

# Our Vision

---



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



**Adani Exports Limited**  
Five Star Export House

#### **BOARD OF DIRECTORS**

Shri Gautam S. Adani, Chairman  
Shri Rajesh S. Adani, Managing Director  
Shri Vasant S. Adani  
Shri Jay H. Shah  
Dr. Pravin P. Shah  
Dr. A. C. Shah  
Shri C. R. Shah

#### **COMPANY SECRETARY**

Ms. Birva C. Patel

#### **AUDITORS**

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

#### **BANKERS**

State Bank of India, Ahmedabad  
Bank of India, Ahmedabad  
State Bank of Travancore, Ahmedabad  
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

Canara Bank, Ahmedabad  
UCO Bank, Ahmedabad  
Syndicate Bank, Ahmedabad  
Oriental Bank of Commerce, Ahmedabad  
ICICI Bank Ltd., Mumbai  
Standard Chartered Bank, Mumbai  
Allahabad Bank, Ahmedabad

#### **REGISTERED OFFICE**

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

#### **SHARE TRANSFER AGENT**

Pinnacle Shares Registry Private Ltd  
Near Asoka Mills Ltd., Naroda Road  
Ahmedabad - 380 025  
Tel No. +91-79 2220 4226, 2220 0591, 2220 0582  
Fax +91-79-2220 2963

#### **SHARES LISTED AT**

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



## Contents

### **Adani Exports Limited**

Directors' Report .....	1
Management Discussion and Analysis Report .....	6
Corporate Governance Report .....	10
Certification by CEO & CFO .....	23
Auditors' Report.....	24
Balance Sheet .....	27
Profit & Loss Account .....	28
Schedules forming part of the Balance Sheet .....	29
Schedules forming part of the Profit & Loss Account .....	35
Notes forming part of the Accounts.....	37
Cash Flow Statement.....	48
Statement Pursuant to Section 212 of the Companies Act, 1956.....	49
Consolidated Accounts.....	50

<b>Adani Global Limited</b> .....	69
(A Subsidiary Company of Adani Exports Limited)	

<b>Adani Global FZE</b> .....	81
(A Subsidiary Company of Adani Global Limited)	

<b>Adani Global Pte Ltd</b> .....	95
(A Subsidiary Company of Adani Global Limited)	

<b>Adani Virginia Inc</b> .....	107
(A Subsidiary Company of Adani Global FZE)	

<b>Adani Agri Fresh Ltd</b> .....	116
(A Subsidiary Company of Adani Exports Limited)	



## DIRECTOR'S REPORT

To

The Members,

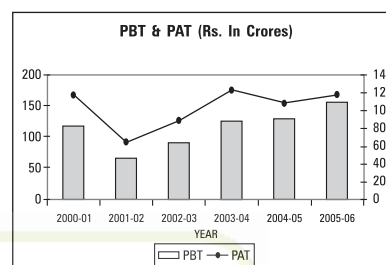
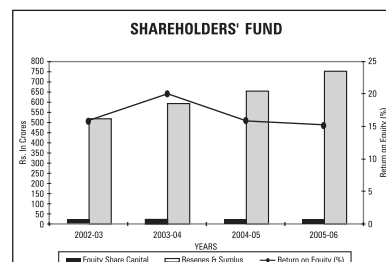
Your Directors have pleasure in presenting the 14<sup>th</sup> Annual Report together with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2006.

### FINANCIAL RESULTS

The Financial Results of your Company for the year ended 31<sup>st</sup> March, 2006, are as follows :

(Rs. In Crores)\*

Year Ended March 31,	2006*	2005*
Sales and operating earnings	9337.88	13515.84
Other income	1.38	3.03
Gross Profit before Depreciation, Interest and Tax	271.82	184.88
Finance charges	126.57	52.15
Depreciation	3.21	2.11
Profit before Tax	156.45	130.62
Surplus brought forward from previous year	257.16	239.38
Balance available for appropriations	375.50	347.67
<b>Appropriations:</b>		
Dividend on Preference Shares:		
- Interim	-	0.19
Dividend on Equity Shares:		
- Final	10.21	9.02
Tax on Dividend	1.43	1.29
General Reserve	30.00	80.00
Balance carried to Balance Sheet	323.85	257.16
<b>Total</b>	<b>375.50</b>	<b>347.67</b>
*1 crore equals 10 million		



### PERFORMANCE OF YOUR COMPANY

Your Company continued to improve its performance on all parameters during the period. Your Company has effectively leveraged its assets, infrastructure and investments, resulting in improved productivity and performance for the period under review.

Your Company continues to strengthen its pre-eminent position in domestic and international markets and has significantly grown its operating profits, with a mixture of topline growth, effective cost management and the right product mix, resulting in profit after tax of Rs. 118.34 Crores as compared to Rs. 108.29 Crores of the previous year.

Your Company recorded gross sales of Rs. 9337.88 Crores as against Rs. 13515.84 Crores for the year 2004-05. The profit before tax showed a growth of 20% at Rs. 156.45 Crores as against last year's achievement of Rs. 130.62 Crores.

### TO CHANGE NAME OF THE COMPANY

Your Company's name is a visible symbol to all the stakeholders who interact with us. Your Company has evolved into a diversified entity taking up new challenges and initiatives. Hence, the Board of Directors of your Company in their meeting held on 20<sup>th</sup> May, 2006 deliberated on the Company's present name viz. Adani Exports Ltd. and found the same not reflecting the entire spectrum of its activities.

Your Company was incorporated on 2<sup>nd</sup> March, 1993 with a primary focus on commodities and with thrust on exports. Over the years, it expanded its horizons and has become a large diversified organization. Company's overall business model comprises of the following SBUs:

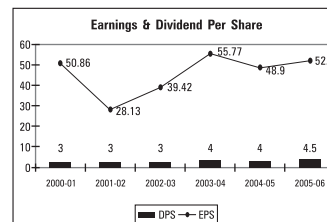
- "Energy" Group
- "Agro" Group
- "Metals" Group
- "Real Estate" Group

These SBU's are structured as division / subsidiaries to ensure value and operational optimization. The emphasis is also to aggregate businesses under a single value chain to reap benefits of integrated domain expertise and comprehensive solutions to customers. The new name Adani Enterprises Ltd. will clearly convey the message of business diversity, scale of operations and ruggedness of the business model to all its stakeholders.



## DIVIDEND

Considering the overall performance of the Company, the Directors have recommended dividend at 45% (Re. 0.45 per share of Re. 1 fully paid-up) for the year ended 31<sup>st</sup> March, 2006. This entails a dividend payment of Rs. 10.21 Crores. The dividend distribution tax borne by the Company will amount to Rs. 1.43 Crores. The dividend will not suffer tax in the hands of the shareholders. The final dividend, if approved, will be paid to the members whose names appear on the Register of Members as on 26th July, 2006. 6,50,323 equity shares allotted during the year upon conversion of 95 Foreign Currency Convertible Bonds (FCCBs) will be entitled to full dividend.



## SEGMENT REPORTING

Your Company is a "Five Star Export House" 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.

## FIXED DEPOSITS

During the year under review, your Company has not accepted any fixed deposits under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

## LISTING and ISIN No

The equity shares of your Company are listed at The Stock Exchange, Mumbai, National Stock Exchange and Ahmedabad Stock Exchange. The listing fee for the year 2005-06 has been paid before the due date. The Company's shares are compulsorily traded in dematerialized form. The ISIN number allotted is : **INE 423A01024**. The details of shareholding pattern, distribution of shareholding and share prices are mentioned separately in the Corporate Governance Report.

## SHARE CAPITAL

- **Conversion of Foreign Currency Convertible Bonds into Equity Shares of the Company and increase in Paid up Share Capital**

During the period under review, your Company had received four conversion notices for conversion of 195 Foreign Currency Convertible Bonds (FCCBs) of USD 10,000 each into 13,34,875 equity shares of the Company.

1,71,138 equity shares were allotted to FCCB holders upon conversion of 25 FCCBs on 3<sup>rd</sup> June, 2005, 2,05,365 equity shares were allotted to FCCB holders upon conversion of 30 FCCBs and 2,73,820 equity shares were allotted to FCCB holders upon conversion of 40 FCCBs on 11<sup>th</sup> November, 2005. 6,84,552 equity shares were allotted to FCCB holders upon conversion of 100 FCCBs on 8<sup>th</sup> May, 2006.

In view of this, paid up share capital of your Company stands increased from Rs. 225539684/- to Rs. 226874559/-.

## ISSUE OF SECURED OPTIONALLY FULLY CONVERTIBLE DEBENTURES.

In order to meet long term funds requirements, your Company has raised Rs. 50 Crores by way of issue of 50,00,000 Optionally Fully Convertible Debentures (OFCDs) of Rs. 100/- each at par on a private placement basis. The OFCD holder shall have an option to convert the OFCD into Equity Shares of the Company at the Conversion Price on the exercise date. The conversion option shall be exercised by the OFCD holder between 12<sup>th</sup> and 15<sup>th</sup> month from the date of allotment viz 26<sup>th</sup> August, 2006.

## CORPORATE GOVERNANCE

Your Directors are pleased to inform you that your Company has continued to follow globally recognized and best corporate governance practices. Your Company was short-listed for the second and final round for the purpose of Corporate Governance Award - 2005 from amongst the Companies of all over India for the purpose of Corporate Governance Award for the second consecutive year by the Institute of Company Secretaries of India (ICSI).

Your Company has complied with the revised code of corporate governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges. A report on Corporate Governance, along with a certificate from the Auditors confirming the compliance and the Management Discussion and Analysis of the financial position of the Company, form part of the Annual Report.

## FORMATION OF VARIOUS COMMITTEES

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

## DIRECTORS

### Retirement by Rotation

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Dr. Pravin P. Shah and Shri Jay Shah retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. For the perusal of shareholders, a brief resume of both the directors, nature of their expertise, their



shareholding in the Company, the names of the Companies in which they hold the directorship and the details of membership of committees of the Board are given in the annexure to the explanatory statement of the notice calling Annual General Meeting.

Necessary resolutions are being proposed for their appointment as Directors at the ensuing Annual General Meeting of the Company.

The Board of Directors recommends their re-appointment.

#### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 and on the basis of information and advice received by them your Directors confirm :

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31<sup>st</sup>, 2006 and of the profit or loss of the Company for the year ended on that date;
3. That the Directors have taken proper and sufficient care 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 frauds and other irregularities;
4. That the Directors have prepared the annual accounts on a going concern basis.

#### **CONSOLIDATED ACCOUNTS**

In accordance with the requirements of the Clause 32 of the Listing Agreement with the Stock Exchanges and Accounting Standard 21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries are annexed and form part of the Annual Report and Accounts.

#### **SUBSIDIARY COMPANIES**

During the year under review, Adani Agri Fresh Ltd, Adani Virginia Inc and Bay Bridge Enterprise LLC became subsidiary Companies of your Company. Adani Global Limited., Mauritius is a wholly owned subsidiary of your Company. Adani Global Pte. Ltd., Singapore and Adani Global FZE, Dubai are subsidiary Companies of Adani Global Ltd., Mauritius, Adani Virginia Inc and Bay Bridge Enterprise LLC are subsidiary Companies of Adani Global FZE. The Directors report, Audited Statement of Accounts and the Auditors' Report thereon of these subsidiary companies are annexed pursuant to Section 212 of the Companies Act, 1956.

As the financial year of Adani Global Ltd, Adani Global FZE, Adani Global Pte Ltd, Adani Virginia Inc and Bay Bridge Enterprise LLC are not coinciding with that of your Company, the relevant information as required under Section 212(5) of the Companies Act, 1956 of the said Companies are also annexed herewith.

Further, as required under Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, in compliance with the listing agreement/s with the Stock Exchange/s, consolidated statement of accounts together with the Auditor's Report are annexed.

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

The statutory auditors, M/s. Dharmesh Parikh and Co., Chartered Accountants, Ahmedabad, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The audit committee and Board of Directors recommend that M/s. Dharmesh Parikh and Co., be appointed as statutory auditors of the Company to hold office until the conclusion of the next Annual General Meeting. The Company has received confirmation that their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The notes to the Accounts referred to in Auditors' Report are self explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

#### **"GROUP" FOR INTER-SE TRANSFER OF SHARES**

As required under Clause 3(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulations, 1997, persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid SEBI Regulations are given in Annexure III attached herewith and the said Annexure III forms part of this Annual Report.

#### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE.**

The particulars regarding foreign exchange earnings and expenditure are annexed hereto as Annexure-I and forms part of this report. Since your Company does not own manufacturing facility, the other particulars relating to conservation of energy and technology absorption stipulated 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, are not applicable.





## PERSONNEL

The Board of Directors sincerely acknowledges the exemplary dedication of all its employees, which contributed to the improved performance. Our industrial relations continue to be cordial. The Employees are provided with inhouse training as well as training at offsite locations and they have been empowered and given progressively more responsibility thereby involving them in day to day decision making. The spirit of trust transparency and dignity along with opportunities to explore and implement their dreams and also give the employees encouragement and the yearning to perform.

The number of employees as on 31st March 2006 was 540.

The information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 forms part of this Report.

## AWARDS AND RECOGNITIONS

Your Company has received the following awards/recognitions/trophies during the year under review:

1. Your Company was short-listed for the second and final round for the purpose of **Corporate Governance Award - 2005** from amongst the Companies of all over India for the purpose of Corporate Governance Award for the second consecutive year by the Institute of Company Secretaries of India (ICSI).
2. Golden trophy for the highest exports in Cotton Yarns exports in merchant export category from the **Cotton Textiles Export Promotion Council of India** for the year 2005-06.
3. Bronze trophy for the third highest exports in synthetic textiles in merchant export category from the **Synthetic and Rayon Textiles Export Promotion Council of India** for the year 2005-06.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all our people, for their dedicted service and contribution made towards the growth of the Company. Your Company's consistent growth has been made possible due to hard work, service excellence, solidarity, co-operation and support of all employees of the Company working at different levels.

Your Directors also express their deep sense of gratitude to bankers, financial institutions, Central and State Government officials, vendors, traders, solicitors, advisors and all our well wishers for their continuance guidance and support.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always placed in us.

For and on behalf of the Board of Directors

PLACE : AHMEDABAD

DATE : 20<sup>th</sup> May, 2006.

**GAUTAM S. ADANI**

Chairman



## ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006

### ANNEXURE - I

#### FOREIGN EXCHANGE EARNINGS AND OUTGO:

(figures in crores)

	Current year	Previous Year
(I) Foreign exchange earned (Including export of goods on FOB basis )	2604.57	10807.97
(II) Foreign exchange used	3944.62	9228.08

### 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 Crores)	Qualification	Date of Commencement of Employment	Last Employment Held-Designation and Period for which Held.
1	Mr. Gautam S. Adani	44	Chairman	1.77	S.Y. B.Com	1/12/93	Business
2	Mr. Rajesh S. Adani	42	Managing Director	2.67	B. Com.	1/12/93	Business
3	Mr. Pradeep Mittal	52	CEO (Energy & Minerals)	0.75	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	Qualification	Date of Commencement of Employment	Last Employment Held-Designation and Period for which Held.
1.	Mr. Vasant S. Adani	51	Whole-time Director*	0.56	B.A.	7/1/95	Business

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

\* Resigned as whole-time director of the Company w.e.f. 11<sup>th</sup> May, 2005.

### ANNEXURE - III FORMING PART OF THE DIRECTORS REPORT

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

Sr. No.	Particulars	Sr. No.	Particulars	Sr. No.	Particulars
1	Accurate Finstock Pvt. Ltd.	27	I Gate India Pvt. Ltd.	53	Ranjan V. Adani
2	Adani Agri Fresh Ltd.	28	Intercontinental (India)	54	Riddhi V. Adani
3	Adani Agro Pvt. Ltd.	29	Mahasukh S. Adani Family Trust	55	Sagar R. Adani
4	Adani Chemicals Ltd	30	Mundra Special Economic Zone Ltd.	56	Shantaben Adani
5	Adani Global FZE	31	Netvantage International Ltd.	57	Sharmishta Sanghavi
6	Adani Global Ltd.	32	Rajesh S. Adani Family Trust	58	Surekha B. Shah
7	Adani Global Pte. Ltd.	33	S. B. Adani Family Trust	59	Suvarna M. Adani
8	Adani Infrastructure Services Pvt. Ltd.	34	Shahi Property Developers Pvt. Ltd.	60	Vanshi R. Adani
9	Adani Investments	35	Shantikrupa Estates Pvt. Ltd.	61	Vasant S. Adani
10	Adani Logistics Ltd.	36	Vasant S. Adani Family Trust	62	Vinod N. Sanghavi
11	Adani Petronet (Dahej) Port Pvt. Ltd.	37	Vinod S. Adani Family Trust	63	Vinod S. Adani
12	Adani Port Infrastructure Pvt. Ltd.	38	Bhavik B. Shah	64	Adani Agri Logistics Ltd.
13	Adani Power Pvt. Ltd.	39	Gautam S. Adani	65	Adani Energy (Haryana) Ltd.
14	Adani Properties Pvt. Ltd.	40	Jeet G. Adani	66	Adani Shipyard Pvt. Ltd.
15	Adani Textile Industries	41	Karan G. Adani	67	Shilin R. Adani
16	Adani Wilmar Ltd.	42	Kunal D. Shah	68	Adani Developers Pvt. Ltd.
17	Advance Exports	43	Mahasukh S. Adani	69	Advance Investments
18	B2B India Pvt. Ltd.	44	Mansi K. Shah	70	Adani Township & Real Estate Company (Mumbai) Pvt. Ltd.
19	Adani Retail Ltd.	45	Namrata P. Adani	71	Adani Township & Real Estate Company Pvt. Ltd.
20	Crown (International)	46	Param P. Adani	72	Dahej Power Pvt. Ltd.
21	Ezy Global	47	Pranav V. Adani	73	Inland Conware Pvt. Ltd.
22	Gautam S. Adani Family Trust	48	Priti G. Adani	74	Inland Conware (Ludhiana) Pvt. Ltd.
23	Gujarat Adani Energy Ltd.	49	Priti R. Shah	75	m to M Traders Pvt. Ltd.
24	Gujarat Adani Infrastructure Pvt. Ltd.	50	Pushpa V. Adani	76	Mundra SEZ Textile & Apparel Pvt. Ltd.
25	Gujarat Adani Port Ltd.	51	Rahi R. Adani	77	Rajesh S. Adani
26	I Call India Ltd.	52	Rakesh R. Shah		



## **ANNEXTURE - IV**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The management of Adani Exports Limited presents the analysis of performance of the Company for the year 2005-2006 and the outlook for the future, which is based on assessment of the current business environment. It may vary due to future economic and other developments, both in India and abroad.

#### **Economy and Business Environment**

##### **Review of Economy**

During the year 2005-2006, the Indian economy appeared to be on the right track for GDP growth and planned reforms and was supported by healthy foreign exchange reserves, efficient utilization of capabilities by the manufacturing sector, a bullish stock market, robust increase in exports and low inflation. Despite some political difficulties, there was continuity in reforms and reiteration of the intent to improve the quality of life of the weaker sections of the society. Implementation of Value Added Tax by all states in 2006, was a historic and positive move.

Continuous positive development on the economic front and policy initiatives by the Government present an exciting environment for a Company like yours. Sustained inflow of global capital into the Indian economy, falling import duties, rapid changes in retail environment and an increasing demand for FMCG products, are positive indicators for your Company. However, as a result of economic development and globalization, the competitive landscape in which the Company operates has changed substantially over the years and this brings with it, emerging challenges. It also requires greater understanding of the consumer needs and trends as well as ability to address them in a sustained and competitive manner.

Fiscal scenario improved but remained a cause for concern. Bottlenecks in infrastructure more particularly power generation, coal production and transportation became evident. While from an economic perspective the year 2006 begins on a comfortable note, long-term solutions to the weak spots in the economy need to be addressed to achieve a sustained GDP growth rate of over 8% p.a.

The management's views on the Company's performance and outlook are discussed below:

#### **A. Agro Commodities**

We take great pleasure in informing that the Company has expanded its Agro Operations and has become one of the leading Companies in Agro Trading. To flank the exports business, the Company has started venturing into domestic trading opportunities in Agro Commodities. Further the Company has emerged as a leading importer of pulses into India.

Opportunities available for hedging and sourcing on the commodity exchanges were also beneficial. This has provided a transparent and safe platform for trading in agricultural commodities which was earlier confined to the unorganized sector.

During the year under review, the Company has commenced Stock and Sale operations in Castor Oil in Europe. This has resulted in giving an edge to the Company in exports of Castor Oil. As a matter of fact Adani Exports Ltd., is now a leading exporter of Castor Oil from India.

The Company's Soya operations have continued to grow. The Company has become the leading exporter to highly competitive and demanding market of Japan. Apart from this, the Company continued to cater to its traditional markets like Indonesia, China, South Korea etc.

#### **B. Textiles**

The termination of quota regime in world trade and the phasing out of the multi-fibre agreement with effect from 1<sup>st</sup> January, 2005, has thrown open challenging opportunity of growth for the Textile Industry. The market dynamics are undergoing a fundamental change with manufacturing growing faster in developing countries which has resulted into emerging of new markets in Asia, Latin America and Africa where realisations have come under pressure in products like cotton yarns but with focus on increasing volumes will take care of sustained growth. The Company has also established strong buyer base for its yarns. The Company's position in the highly conscious markets like Europe has been improving.

#### **C. Energy & Minerals**

The performance of the Energy Sector has shown much improved results in the fiscal year 2005-06 over the working of the Previous Year. Coal production rose by 12% per cent in the fiscal 2005-06. Performance of the Company in the energy sector is as under :

**Coal and Coke :** Despite volatility in terms of prices, not only all the commitments of domestic orders were fulfilled but new orders were picked up from Electricity Boards and were successfully executed.

**Iron Ore :** Procurement of Ore from the mine owners had been difficult during the financial year 2005-06, due to steep increase in ore prices leading to much speculation and withholding of supplies by them, despite which the Company has exported over 1.5 million tones of ore and has posted healthy margins. In view of the fluctuation in iron ore prices resulting in constraints in procurement of sufficient iron ore, the Company has made arrangement for dedicated minings.

The performance of Iron Ore handling at the Belekeri Port was considerably improved and all supplies to foreign buyers were Efficiently executed.



**Power Trading:** The Operations have resulted in a significant marked improvement and about 3000 million units have been traded with improved margins.

**D. Petroleum, Oils and Lubricants (POL)**

In the POL business, the Company's better services in the form of liquid storage facilities and single window clearance right from purchasing of cargo till the loading on buyer's tankers, backed by port facility, along with sourcing expertise & competitive pricing has resulted into better business growth for the Company.

During the year under review, the Company has also ventured into the business of Bunkering. Bunkering business entails supplying fuel to the ships after blending and heating.

The Company is currently doing Bunkering at Mundra Port. Every vessel which calls at Mundra Port, can use the bunkering facilities. Earlier all these vessels were using bunkering facilities of either, Fujairah or Singapore for sourcing fuel and carrying transit fuel. This restricts them to convert their transit fuel into the commercial cargo, which would, otherwise, supplement their freight income.

The Company proposes to develop bunkering facilities at Mundra & would target these customers. The Company is procuring two double bottomed double hulled bunkering barges and developing the related facilities.

**E. Petrochemicals**

The Company continued to be a leading trader of Petrochemicals in the country with volumes topping 2,50,000 MT. The year was marred by large fluctuations in prices of basic Petrochemicals due to the volatile prices of Energy/Crude oil. With support from major Petrochemical manufacturers such as BASF Malaysia, DOW Chemicals - U.S.A, Mitsui & Co. - Singapore, Sumitomo Corporation - Singapore, Degussa Chemicals - Germany, amongst others, the Company continued to grow its market share even in adverse market conditions.

The Indian industry, in particular, Laminates, Inks & Coating, Performance Chemicals sector continued to grow at a rapid pace & helped the Company to enter into long term quantity tie-ups for products such as Methanol, Phenol, Styrene and monomer. The Company continues to serve a spectrum of industries such as Agro, Chemicals, Pharmaceuticals, Dyestuffs, Inks & Coatings, Emulsions, Resins, Plasticizers, Performance chemicals etc. & maintain a leadership position with an active customer base of over 2000.

With dedicated port facilities the Company was uniquely placed to capitalize on the growing import needs of Ethanol, a basic raw material, during the year under review.

**G. Fertilizers and Raw Materials**

During the year under review the products i.e. Sulphur, Ammonium Nitrate, etc, witnessed an increase in trading volume by almost 10% cumulative over the previous year. The tough domestic market scenario of over supplies & erratic / unpredictable International market scenario resulted in tough going, thereby affecting the bottom line.

The Company hopes to expand the business by regularly importing Sulphur Vessels at Haldia & Vizag Ports and consolidate its already existing strong presence at Kandla & Dharamtar.

We are planning to add a few new products to the existing basket of products to add value & flank the products already stabilized in the mature market segments.

**F. Precious Metals**

During the period under review, there has been increased demand for Gold globally as a store of value as also for fashion jewellery and even for industrial use with Indian continent continuing to be a major market for domestic and for export jewellery consumption. The increased demand with the stagnant production facilities has brought in its wake, a spurt in the price of Gold to unimaginable levels even confirmed by the stake holders.

These are not without its consequences to the trade and the trade margins have started sinking. The Company has made a conscious decision to concentrate on bottom line compared to the earlier appetite for top line growth. The Company has, during the year, confined its operations only where margins are substantially higher.

In line with the present day trend, the Company has also established a unit in the Surat Special Economic Zone for its operations and has plans to have a similar unit at NOIDA to cater to the global demand for specialized ethnic jewellery.

**Competition/Outlook on opportunities**

Since inception, the Company is predominantly involved in the global trading of various commodities like Agro, Textile, Energy & Minerals, Power Trading, Petroleum, Oil and Lubricants, Precious Metals. Over the years, the Company has developed significant expertise and positioned itself into a dominant position in the global trading industry of the Country. The Company's long-term vision and ability to foresee good and profitable business opportunities and take calculated risks have immensely helped the Company to secure competitive edge over others. However, competition is global phenomena and is inherent in every industry. Global trading industry is also not an exception to it. In order to survive in the global competitive scenario, the Company has to take necessary preventive steps to mitigate the adverse effects of certain factors beyond the control of the Company like exchange rate fluctuation, change in government policy for foreign trade, WTO implications and competition from volatile commodity markets. The Company has already implemented commodity wise strategy to maintain its competitive edge and continuously strives to improve it. In view of its core competencies and expertise, the Company is poised to maintain its competitive edge in the global trading industry during the years to come.