,639		
<b>NET CURRENT ASSETS</b>		<b>(6,44,326)</b>		<b>(3,10,480)</b>	
Miscellaneous expenditure (to the extent not written off)	<b>G</b>	60,180		60,180	
<b>TOTAL</b>		<b>2,49,75,000</b>		<b>2,43,75,000</b>	

Notes forming part of the accounts  
As per our attached report of even date

**H**

For, **SHAH & SHAH ASSOCIATES**  
Chartered Accountants

**NIMISH B. SHAH**  
Partner

PLACE : AHMEDABAD  
DATE : 27TH JUNE, 2003

For and on behalf of the Board

**RAJESH S. ADANI**  
Director

**VASANT S. ADANI**  
Director

PLACE : AHMEDABAD  
DATE : 27TH JUNE, 2003

### Schedule A to H forming part of the Balance Sheet as at 31st March, 2003

PARTICULARS	AS AT		(in Rupees)	
	31-03-2003	AS AT	AS AT	31-03-2002
<b>SCHEDULE : A</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
9,90,000 Equity shares of Rs. 10/- each	99,00,000		99,00,000	
1,000 15% Redeemable cumulative preference shares of Rs. 100/- each fully paid up (refer No.4 of notes on accounts)	1,00,000		1,00,000	
<b>TOTAL</b>	<b>1,00,00,000</b>		<b>1,00,00,000</b>	
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>				
4,90,000 equity shares of Rs. 10/- each fully paid up (of the above 2,50,000 shares are held by Adani Exports Ltd., the holding company)	49,00,000		49,00,000	
1,000 15% redeemable cumulative preference shares of Rs. 100/- each fully paid up	1,00,000		1,00,000	
<b>TOTAL</b>	<b>50,00,000</b>		<b>50,00,000</b>	
<b>SCHEDULE : B</b>				
<b>UNSECURED LOANS</b>				
Loan from the holding company	1,99,75,000		1,93,75,000	
<b>TOTAL</b>	<b>1,99,75,000</b>		<b>1,93,75,000</b>	



**SCHEDULE : C**

**FIXED ASSETS**

(in Rupees)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	AS AT 01/04/2002	ADDITIONS DURING THE YEAR	AS AT 31/03/2003	AS AT 01/04/2002	PROVIDED DURING THE YEAR	AS AT 31/03/2003	AS AT 31/03/2003	AS AT 31/03/2002
Lease hold land	14,00,815	-	14,00,815	-	-	-	14,00,815	14,00,815
Building	21,16,058	-	21,16,058	2,85,953	34,492	3,20,445	17,95,613	18,30,105
Furniture, office equipment and electrical fittings	40,01,576	-	40,01,576	19,11,772	2,31,960	21,43,732	18,57,844	20,89,804
Vehicles	43,654	-	43,654	37,194	4,147	41,341	2,313	6,460
Capital work-in-progress	18,16,274	-	18,16,274	-	-	-	18,16,274	12,88,500
<b>Total</b>	93,78,377	-	93,78,377	22,34,919	2,70,599	25,05,518	68,72,859	66,15,684
PREVIOUS YEAR	88,50,603	-	88,50,603	19,64,771	2,70,148	22,34,919	66,15,684	-

(in Rupees)

PARTICULARS	AS AT 31-03-2003	AS AT 31-03-2002
<b>SCHEDULE : D</b>		
<b>INVESTMENTS (AT COST)</b>		
In Government Securities (unquoted) 6 years National Savings Certificate VIIIth issue at the face value (pledged with government authorities)	-	4,82,000
<b>TOTAL</b>	<b>-</b>	<b>4,82,000</b>
<b>SCHEDULE : E</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
Cash on hand	4,973	10,417
Balance with scheduled banks in current accounts	5,06,581	32,512
	5,11,554	42,929
<b>LOANS AND ADVANCES (unsecured, considered good)</b>		
Interest accrued on NSC	-	4,89,230
<b>TOTAL</b>	<b>5,11,554</b>	<b>5,32,159</b>
<b>SCHEDULE : F</b>		
<b>CURRENT LIABILITIES</b>		
Statutory liabilities	-	-
Other liabilities	11,55,880	8,42,639
<b>TOTAL</b>	<b>11,55,880</b>	<b>8,42,639</b>
<b>SCHEDULE : G</b>		
<b>MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>		
Preliminary expenses	60,180	60,180
<b>TOTAL</b>	<b>60,180</b>	<b>60,180</b>

**SCHEDULE : H**

**NOTES FORMING PART OF ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES:**

**(A) Basis of Preparation of financial statements**

- The financial statement has been prepared under the historical cost convention, in accordance with generally accepted accounting principles and provision of the Companies Act, 1956, as adopted by the Company.
- Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

**(B) Fixed assets**

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation.

**(C) Depreciation**

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956, as amended from time to time on pro-rata basis with reference to date of purchase / installation.



**(D) Investments**

Investments are valued at cost.

**(E) Basis of accounting**

All expenditure items having material bearing on the financial statements are recognized on accrual basis.

2. The Company's project is under implementation and has not yet started any commercial activity. Hence, no profit & loss account has been prepared for the year ended 31st March, 2003. However, necessary details as per Schedule - VI Part II of the Companies Act, 1956 to the extent applicable has been disclosed under the head "Pre-Operative Expenses" (pending allocation) as under, which will be capitalised on completion of the Project.

(in Rupees)

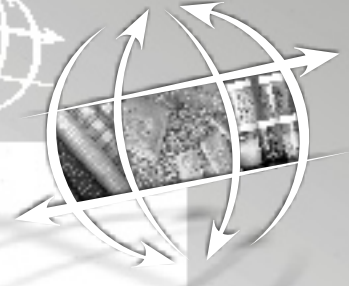
Sr.	Head of Account	For 2002-2003	Up to 31-03-2002	Total up to 31-03-2003
1	Salaries (include welfare expenses)	-	9,75,252	9,75,252
2	Rent, rates & taxes	7,98,995	38,92,277	46,91,272
3	Repairs & maintenance to building & other assets	-	3,04,579	3,04,579
4	Insurance	-	89,916	89,916
5	Traveling conveyance	1,740	17,88,884	17,90,624
6	Consultancy charges	-	30,38,415	30,38,415
7	Stationery, printing, telephone, postage & advertisement expenses	1,350	10,42,238	10,43,588
8	Vehicle expenses	-	4,31,861	4,31,861
9	Audit fees	8,375	74,750	83,125
10	Depreciation	2,70,599	26,42,589	29,13,188
11	General charges (including loss on sale of vehicle)	22,712	11,84,430	12,07,142
12	Professional fees	54,900	25,53,000	26,07,900
13	Application fees	-	50,000	50,000
		11,58,671	1,80,68,193	1,92,26,864
14	Less: Interest received	-	4,89,230	4,89,230
15	Liabilities written back	-	1,360	1,360
16	Application fees refunded	-	49,985	49,985
	<b>TOTAL</b>	<b>11,58,671</b>	<b>1,75,27,616</b>	<b>1,86,86,287</b>

3. Estimated amount of contract remaining to be executed on capital account and not provided for Rs. NIL (previous year Rs. NIL)
4. Pursuant to the resolution passed at the extra ordinary general meeting of share holders on 21st May, 2003 :
- The date of redemption of 15% cumulative redeemable preference shares have been extended up to 25/05/2008 with a right to exercise call option after 25/06/2003.
  - The preference share holders have waived their dividend including arrears up to 31st March, 2003.
5. Balance under the head current assets, loans and advances and current liabilities are subject to confirmation.
6. As the Company has not started any commercial/manufacturing activities during the year under review, no other particulars are required to be given under Part II of Schedule VI of the Companies Act, 1956.
7. **Related party disclosure (as identified by the Management)**
- 1). Name of the party & description of relationship:**
- Holding company : Adani Exports Limited
  - Associate Company : Adani Port Limited

**2). Nature & Volume of transaction:**

Nature of Transaction	Holding Company	Associate Company	Previous Year
Fund received during the year	6.00	5.29	0.45
Fund given during the year	-	-	-
Closing balance	199.75	5.29	193.75





8. As required by the amendment to "Clause 32" of the Listing Agreement vide SEBI Circular No. 2/2003 of 10th January, 2003, the following disclosures have been made:

- i) Loans and advances in the nature of loans to subsidiaries : Rs. NIL
- ii) Loans and advances in the nature of loans to associates : Rs. NIL
- iii) Loans and advances in the nature of loans where there is no repayment schedule or no interest or interest below section 372A of the Companies Act, 1956 : Rs. NIL
- iv) Loans and advances in the nature of loans to firms/companies in which directors are interested : Rs. NIL
- v) Investments by loanee in the shares of the Company as on 31st March, 2003 : Rs. NIL

**9. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956:**

Balance Sheet abstract and Company's General Business Profile:

**I Registration Details**

Registration No.	18,653
State code	4
Balance sheet date	31-03-2003

**II Capital raised during the year**

	<b>(Amount in Rs. Thousands)</b>
Public issue	NIL
Right issue	NIL
Bonus issue	NIL
Private placement	NIL

**III Position of mobilization and deployment of funds**

	<b>(Amount in Rs. Thousands)</b>
Total liabilities	24,975
Total assets	24,975

**Source of funds:**

Paid-up capital	5,000
Reserve & surplus	-
Secured loan	-
Unsecured loan	19,975

**Application of funds:**

Net fixed assets	6,873
Pre-operative expenses	18,686
Investment	-
Net current assets	(644)
Misc. expenditure	60
Accumulated losses	-

**IV Performance of Company**

	<b>(Amount in Rs. Thousands)</b>
Turnover	-
Total expenditure	-
Profit / (Loss) before tax	-
Earning per share (Rs.)	-
Dividend rate (%)	-

**V General names of three principal products/services of Company (as per monetary terms)**

Item code no. (ITC Code)	25010001
Product description	INDUSTRIAL GRADE SOLAR SALT
Item code no. (ITC Code)	
Product description	NOT APPLICABLE
Item code no. (ITC Code)	
Product description	NOT APPLICABLE

As the Company has not carried out any commercial activities during the year the relevant information is not applicable.

**10. Previous year figures have been regrouped/rearranged wherever necessary**

Signatures to Schedule A to H

For and on behalf of the Board

**RAJESH S. ADANI**

Director

PLACE : AHMEDABAD  
DATE : 27TH JUNE, 2003

**VASANT S. ADANI**

Director

## **DIRECTORS' REPORT**

To,  
The Shareholders  
**ADANI GLOBAL LIMITED**  
Port Louis, Mauritius

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended 31st December, 2002.

### **Principal activity**

The principal activity of the Company is international trading and its income is mainly derived from investment.

### **Results and dividend**

The results for the year are shown after Auditors' Report.

The Directors proposed a dividend on preference shares of USD 396,000 (2001 : USD 144,000) for the year under review.

### **Statement of Directors' responsibilities in respect of financial statements**

The Directors are responsible for the preparation of financial statements which comply with the Companies Act 2001. In preparing those financial statements, the Directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Directors**

The following directors were in office during the year:

Mr Vinod Shantilal Shah

Mr Bhavik Bharat Kumar Shah

Mr Lee Kwee Tai Tsang Chung (resigned on 01.10.02)

Mr Chang Chung Ling

Mrs Lalita Anundee

Mr Sushil Kumar Jogoo (appointed on 01.10.02)

### **Auditors**

The auditors, KPMG, have expressed their willingness to continue in office and in accordance with Section 195 of the Companies Act, 2001, a resolution for their re-appointment will be proposed at the next Annual Meeting.

PLACE : PORT LOUIS

Date : 30TH MAY, 2003

By order of the Board

**LALITA ANUNDEE (MRS.)**

Director

## **AUDITORS' REPORT**

To,  
The Shareholders  
**ADANI GLOBAL LIMITED**  
Port Louis, Mauritius

This report is made solely to the Company's shareholder, as a body, in accordance with section 205 of the Companies Act, 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

### **Directors' responsibilities**

The Directors are responsible for the preparation of financial statements, which comply with the Companies Act, 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors' responsibilities**

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with, or interests in the company other than in our capacities as auditors and tax advisors.

### **Opinion**

We have obtained all the information and explanations that we have required. In our opinion:

- proper accounting records have been kept by the Company as far as it appears from our examination of those records; and
- the financial statements give a true and fair view of the financial position of the Company as at 31st December, 2002 and of the results of its operation and cash flows for the year then ended, and comply with the Companies Act, 2001 and have been properly prepared in accordance with International Accounting Standards.

PLACE : PORT LOUIS  
Date : 30TH MAY, 2003

**KPMG**  
Public Accountants

### Income statement for the year ended 31st December, 2002

	Note	2002 USD	2001 USD
Revenue	2	447,084	179,991
Expenses		(5,127)	(2,849)
Profit from operations		441,957	177,142
Realised loss on investment		(5,879)	-
Loss on exchange		(12,910)	-
Profit for the year before taxation		423,168	177,142
Income tax expense	3	(13,258)	-
Profit for the year after taxation		409,910	177,142

### Balance Sheet as at 31st December, 2002

	Note	2002 USD	2001 USD
<b>Assets</b>			
Investments	4	9,223,247	3,522,500
<b>Total non-current assets</b>		9,223,247	3,522,500
Other receivables	5	1,862,815	1,166,866
Cash and cash equivalents		9,852	-
<b>Total current assets</b>		1,872,667	1,166,866
<b>Total assets</b>		11,095,914	4,689,366
<b>Equity and liabilities</b>			
Share capital	6	10,000,000	4,000,000
Revenue reserves		199,030	185,120
<b>Total equity</b>		10,199,030	4,185,120
<b>Liabilities</b>			
Other payables	7	896,884	504,246
<b>Total current liabilities</b>		896,884	504,246
<b>Total equity and liabilities</b>		11,095,914	4,689,366

For and on behalf of the Board

**SUSHIL KUMAR JOGOO**

Director

**LALITA ANUNDEE (MRS.)**

Director

PLACE : PORT LOUIS  
DATE : 30TH MAY, 2003

### Statement of changes in equity for the year ended 31st December, 2002

	Share capital USD	Revenue reserves USD	Total USD
Balance at 01st January, 2001	4,000,000	151,978	4,151,978
Profit for the year	-	177,142	177,142
Dividends proposed	-	(144,000)	(144,000)
Balance at 31st December, 2001	4,000,000	185,120	4,185,120
Proceeds from issue of shares	6,000,000	-	6,000,000
Profit for the year	-	409,910	409,910
Dividends proposed	-	(396,000)	(396,000)
<b>Balance at 31st December, 2002</b>	<b>10,000,000</b>	<b>199,030</b>	<b>10,199,030</b>



## Cash flow statement for the year ended 31st December, 2002

	2002 USD	2001 USD
<b>Operating activities</b>		
Profit for the year before taxation	423,168	177,142
Adjustments for:		
Loss on disposals of investment	5,879	-
Exchange loss on disposals of investments	12,910	-
Interest receivable	(310,844)	(139,119)
Profit from operations before working capital changes	131,113	38,023
(Decrease)/increase in other payables	(2,502)	3,920
Increase in other receivables	(386,127)	(40,872)
<b>Cash flows from operating activities</b>	<b>(257,516)</b>	<b>1,071</b>
<b>Investing activities</b>		
Acquisition of investments	(5,997,275)	(2,000,000)
Repayment of loan advanced	-	2,067,479
Proceeds from disposal of investments	277,739	-
Interest received	1,022	-
<b>Cash flows from investing activities</b>	<b>(5,718,514)</b>	<b>67,479</b>
<b>Financing activities</b>		
Proceeds from issue of shares	6,000,000	-
Proceeds from loan from subsidiary	129,882	351,450
Dividend paid	(144,000)	(420,000)
<b>Cash flows from financing activities</b>	<b>5,985,882</b>	<b>(68,550)</b>
Net movements in cash and cash equivalents	9,852	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	9,852	-

## Notes to and forming part of the financial statements for the year ended 31st December, 2002

**1. Accounting policies**

The following accounting policies have been consistently applied in dealing with items, which are considered material in relation to the Company's financial statements.

**Statement of compliance**

The financial statements have been prepared in accordance with International Accounting Standards (IAS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the Standing Interpretations Committee of the IASB.

**Basis of preparation**

The financial statements are prepared on the historical cost basis and are denominated in US dollar.

**Investments**

The Company does not prepare consolidated financial statements and in accordance with IAS 27, reports investments in subsidiaries at cost. Any permanent decrease in the carrying amount of investment is written off to the income statement.

**Revenue recognition**

Interest income is recognised in the income statement on a time proportion basis that takes into account the effective yield on the asset. Investment income is recognised in the income statement when the shareholders' right to receive payment is established.

### Foreign currencies transactions

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollar at the exchange rate ruling at the balance sheet date and differences on exchange are accounted for in the income statement.

### Taxation

The charge for taxation is based on the taxable profit for the year and takes into account taxation deferred. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

### Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### 2. Revenue

Revenue represents dividends and bank and other interests receivable for the year. There has been no income received from other trading activities during the year.

### 3. Taxation

Adani Global Limited, holds a Category 1 Global Business Licence and is governed by the Income Tax Act 1995. Its chargeable income is subject to income tax at a flat rate of 15%.

Recognised in the income statement

Current tax expense

Taxation charge for the year

Reconciliation of effective tax rate

Profit before tax

Income tax @ 15%

Non deductible expense

Tax exempt revenues

Effect of tax rates in foreign jurisdictions

		<b>USD</b>
		<u>13,258</u>
		<b>USD</b>
		<u>423,168</u>
	15%	63,475
	(0.67)%	(2,818)
	(0.01)%	(3)
	(12.53)%	(53,032)
	<u>3.13%</u>	<u>13,258</u>

No provision has been made for deferred tax for the year as it is not considered to be material.

### 4. Investments

Investments consist of unquoted shares.

	<b>2002 USD</b>	2001 USD
Cost		
At 1st January	<b>3,522,500</b>	1,522,500
Additions	<b>5,997,275</b>	2,000,000
Disposals	<b>(296,528)</b>	-
At 31st December	<b>9,223,247</b>	3,522,500

Name of company	Number and class of shares	% holding	Country of incorporation
Adani Global FZE	18 equity	100	UAE
Adani Global Pte. Ltd.	8,850,000 equity	100	Singapore

### 5. Other receivables

	<b>2002 USD</b>	2001 USD
Interest accrued	<b>1,617,402</b>	1,057,893
Dividend receivable	<b>245,213</b>	108,973
Prepayment	<b>200</b>	-
	<b>1,862,815</b>	1,166,866



**6. Share capital**

	<b>2002 USD</b>	2001 USD
Authorised		
64,000/5,000 ordinary shares of USD 100 each	<b>6,400,000</b>	500,000
36,000/95,000 10% redeemable preference shares of USD 100 each	<b>3,600,000</b>	9,500,000
	<b>10,000,000</b>	10,000,000
Issued and fully paid		
64,000/4,000 ordinary shares of USD 100 each	<b>6,400,000</b>	400,000
36,000 10% redeemable preference shares of USD 100 each	<b>3,600,000</b>	3,600,000
	<b>10,000,000</b>	4,000,000

**7. Other payables**

	<b>2002 USD</b>	2001 USD
Payable to subsidiary	<b>481,332</b>	351,450
Dividend payable	<b>396,000</b>	144,000
Non trade payables and accrued expenses	<b>6,294</b>	8,796
Income tax payable	<b>13,258</b>	-
	<b>896,884</b>	504,246

**8. Financial instruments and associated risks**

**Fair value**

Investments are carried at cost. The Company's assets and liabilities include cash and cash equivalents, accounts receivable and accounts payable, which are realised or settled within a short-term period. The carrying amounts of these assets and liabilities approximate their fair values.

**Associated risks**

The Company's activities expose it to the various types of risk, which are associated with the financial instruments and markets in which it invests. The following summary is not intended to be a comprehensive summary of all risks.

**Market risk**

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

**Credit risk**

Credit risk represents the potential loss that the company would incur if counter parties fail to perform pursuant to the terms of their obligations to the company. The company limits its credit risk by carrying out transactions mainly with its related companies. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**Liquidity risk**

Most of the company's accounts receivable are considered to be readily recoverable.

**9. Related party transactions**

The company had the following significant transactions with related companies:

	<b>2002 USD</b>	2001 USD
Loan due to subsidiary company (12%, unsecured, interest bearing loan with no fixed repayment terms)	<b>481,332</b>	351,450

**10. Consolidated accounts**

Consolidated accounts will be prepared by the holding company.

**11. Holding company**

The Company is a wholly owned subsidiary of Adani Exports Limited, a company incorporated in India.

**12. Statutory information**

The Company is a private limited company holding a Category 1 Global Business Licence, incorporated and domiciled in Republic of Mauritius. The address of the registered office is Manor House, 1st Floor, Cnr. St. George / Chazal Streets, Port Louis, Mauritius. The principal activity of the Company is international trading and its income is mainly derived from investment.

## **DIRECTORS' REPORT**

To,

The Shareholders  
**ADANI GLOBAL FZE**  
Jebel Ali, Dubai

The Directors have pleasure in submitting the financial statement of Adani Global FZE, Jebel Ali, Dubai for the period ended 31st December, 2002.

### **Review of operations**

The Company has done well during the period. The Directors are confident of maintaining the growth rate in the volume of business and profit.

### **Turnover, profit and dividend**

The turnover of the Company for the period ending 31st December, 2002, reached AED 543,185,281/-

The net profit before the declaration of dividend is AED 9,748,785/-. The Board of Directors declared enhanced dividend of AED 350,000/- for the period ending 31st December, 2002.

### **Events after the balance sheet date**

There were no major events occurred after the balance sheet date, which materially affected the Company's day-to-day business.

Following are the Directors of the Company during the period:

Mr. Vinod Shantilal Shah - Indian National  
Mr. Bhavik Bharatkumar Shah - Indian National

KPMG, Audit and Accounting, Dubai who have conducted audit during the period have retired and indicated their willingness to continue as Auditors of the Company. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

PLACE: DUBAI

DATE: 16TH MAY, 2003

For and on behalf of the Board

**VINOD SHANTILAL SHAH**  
Director

## **AUDITOR'S REPORT**

To,

The Shareholders  
**ADANI GLOBAL FZE**  
Jebel Ali, Dubai

We have audited the balance sheet of Adani Global FZE ("the Company") as of 31st December, 2002 and the related statements of income and cash flows for the year then ended.

### **Respective responsibility of Company's Directors and the Auditors**

These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing promulgated by the International Federation of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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 directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion the financial statements present fairly, in all material respects, the financial position of the Company as of 31st December, 2002 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board.

We further confirm that the financial statements have been properly prepared in accordance with the Implementing Regulations of the Jebel Ali Free Zone Authority.

KPMG

PLACE: DUBAI

DATE: 16TH MAY, 2003





### Income statement for the year ended 31st December, 2002

	Note	2002 AED	2001 AED
<b>Revenue</b>		<b>543,185,281</b>	766,619,725
Cost of sales		<b>(526,838,873)</b>	(741,131,874)
<b>Gross profit</b>		<b>16,346,408</b>	25,487,851
<b>Operating cost</b>			
Selling and administration expenses	3	<b>(3,429,363)</b>	(6,743,619)
Interest expense	4	<b>(1,137,049)</b>	(510,566)
Finance costs		<b>(2,632,389)</b>	(5,604,367)
<b>Operating profit for the year</b>		<b>9,147,607</b>	12,629,299
Other income	5	<b>601,178</b>	697,038
<b>Net profit for the year</b>		<b>9,748,785</b>	13,326,337

### Balance sheet as at 31st December, 2002

	Note	2002 AED	2001 AED
<b>Property, plant and equipment</b>	6	<b>465,787</b>	334,093
<b>Investments</b>	7	<b>4,566,734</b>	3,670,000
<b>Current assets</b>			
Inventory	8	<b>17,543</b>	5,660,512
Trade and other receivables	9 & 13	<b>73,538,059</b>	79,603,523
Cash at bank and in hand	10	<b>7,847,395</b>	9,477,921
		<b>81,402,997</b>	94,741,956
<b>Current liabilities</b>			
Bank borrowings	11	<b>24,827</b>	48,231
Trade and other payables	12 & 13	<b>31,833,420</b>	66,446,059
		<b>31,858,247</b>	66,494,290
<b>Net current assets</b>		<b>49,544,750</b>	28,247,666
		<b>54,577,271</b>	32,251,759
<b>Shareholders' loan</b>	16	<b>(5,069,301)</b>	(3,142,574)
<b>Net assets</b>		<b>49,507,970</b>	29,109,185
<b>Represented by</b>			
Share capital	14	<b>18,000,000</b>	7,000,000
Retained earnings		<b>31,507,970</b>	22,109,185
<b>Shareholders' funds</b>		<b>49,507,970</b>	29,109,185

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgements underlying them. We confirm also that we have made available all relevant accounting records and information for their compilation.

For and on behalf of the Board  
**VINOD SHANTILAL SHAH**  
Director

**BHAVIK BHARATKUMAR SHAH**  
Director

PLACE: DUBAI  
DATE: 16TH MAY, 2003

### Cash flow statement for the year ended 31st December, 2002

	Note	2002 AED	2001 AED
<b>Cash flows from operating activities</b>			
Net profit for the year		<b>9,748,785</b>	13,326,337
Adjustment for:			
Interest on Shareholders' loan account		<b>1,137,049</b>	510,566
Depreciation		<b>227,456</b>	284,625
Operating profit before working capital changes		<b>11,113,290</b>	14,121,528
Decrease/(increase) in inventories		<b>5,642,969</b>	(3,848,703)
Decrease/(increase) in trade and other receivables		<b>6,065,464</b>	(3,894,532)
(Decrease)/increase in trade and other payables		<b>(34,636,043)</b>	7,590,619
Cash flows from operating activities		<b>(11,814,320)</b>	13,968,912
<b>Cash flows from investing activities</b>			
Acquisition of investments		<b>(869,734)</b>	(3,670,000)
Addition to property, plant and equipment		<b>(359,150)</b>	(172,653)
Cash flows from investing activities		<b>(1,255,884)</b>	(3,842,653)
<b>Cash flows from financing activities</b>			
Additional funds from Shareholders		<b>11,439,678</b>	
Shareholders' loan repaid	16	-	(8,886,905)
Net cash flows from financing activities		<b>11,439,678</b>	(8,886,905)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,630,526)</b>	1,239,354
Cash and cash equivalents at beginning of the year		<b>9,477,921</b>	8,238,567
<b>Cash and cash equivalents at end of the year</b>		<b>7,847,395</b>	9,477,921
Cash and cash equivalents includes:			
Cash at bank and in hand	10	<b>7,847,395</b>	9,477,921

### Statement of changes in equity for the year ended 31st December, 2002

	Share capital AED	Retained earnings AED	Total AED
At 1st January, 2001	7,000,000	8,932,848	15,932,848
Net profit for the year	-	13,326,337	13,326,337
Dividends declared	-	(150,000)	(150,000)
At 31st December, 2001	7,000,000	22,109,185	29,109,185
At 1st January, 2002	7,000,000	22,109,185	29,109,185
Addition capital introduced during the year (refer note 16)	11,000,000	-	11,000,000
Net profit for the year	-	9,748,785	9,748,785
Dividends declared	-	(350,000)	(350,000)
<b>At 31st December, 2002</b>	<b>18,000,000</b>	<b>31,507,970</b>	<b>49,507,970</b>



## Notes to and forming part of the financial statements for the year ended 31st December, 2002

### 1. Legal status and principal activities

Adani Global FZE ("the Company") is registered as a Free Zone Establishment in the Jebel Ali Free Zone of United Arab Emirates. The Company is formed with limited liability pursuant to law no. 9 of 1992 and the implementing regulations issued there under by the Jebel Ali Free Zone Authority. The Company was incorporated on 22nd November, 1997. The Company is a wholly owned subsidiary of Adani Global Limited (the "Holding Company") a private company incorporated in Mauritius. Adani Exports Limited, India, is the "Ultimate Holding Company". The Company commenced commercial operations on 15th May, 1998.

The principal activity of the Company includes trading in agro-commodities, PVC, LDPE, HDPE, scrap and precious metals and stones.

The Company's registered address is P. O. Box 17186, Jebel Ali, Dubai, United Arab Emirates.

### 2. Principal accounting policies

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and implementing regulations of the Jebel Ali Free Zone Authority.

The following accounting policies which comply with IFRS have been applied consistently in dealing with items, which are considered material in relation to the Company's financial statements.

#### **Basis of preparation**

These financial statements, presented in United Arab Emirates Dirhams ("AED"), have been prepared under the historical cost convention.

#### **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Property, plant and equipment are being depreciated on the straight-line basis so as to write them off their estimated useful life as follows:

	<b>Life (years)</b>
Building	6-7
Furniture and fixtures	5
Office equipment	5
Motor vehicles	3

#### **Inventories**

Inventories are carried at the lower of cost and estimated net realisable value. Cost is determined under the weighted average cost method. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### **Revenue recognition**

The Company's sales are on transshipment basis i.e. the supplier ships goods directly to the customer. Revenue is recognised when the significant risks and rewards relating to ownership of the goods concerned are transferred to the customer.

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated into UAE Dirhams at foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into UAE Dirhams at the foreign exchange rates ruling at the balance sheet date. Realised and unrealised exchange gains and losses have been dealt with in the income statement.

#### **Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognised in the income statement.

#### **Provisions**

A provision is recognised in the balance sheet where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **Borrowing costs**

Interest is payable at normal commercial rates. Borrowing costs are recognised as expenses in the period in which they are incurred.

#### **Operating leases**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.



**3. Selling and administration expenses**

	<b>2002 AED</b>	2001 AED
Includes:		
Salaries and benefits	<b>617,149</b>	599,460
Depreciation	<b>227,456</b>	284,625
Directors' remuneration	<b>385,694</b>	370,221
Rental charges	<b>311,505</b>	188,689
Administrative expenses	<b>1,139,045</b>	1,278,376
Selling and distribution expenses	<b>748,514</b>	4,022,248

The Company had 10 employees at 31st December, 2002 (2001:10)

**4. Interest expense**

Represents interest payable on shareholder's loan (refer note 13 and 16). Interest is currently payable @12% per annum.

**5. Other income**

	<b>2002 AED</b>	2001 AED
Interest on deposits and investment	<b>491,062</b>	428,390
Exchange gain	<b>92,725</b>	175,516
Miscellaneous receipts	<b>17,391</b>	93,132
	<b>601,178</b>	697,038

**6. Property, plant and equipment**

	<b>Building AED</b>	<b>Furniture &amp; fixtures AED</b>	<b>Office equipment AED</b>	<b>Motor vehicles AED</b>	<b>Total AED</b>
<b>Cost</b>					
At 1st January, 2002	884,864	682,517	180,103	359,600	2,107,084
Additions	-	334,610	24,540	-	359,150
At 31st December, 2002	884,864	1,017,127	204,643	359,600	2,466,234
<b>Depreciation</b>					
At 1st January, 2002	864,118	635,754	140,326	132,793	1,772,991
Charge for the year	20,746	77,106	13,877	115,727	227,456
At 31st December, 2002	884,864	712,860	154,203	248,520	2,000,447
<b>Net book value At 31st December 2002</b>	<b>-</b>	<b>304,267</b>	<b>50,440</b>	<b>111,080</b>	<b>465,787</b>
At 31st December, 2001	20,746	46,763	39,777	226,807	334,093

Building is constructed on land leased from the Government of Dubai for a period of 130 months commencing from 15th May, 1998. The lease agreement provides for the renewal of lease for a further period of 15 years on mutual agreement between the parties. The lease has been assigned to a bank as security for banking facilities.

Vehicles with net book value of AED 20,748 (2001:AED 46,945) is under lien with a bank as a security for the vehicle loan availed from the bank (refer note 11).

**7. Investments (unquoted)**

	<b>2002 AED</b>	2001 AED
Investment in India Millennium Deposits (USD 1,094,341)	<b>4,016,234</b>	3,670,000
Investment in Resurgent India Bonds (USD 150,000)	<b>550,500</b>	-
	<b>4,566,734</b>	3,670,000

The investments in India Millennium Deposits includes an interest of AED 346,234. These investments are held by Habib Bank AG Zurich in fiduciary capacity, as collateral for facilities extended to the Company. Following are the key features of these deposits.

	<b>Interest Rate</b>	<b>Maturity</b>
India Millennium Deposits (cumulative deposits)	8.5% p.a. payable semi annually	29th December, 2005
Resurgent India Bonds (non cumulative deposits)	7.75% p.a. compounded semi annually	30th September, 2003



**8. Inventory**

	<b>2002 AED</b>	2001 AED
Goods in transit	<b>17,543</b>	5,660,512

Goods in transit are hypothecated to certain banks as security for banking facilities.

**9. Trade and other receivables**

	<b>2002 AED</b>	2001 AED
Trade receivables	<b>64,196,590</b>	76,679,099
Due from related parties (note 13)	<b>3,540,200</b>	1,106,967
Other receivables	<b>5,586,569</b>	1,457,622
Prepayments	<b>214,700</b>	359,835
	<b>73,538,059</b>	79,603,523

**10. Cash at bank and in hand**

	<b>2002 AED</b>	2001 AED
Cash in hand	<b>21,905</b>	8,529
Cash at bank	<b>3,510,463</b>	3,543,784
Fixed deposits	<b>4,315,027</b>	5,925,608
	<b>7,847,395</b>	9,477,921

Fixed deposits are used as collateral for bank facilities extended to the Company.

**11. Bank borrowings**

	<b>2002 AED</b>	2001 AED
Vehicle loan (refer note 6)	<b>24,827</b>	48,231
	<b>24,827</b>	48,231

The loan carries an interest rate of 11% per annum on reducing balance, payable quarterly.  
The Company's bank facilities are also secured by personal guarantee of the Directors.

**12. Payables and accruals**

	<b>2002 AED</b>	2001 AED
Trade Payables	<b>19,279,354</b>	19,027,741
Due to related parties (note 13)	<b>9,277,563</b>	39,531,637
Accrued expenses	<b>2,819,686</b>	7,386,809
Other payables	<b>456,817</b>	499,872
	<b>31,833,420</b>	66,446,059

**13. Related party transactions**

The Company, in the ordinary course of business, enters into transactions with other business enterprises that fall within the definition of related parties contained in International Accounting Standard 24. Such transactions are made on terms and mutually agreed between the related parties.

During the year, the following transactions were carried out with related parties.

	<b>2002 AED</b>	2001 AED
Purchases	<b>101,417,206</b>	211,055,351
Sales	<b>54,293,800</b>	58,985,918
Commission paid to a related party	<b>212,828</b>	1,787,492
Purchase of Resurgent India Bonds	<b>550,500</b>	-
Purchase of India Millennium Bonds	-	3,670,000
Interest accrued on shareholders' loan (Note 4 and 16)	<b>1,137,049</b>	510,566

**14. Share capital**

	<b>2002 AED</b>	2001 AED
Authorised, issued and fully paid up :		
At 1st January (7 share of AED 1,000,000 each)	<b>7,000,000</b>	7,000,000
Issued during the year (note 16) (11 shares of AED 1,000,000 each)	<b>11,000,000</b>	-
At 31st December (18 shares of AED 1,000,000 each)	<b>18,000,000</b>	7,000,000

**15. Proposed dividends**

During the year, the shareholders resolved for a dividend amounting to AED 350,000, which was credited to the shareholders' loan account (Note 16).

**16. Shareholders' loan**

	<b>2002 AED</b>	2001 AED
Opening balance	<b>3,142,574</b>	11,068,913
Repayments	-	(8,886,905)
Additional funds from shareholders	<b>11,439,678</b>	-
Interest accrued on loan (refer note 4)	<b>1,137,049</b>	510,566
Dividends payable	<b>350,000</b>	450,000
Transfer to share capital	<b>(11,000,000)</b>	-
	<b>5,069,301</b>	3,142,574

The shareholders' loan is unsecured and has no fixed repayment terms. The shareholder has provided an undertaking that the loan will not be called upon for repayment within twelve months from the balance sheet date. The shareholders' loan is subordinated to certain banks as security for banking facilities availed by the Company.

**17. Contingent liabilities and capital commitments**

	<b>2002 AED</b>	2001 AED
Guarantees	<b>113,000</b>	237,882
Letters of credit	<b>36,923,596</b>	24,170,757

**18. Operating leases**

**Leases as lessee**

Non-cancelable operating lease rentals are payable as follows:

	<b>2002 AED</b>	2001 AED
Less than one year	<b>50,000</b>	50,000
More than one year and less than five years	<b>200,000</b>	200,000
More than five years	<b>50,000</b>	100,000
	<b>300,000</b>	350,000

The Company also leases residential properties under operating leases. The lease runs for a period of 1 year with an option to renew the lease on expiry of lease period. Lease payments made during the year are recognised as expense for the year in income statement.

**19. Financial instruments**

Financial assets of the Company include investments, cash at bank and in hand, trade receivables and due from related parties. Financial liabilities of the Company include trade payables, bank borrowings, shareholders' loan and due to related parties. Accounting policies for financial assets and liabilities are set out in note 2.

**Credit risk**

Financial assets, which potentially subject the Company to concentration of credit risk consist principally of cash at bank, investments and trade receivables. The Company's cash is placed with reputable banks with good credit ratings. The Company has invested in unquoted government securities, the repayment of which is guaranteed by a foreign nationalized bank. Credit risk on receivables is limited as credits are extended to creditworthy customers only. Further most of the trade receivables are covered under back-to-back letter of credit arrangements with banks.

**Interest rate risk**

The company pays interest at a fixed rate on the shareholders' loan (refer note 4, 13 and 16). The call and term deposits are placed at prevailing commercial interest rates.

**Foreign exchange risk**

Exchange risk on foreign currency transactions is limited since most of the transactions are entered in UAE Dirhams or US Dollars, which is pegged, to the UAE Dirhams.

**Fair value**

The fair value of the financial assets and liabilities are not materially different from their carrying amounts.

**20. Comparatives**

Certain comparative figures have been reclassified to conform with the presentation adopted in these financial statements.

## DIRECTORS' REPORT

To,  
The Shareholders  
**ADANI GLOBAL PTE. LTD.**  
Singapore

The Directors present their report together with the audited financial statements of the Company for the year ended 31st December, 2002.

1. The Directors in office at the date of this report are:

Vinod Shantilal Shah  
Chang Chung Ling  
Joseph Selvamalar  
Shah Bhavik Bharatkumar

2. The principal activities of the Company are to carry on business as general merchants, importers and exporters, commission agents and manufacturer's representative.

There have been no significant changes in the nature of these activities during the financial year.

3. There were no acquisitions or disposals of subsidiaries during the financial year.

4. The results of the financial year:

	<b>S\$</b>
Profit after taxation	210,669
Accumulated profits at the beginning of the year	143,293

Accumulated profits at the end of the year	<u>353,962</u>
--	----------------

5. There were no material transfers to or from reserves or provisions during the financial year.

6. During the financial year, the following shares were issued:

5,370,000 ordinary shares @ S\$1 each at par for cash. The cash proceeds were used as working capital.

7. Neither at the end of the financial year nor at any time during that period was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

8. The Directors holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related companies as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50.

9. No dividend has been paid or declared by the Company since the end of the previous financial year

10. Before the profit and loss account and the balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off and providing for bad and doubtful debts of the Company and have satisfied themselves that all known bad debts, if any, of the Company have been written off and that where necessary adequate provision has been made for doubtful debts. At the date of this report, the Directors are not aware of any circumstances, which would render any amounts written off or provided for bad and doubtful debts for the Company in the financial statements inadequate to any substantial extent.

11. Before the profit and loss account and the balance sheet of the Company were made out, the Directors took reasonable steps to ascertain that any current assets of the Company, which were unlikely to realise in the ordinary course of business, their book values have been written down to their estimated realisable values. At the date of this report, the Directors are not aware of any circumstances, which would render the values attributable to current assets in the financial statements misleading.

12. At the date of this report:

(a) there does not exist any charge on the assets of the Company, which has arisen since the end of the financial year, which secures the liability of any other person, and

(b) there does not exist any contingent liability of the Company, which has arisen since the end of the financial year.

13. No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year, which in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

14. As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report, which would render any amount stated in the financial statements of the Company misleading.

15. In the opinion of the Directors, the results of the operations of the Company have not been substantially affected by any item, transaction or event of a material and unusual nature during the financial year.

16. In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, which would affect substantially the results of the operations of the Company for the financial year in which this report is made.

17. Since the end of the previous financial year, no director has received or become entitled to receive a benefit, which is required to be disclosed by Section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except in respect of remuneration as shown in the accounts.

18. No option has been granted during the financial year to take up unissued shares of the Company.

19. During the financial year, no shares have been issued by virtue of the exercise of the option to take up unissued shares of the Company.

20. There were no unissued shares under option at the end of the financial year.

21. Tony Oei & Company have expressed their willingness to accept reappointment as auditors.

For and on behalf of the Directors

**VINOD SHANTILAL SHAH**

Director

**JOSEPH SELVAMALAR**

Director

## **STATEMENT OF DIRECTORS**

We state that, in the opinion of the Directors, the accompanying balance sheet, profit and loss account and statement of changes in equity, together with the notes therein are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2002, and the results and changes in equity of the Company for the year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

For and on behalf of the Directors

**VINOD SHANTILAL SHAH**

Director

**JOSEPH SELVAMALAR**

Director

PLACE : SINGAPORE  
DATE : 7TH MAY, 2003

## **AUDITORS' REPORT**

To,  
The Shareholders  
**ADANI GLOBAL PTE. LTD.**  
Singapore

We have audited the accompanying balance sheet of Adani Global Pte. Ltd., as at 31st December, 2002, the profit and loss account and statement of changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

**In our opinion:**

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard and so as to give a true and fair view of :
  - (i) the state of affairs of the Company as at 31st December, 2002, the results and changes in equity of the Company for the year then ended on that date; and
  - (ii) the other matters required by Section 201 of the act to be dealt with in the financial statements.
- (b) the accounting and other records, and the registers required by the act to be kept by the Company have been properly kept in accordance with the provisions of the act.

**TONY OEI & COMPANY**

PLACE : SINGAPORE  
DATE : 7TH MAY, 2003





### Balance Sheet as at 31st December, 2002

	2002 S\$	2001 S\$
<b>CURRENT ASSETS</b>		
Trade debtors	24,301,865	22,496,639
Deposits, prepayments and other debtors (Note 10)	32,862	2,728,803
Bank fixed deposits	7,337,051	3,321,058
Cash and bank balances	23,648	722,092
<b>Total current assets</b>	<b>31,695,426</b>	<b>29,268,592</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment (Note 3)	19,184	30,824
<b>Total non-current assets</b>	<b>19,184</b>	<b>30,824</b>
<b>TOTAL ASSETS</b>	<b>31,714,610</b>	<b>29,299,416</b>
<b>CURRENT LIABILITIES</b>		
Other creditors and accruals	56,193	10,291
Trade creditors (Note 12)	21,414,048	10,153,979
Bills payable (Note 11)	945,888	15,429,647
Income tax payable	49,000	30,000
Amount due to a director (Note 9)	45,519	52,206
<b>Total current liabilities</b>	<b>22,510,648</b>	<b>25,676,123</b>
<b>TOTAL LIABILITIES</b>	<b>22,510,648</b>	<b>25,676,123</b>
<b>CAPITAL AND RESERVES</b>		
Share capital (Note 4)	8,850,000	3,480,000
Accumulated profits	353,962	143,293
<b>Total equity</b>	<b>9,203,962</b>	<b>3,623,293</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>31,714,610</b>	<b>29,299,416</b>

The "Notes to the financial statements" form an integral part of these financial statements.

### Profit and Loss Account for the year ended 31st December, 2002

	2002 S\$	2001 S\$
<b>Revenue (Note 6)</b>	<b>230,048,455</b>	94,395,436
Cost of sales	<b>(228,196,716)</b>	(93,406,079)
Gross profit	<b>1,851,739</b>	989,357
Other operating income (Note 6)	<b>67,621</b>	32,014
	<b>1,919,360</b>	1,021,371
Administrative expenses	<b>(540,314)</b>	(488,350)
Profit from operations	<b>1,379,046</b>	533,021
Finance costs (Note 14)	<b>(1,120,934)</b>	(364,439)
<b>Profit before taxation (Note 5)</b>	<b>258,112</b>	168,582
Taxation (Note 8)	<b>(47,443)</b>	(29,267)
<b>Profit after taxation</b>	<b>210,669</b>	139,315

### Statement of changes in equity up to 31st December, 2002

	Share Capital S\$	Accumulated Profits S\$	Total S\$
Balance at 1st January, 2001	2	3,978	3,980
Net profit for the year 2001	-	139,315	139,315
Issue of share capital	3,479,998	-	3,479,998
Balance at 31st December, 2001	3,480,000	143,293	3,623,293
Net profit for the year 2002	-	210,669	210,669
Issue of share capital	5,370,000	-	5,370,000
Balance at 31st December, 2002	8,850,000	353,962	9,203,962

The "Notes to the financial statements" form an integral part of these financial statements.

## Notes to and forming part of the financial statements for the year ended 31st December, 2002

### 1. PRINCIPAL ACTIVITIES

The principal activities of the Company are to carry on business as general merchants, importers and exporters, commission agents and manufacturer's representative.

The registered office of the Company is located at 3 Shenton Way #09-09A, Shenton House, Singapore 068805.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with the Statements of Accounting Standard issued by the Institute of Certified Public Accountants of Singapore and the disclosure requirements of the Singapore Companies Act, Chapter 50.

#### (b) Basis of financial statements preparation

The financial statements, expressed in Singapore dollars, are prepared on the historical cost basis.

#### (c) Depreciation

Depreciation is calculated on the straight line method to write off the carrying value of the plant and equipment over their estimated useful lives as follows:

Office furniture and fittings 33<sup>1</sup>/<sub>3</sub> %

Office equipment 33<sup>1</sup>/<sub>3</sub> %

No depreciation is provided in respect of renovation.

#### (d) Deferred taxation

Deferred taxation is provided using the liability method for all material timing differences in the recognition of certain income and expenses for accounting and for taxation purposes. Provision is made to the extent that it is probably that the liability will materialise. Deferred tax benefits are recognised only to the extent of any deferred tax liability or where such benefits are expected to be realisable in the near future.

#### (e) Revenue recognition

Revenue represents gross invoiced value of goods sold, delivered and title has passed.

#### (f) Foreign currencies

Foreign currencies are converted at rates ruling at transaction dates. Exchange differences arising from currency conversions are included in the profit and loss account.

### 3. PLANT AND EQUIPMENT

2002

Cost/Valuation

(in S\$)

	Cost at beginning of the year	Additions	Disposals	Cost at end of the year
Computers	18,726	-	-	18,726
Office furniture and fittings	17,294	-	-	17,294
Office equipment	18,916	644	-	19,560
Renovation	18,754	-	-	18,754
	<b>73,690</b>	<b>644</b>	<b>-</b>	<b>74,334</b>

Accumulated depreciation

(in S\$)

	Balance at beginning of the year	Depreciation charged in the current year	Disposals	Balance at end of the year	Net book value
Computers	18,726	-	-	18,726	-
Office furniture and fittings	11,530	5,764	-	17,294	-
Office equipment	12,610	6,520	-	19,130	430
Renovation	-	-	-	-	18,754
	<b>42,866</b>	<b>12,284</b>	<b>-</b>	<b>55,150</b>	<b>19,184</b>

2001

Cost/Valuation

(in S\$)

	Cost at beginning of the year	Additions	Disposals	Cost at end of the year
Computers	18,726	-	-	18,726
Office furniture and fittings	17,294	-	-	17,294
Office equipment	18,916	-	-	18,916
Renovation	18,754	-	-	18,754
	<b>73,690</b>	<b>-</b>	<b>-</b>	<b>73,690</b>



Accumulated Depreciation					(in S\$)
	Balance at beginning of the year	Depreciation charged in the current year	Disposals	Balance at end of the year	Net book value
Computers	18,726	-	-	18,726	-
Office furniture and fittings	5,765	5,765	-	11,530	5,764
Office equipment	6,305	6,305	-	12,610	6,306
Renovation	-	-	-	-	18,754
	<b>30,796</b>	<b>12,070</b>	<b>-</b>	<b>42,866</b>	<b>30,824</b>

#### 4. SHARE CAPITAL

	2002 S\$	2001 S\$
Authorised: 10,000,000 ordinary shares of S\$ 1 each	<b>10,000,000</b>	4,000,000,000
Issued and fully paid: 8,850,000 ordinary shares of S\$1 each	<b>8,850,000</b>	3,480,000

During the year, the Company increased its authorized capital from 4,000,000 ordinary shares of S\$1 each to 10,000,000 ordinary shares of S\$1 each and its issued and fully paid capital from 3,480,000 ordinary shares of S\$1 each to 8,850,000 ordinary shares of S\$1 each.

#### 5. PROFIT BEFORE TAXATION

This is determined after charging the following:

	2002 S\$	2001 S\$
Director's remuneration	<b>75,000</b>	48,000
Auditors' remuneration	<b>3,000</b>	1,500
Depreciation	<b>12,284</b>	12,070

#### 6. REVENUE

	2002 S\$	2001 S\$
Revenue represent: Export and local sales	<b>230,048,455</b>	94,395,436
Other operating income represent: Interest received	<b>67,621</b>	27,572
Others	<b>-</b>	4,442

#### 7. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Company's immediate holding company is Adani Global Limited, a company incorporated in Mauritius. The ultimate holding company is Adani Exports Limited, a company incorporated in India.

#### 8. TAXATION

	2002 S\$	2001 S\$
Current taxation	<b>(49,000)</b>	(30,000)
Over provision of taxation in prior year	<b>1,557</b>	733
	<b>(47,443)</b>	(29,267)

#### 9. AMOUNT DUE TO A DIRECTOR

The amount due to a director is interest free and has no fixed term of repayment.

#### 10. DEPOSITS, PREPAYMENTS AND OTHER DEBTORS

	2002 S\$	2001 S\$
Prepayments	<b>24,732</b>	102,600
Deposits	<b>7,630</b>	11,500
Related party	<b>-</b>	2,614,703
Other debtors	<b>500</b>	-
	<b>32,862</b>	2,728,803

**11. BILLS PAYABLE**

The bills payable is secured by the Company's fixed deposit and guaranteed by the Directors.

**12. TRADE CREDITORS**

	<b>2002</b>	2001
	<b>S\$</b>	S\$
Holding company	<b>9,452,170</b>	5,831,612
Outside parties	<b>11,961,878</b>	4,322,367
	<b>21,414,048</b>	10,153,979

**13. RELATED PARTY TRANSACTIONS**

Related parties are entities with common direct or indirect shareholders and/or directors.

During the financial year, there were the following significant transactions with related parties, based on terms agreed by the parties:

	<b>2002</b>	2001
	<b>S\$</b>	S\$
Sales to related party	<b>16,222,496</b>	26,045,254
Sales to ultimate holding company	<b>7,252,841</b>	19,301,829
Purchases from ultimate holding company	<b>30,652,590</b>	23,994,521

**14. FINANCE COSTS**

	<b>2002</b>	2001
	<b>S\$</b>	S\$
Bank charges, commission and interest	<b>1,120,934</b>	364,439

**15. NUMBER OF EMPLOYEES**

The number of employees in the Company for the year ended 31st December, 2002, were 3 (31.12.2001-3)

**16. STAFF COSTS**

Total staff costs of the Company for the year ended 31st December, 2002 was, S\$ 144,000 (31.12.2001- S\$ 197,333)

**17. FINANCIAL INSTRUMENTS**

**Financial risk factors**

The main risks arising from the Company's financial instruments are interest risk/credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the financial performance of the Company.

**Interest rate risk**

The Company has cash balances placed with reputable banks and financial institutions, which generate interest income for the Company.

The Company obtains minimal financing through bank borrowings. The Company's policy is to obtain any financing at the most favourable interest rates available.

**Credit risk**

Credit risk is limited to the risk arising from the inability of debtors to make payment when due. It is the Company's policy to provide credit term to creditworthy customers.

The carrying amount of trade and other debtors represent the Company's maximum exposure to credit risk. The Company has no significant concentrations of credit risk.

**Liquidity risk**

Liquidity risk arises from the possibility that debtors may not be able to settle debts within the normal term of trade.

**Foreign currency risk**

The Company incurs foreign currency risk on transactions that are denominated in currencies other than Singapore dollars.

**Fair value of financial assets and liabilities**

The carry amount of financial assets and liabilities recorded in the financial statements represent their respective fair values.