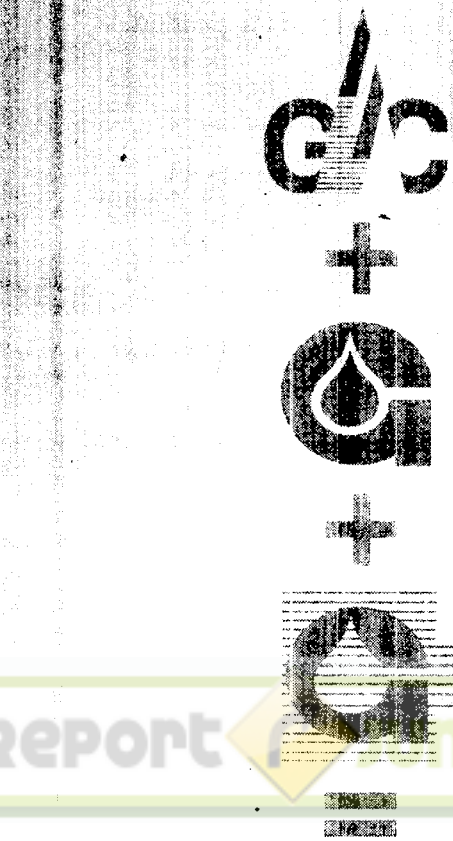
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7th Annual Report
1997-98

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Notice of 7th Adjourned Annual General Meeting and Annual Report : Page No. 1 - 27
Notice of Extraordinary General Meeting : Page No. 28-29

Gujarat Ambuja Exports Limited

REGISTERED OFFICE : "Ambuja Tower", Opp. Memnagar Fire Station, Navrangpura, P.O. Navjivan, Ahmedabad - 380 014.

7th ANNUAL REPORT

BOARD OF DIRECTORS

Shri Vijay Kumar Gupta,	*Chairman & Managing Director*	Shri Sandeep Agarwal	
Shri Manishkumar Gupta,	*Managing Director*	Shri Jagdish Sharan Varshneya	*(w.e.f. 28/12/98)*
Smt. Sulochana Gupta		Shri Omprakash Halwai	*(Resigned w.e.f. 28/12/98)*
Shri P. G. Makhija,	*Executive Director (w.e.f. 28/12/1998)*	Dr. Avtarkishan Handa	*(Resigned w.e.f. 28/12/98)*

COMPANY SECRETARY	Shri Sanjay S. Maniar	**AUDITORS**	M/s. Pramodkumar Dad & Co., *Chartered Accountants*, Ahmedabad.
BANKERS	Bank of India Punjab National Bank	**SHARE TRANSFER AGENT**	Jay Vijay Corporate Financial Services Ltd. "Ambuja Tower", Opp. Memnagar Fire Station, P.O. Navjivan, Ahmedabad - 380 014.
SUBSIDIARIES	1. Gujarat Ambuja International Pte. Ltd.	2. Gujarat Ambuja Soya Products Ltd.	

UNITS

1. 100% EOU Cotton Spinning Division: Vil. Dalpur, Dist.Sabarkantha
2. Bio-Chemical Division:Vil. Dalpur, Dist.Sabarkantha
3. 100% EOU Solvent Extraction Unit-I, Nani Kadi, Dist. Mehsana
4. 100% EOU Solvent Extraction Unit-II, Kadi, Dist.Mehsana
5. Solvent Extraction Unit-III, Kadi, Dist. Mehsana
6. Solvent Extraction Unit-IV, Pithampur, Dist.-Dhar (M.P.)
7. Solvent Extraction Unit-V, Jaipur, Rajasthan
8. Solvent Extraction & Vanaspati Ghee Unit, Kadi, Dist. Mehsana
9. Wheat Processing Unit, Kadi, North Gujarat

CONTENTS OF ANNUAL REPORT

	PAGE NO.
Notice of Adjourned A.G.M.	1
Directors' Report and Annexures	3
Auditors' Report	6
Balance Sheet	7
Profit & Loss Account	8
Schedules & Notes on Accounts	9-19
Cash Flow Statement	20
Balance Sheet Abstract and Statement u/s. 212	21
Annual Report of Gujarat Ambuja International Pte. Ltd..	22-24
Annual Report of Gujarat Ambuja Soya Products Ltd.	25-27

SCHEDULE OF ADJOURNED ANNUAL GENERAL MEETING

Day : Tuesday
Date : 30th March, 1999
Time : 10.30 a.m.
Venue : Bhaikaka Hall,
Near Law Garden, Ellisbridge,
Ahmedabad - 380 006.

NOTICE

Notice is hereby given that the 7th Adjourned Annual General Meeting of Members of the Company will be held on **Tuesday, the 30th day of March, 1999 at 10:30 A.M.** at Bhaikaka Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006 to transact the following business.

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1998, Profit & Loss Account for the year ended on that date, Directors' Report and Auditors' Report thereon.
2. To declare dividend, if any.
3. Appointment of Auditors : To appoint M/s. Kantilal Patel & Co., Chartered Accountants, as Auditors of the Company, in place of M/s.Pramodkumar Dad & Co., Chartered Accountants who are not offering themselves for reappointment, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company at a remuneration as may be fixed by the Board in consultation with the Auditors apart from out of pocket expenses as may be incurred by them for the purpose of audit. A notice has been received from a shareholder proposing the appointment of M/s Kantilal Patel & Co., Chartered Accountants.

By Order of the Board

PLACE : Ahmedabad
DATED : December 28, 1998

VIJAY KUMAR GUPTA
Chairman & Managing Director

NOTES :

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING
THIS BEING AN ADJOURNED ANNUAL GENERAL MEETING OF THE 7TH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON THURSDAY, 24TH DECEMBER, 1998 AT 11.30 A.M., PROXIES LODGED 48 HOURS BEFORE THE ORIGINAL ANNUAL GENERAL MEETING SHALL ALSO BE VALID AND EFFECTIVE.

b) *Register of Members and Share Transfer Books of the Company will remain closed from 29th March, 1999 to 30th March, 1999 (both days inclusive) for the purpose of determining the entitlement of Dividend for the year 1997-98. Register of Members and Share Transfer Books of Amalgamating Companies i.e Gujarat Ambuja Cotspin Ltd. and Gujarat Ambuja Proteins Ltd. will remain closed from 29th March, 1999 to 30th March, 1999 (both days inclusive) to ascertain members eligible to receive shares of the Company in terms of exchange ratio approved on Amalgamation by High Court of Gujarat and to determine eligibility of members for receiving sale realisation of fraction and also to determine eligibility to receive dividend for the financial year 1997-98.*

c) Dividend for the year ended 31st March, 1998, recommended by Directors, if declared at the meeting, will be paid to those members whose name appear on the Register of Members of the Company and of the amalgamating companies i.e. Gujarat Ambuja Cotspin Ltd. and Gujarat Ambuja Proteins Ltd. as on 30th March, 1999. The dividend will be paid without deducting any tax as per prevalent legal provisions.

d) Documents referred to in this notice and Certified copy of the Order of the High Court of Gujarat dated 17th December,1998 approving the Scheme of Amalgamation of Gujarat Ambuja Cotspin Ltd. and Gujarat Ambuja Proteins Ltd. with the Company are available for inspection to the members of the Company on all working days during 2:00 to 4:00 P.M. at the Registered Office of the Company upto the date of Adjourned Annual General Meeting.

WHAT IS G.A.E.L.? : NOW IT IS G.A.C.L.+G.A.P.L.+G.A.E.L.

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HURRY..... MEMBERS OF GUJARAT AMBUJA PROTEINS LTD. AND GUJARAT AMBUJA COTSPIN LTD.

FOR THE ATTENTION OF SHAREHOLDERS OF GUJARAT AMBUJA PROTEINS LIMITED AND GUJARAT AMBUJA COTSPIN LIMITED (HEREINAFTER REFERRED AS "AMALGAMATING COMPANIES")

1. High Court of Gujarat has approved the Scheme of Amalgamation of Gujarat Ambuja Cotspin Ltd. (GACL) and Gujarat Ambuja Proteins Ltd. (GAPL) (Amalgamating Companies) with Gujarat Ambuja Exports Limited (hereinafter referred as "Amalgamated Company") vide its order dt. 17.12.1998 w.e.f. appointed date of 1st April, 1997. The certified copy of the order was received on 22nd December,1998 and same has been filed with the office of the Registrar of Companies, Gujarat on the same date.
2. In terms of Scheme of Amalgamation, the shareholders of Gujarat Ambuja Cotspin Ltd. will get One (1) Equity Share of Gujarat Ambuja Exports Limited as against every Four (4) Equity Shares held by them. Whereas, the shareholders of Gujarat Ambuja Proteins Ltd. will get one (1) Equity Share of Gujarat Ambuja Exports Limited as against every Five (5) Equity Shares held by them.
3. Members holding shares of the Company under more than one Ledger Folio are requested to send to the Company, details of all such folios together with the Share Certificates for consolidating the folios into one. The said formalities will help the members to get shares in **Marketable lot.**
4. Even if, the members are holding shares in different names but if the shares belong to same family, they may get the shares transferred into one folio of their choice, to get the **Marketable lot** on allotment of shares of Gujarat Ambuja Exports Ltd.
5. Members are requested to note that book-closure has been kept on 29th March, 1999 to 30th March, 1999 (both days inclusive) to ascertain members eligible to receive shares of Amalgamated Companies, Sale value of fractional entitlement, if any, and to receive dividend for the financial year 1997-98, *if approved by the members at the Adjourned Annual General Meeting of Amalgamated Company.*
6. **To facilitate the members of Amalgamating Companies to receive shares of Amalgamated Company, Distribution Centres will be opened from 15th May, 1999 to 15th June, 1999. The members desirous of getting shares of Amalgamated Company has to approach the respective Centre according to their address in record with the Company alongwith physical share certificates of Gujarat Ambuja Proteins Ltd. and Gujarat Ambuja Cotspin Ltd. At the counter, members will get the shares of Gujarat Ambuja Exports Ltd. in exchange. Please also note that while going to collect the share certificates of GAEL, please carry all share certificates of GAPL and GACL as the share certificates of GAEL would be issued for combined holding of GAPL and GACL.**

   Those members / shareholders who are not residing in the cities / towns / centres, mentioned below will be delivered shares at their addresses as per records of the Company.
7. In view of proposed provision in the Companies (Amendment) Bill, 1998, members desirous of making nomination may make request to the Company.
8. For any query or clarification, members of Amalgamating Companies and of Amalgamated Company are requested to approach at the Registered Office or contact on Phone No. 079-6423316 to 20 (Attn. Mr. Sanjay Maniar)

The Company has made arrangements with MCS Limited for handling the delivery of shares of Gujarat Ambuja Exports Ltd. in exchange with shares of GAPL and GACL at following centres. All shareholders residing in the city / town covered by the centres mentioned below are requested to approach alongwith the requisite share certificates between 10.00 AM to 1.00 PM and 2.00 PM to 5.30 PM on all working days except Sundays.

Address of centres of MCS Limited

AHMEDABAD	101, Shatdal Complex, 1st Floor, Opp. Bata Show Room, Ashram Road, - 380 009. Ph. No. 658 2878
BANGALORE	C/O Meenakshi Investment, 189, R.T.Street, B.V.K.Iyengar Road Cross, - 560 053. Ph. No. 220 3116
BARODA	Neelam Apts,88,Sampat Rao Colony, B/H, Federation Bldg., Alkapuri, - 390 005. Ph. No. 339 39.
CALCUTTA	Sri Venkatesh Mangalam,24/26, Hemanta Basu Sarani, 700 001. Ph. No. 210 2805/06
CHENNAI	Sri Venkatesh Bhavan, 35, Armenian Street, 600 001. Ph. No. 524 0115/121
HYDERABAD	C/O Baba Computer Consultants P.Ltd, 4-103,2nd Fl, Beside Rajdhani Theatre, Opp; Golconda Grameena Bank, Dilsukhnagar, - 500 036. Ph. No. 404 0886/8402
JAIPUR	C/O. Agarwal Infin Consultants P.Ltd,103, Anukampa Mansion II, Opp : Raymonds, M.I.Road,- 302 001. Ph. No. 368071/369250
MUMBAI	405, Dalamal Tower, Free Press Journal Marg, 211, Nariman Point,-400 021. Ph. No. 204 9933/283 7108
NEW DELHI	Sri Venkatesh Bhavan, 212-A, Shahpurjat, - 110 049. Ph. No. 649 4830
PUNE	116/118, Akshay Complex, Off Dhole Patil Road, Near Ganesh Mandir, - 411 001. Ph. No. 629597
RAJKOT	C/O Search Management Services, 211, Sterling Apts, Jawahar Road, - 360 001. Ph No. 224 517
SURAT	C/O Pal Consultancy Services P.Ltd, 1/3222, Momnawad, GOPIPURA,- 395 001. Ph. No. 414182/412766

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DIRECTORS' REPORT

To,
The Members,
Gujarat Ambuja Exports Limited

Your Directors have pleasure in presenting herewith their 7th Report together with the Audited statements of accounts for the year ended 31st March, 1998.

The significant feature of this year's report is that Honourable Gujarat High Court has sanctioned the scheme of amalgamation of Gujarat Ambuja Cotspin Limited and Gujarat Ambuja Proteins Limited with this company with effect from 1st April, 1997 and we shall endeavour to present to you with the highlights of the performance of year under review.

FINANCIAL RESULTS:

	RS. (IN LAKHS)	
PARTICULARS	**1997-98**	1996-97
TOTAL TURNOVER	**37493.77**	18162.91
TOTAL EXPORTS (F.O.B.)	**18692.21**	15175.74
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXES	**2117.04**	1037.94
LESS : INTEREST	**725.06**	402.21
DEPRECIATION	**830.40**	195.71
PROVISION FOR TAXATION	**NIL**	56.77
PRIOR YEAR ADJUSTMENTS (CR)	**8.87**	NIL
NET PROFIT FOR THE YEAR	**570.45**	383.25
ADD : BALANCE OF THE PROFIT CARRIED FROM EARLIER YEAR	**795.06**	707.44
ADD : BALANCE OF PROFIT OF AMALGAMATING COMPANIES	**3412.97**	NIL
TOTAL PROFIT AVAILABLE FOR APPROPRIATION	**4778.48**	1090.69
APPROPRIATED AS UNDER:		
1. PROPOSED DIVIDEND (6% p.a.) ON ENHANCED CAPITAL (Previous Year 12% p.a.)	**142.10**	86.94
2. DIVIDEND DISTRIBUTION TAX	**14.21**	8.69
3. TRANSFER TO RESERVES	**3000.00**	200.00
TOTAL APPROPRIATION	**3156.31**	295.63
NET BALANCE IN THE PROFIT & LOSS ACCOUNT AS AT 31ST MARCH' 98	**1622.17**	795.06

DIVIDEND: The Directors are pleased to recommend a Dividend at 6% p.a. on the enhanced equity comprising of the Existing Capital of 72,45,000 Equity Shares of the Company and Equity shares that are due to be issued against the exchange of the shares of Gujarat Ambuja Proteins Limited and Gujarat Ambuja Cotspin Limited on Amalgamation.

The Directors are more happy because now the number of satisfied shareholders who would be receiving the dividend would exceed more than 3,00,000 shareholders, who are the holders of the shares of the Amalgamating Companies, as against only 30,000 shareholders of Gujarat Ambuja Exports Limited who received the dividend last year.

The dividend proposed will entail higher outlay as compared to the last year and is thus reflection of the performance of the Company. The dividend, if declared, will be paid to those shareholders including to those who are presently the shareholders of the amalgamating companies whose names appear on the Registers of Members as on 30th March, 1999.

REVIEW OF PERFORMANCE: Your directors are pleased to report that inspite of the adverse market conditions, poor economic growth, relatively sluggish World economy and sudden crisis in the South East Asian Currencies, the Company could perform reasonably well.

The Honourable Gujarat High Court was pleased to sanction the Scheme of the amalgamation of Gujarat Ambuja Cotspin Limited (GACL) and Gujarat Ambuja Proteins Limited. (GAPL). This has helped the Company to consolidate its operational results and also the Group's financial strength under one head.

The Company has now the following divisions:

1. ***SOLVENT EXTRACTION DIVISION:*** In this division, two large sized plants of Gujarat Ambuja Proteins limited, including one at Pithampur and one at Kadi, have been added. This has increased the Oil Seed crushing capacity to significantly high at 420000 T.P.A. as against the previous capacity of 165000 T.P.A. Now the Company has in all four units at different locations.

   Besides the company has also commenced a new Vanaspati Ghee division which also has a refinery. The Commercial production at this unit started in June, 1997. The quality of the product and the Marketing Network is being established.

   The total Seed crushing under all units was substantially high at 178293 Tonnes as against 49276 tonnes crushed in the previous year.

2. ***COTTON SPINNING DIVISION:*** In this division which has been taken over upon Amalgamation, the Company has 100% Export Oriented Undertaking of Cotton Spinning with the capacity of 58480 spindles for Ring Spinning and of 1080 Rotors for Open end Spinning and Denim fabric Manufacturing with the installed capacity of 5 Million Metres per annum. The said unit performed reasonably well inspite of the South East Asian currencies crisis which affected the sales as well as the margin.

3. ***MAIZE BASED STARCH AND OTHER DERIVATIVES:*** In this division which has been taken over upon Amalgamation, the Company has a modern Corn Wet milling plant, which manufactures Starch, Liquid Glucose and other derivatives from Maize. The Unit performed reasonably well inspite of the tough competition.

4. ***WHEAT PROCESSING DIVISION :*** In this division, which has been taken over upon Amalgamation, the Company has a Wheat Processing Unit with the Processing capacity of 45000 M.T. per annum. This unit performed reasonably well considering the fact the Wheat products were banned for exports for most of the part of the year.

   During the year 1998-99, the Company has also converted two of its Solvent Extraction units into 100% Export Oriented Undertakings under the approval of the office of Development Commissioner, Kandla.

5. ***SUBSIDIARIES:*** The Company has also set up a wholly owned Subsidiary at Singapore under Specific Approval from the Central Government under the name GUJARAT AMBUJA INTERNATIONAL PTE. LTD. The said Company has also done good business and has reported a profit of 35300 Singapore Dollars. The subsidiary has not recommended any dividend, being the first year of operations, requiring further time to establish. The Directors are happy to report that due to the above subsidiary, your Company has direct presence in the markets where the products are exported in large volumes, giving better opportunities for building larger network of Customers and also ensuring better net realisations.

   Owing to the Amalgamation, Gujarat Ambuja Soya Products Limited, whose 30% equity shares each were held by the two amalgamating companies, became subsidiary of the Company. The said Company is in the business of franchising and Investments and has reported nominal profits.

CURRENT YEAR'S OUTLOOK: As you all must be aware the overall recession in the economy has hit almost all companies and your Company is no exception. However because of the Low Debt the Company has been able to withstand the effect of reduced margins and lower sales.

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FINANCE AND INSURANCE: The Company, after amalgamation has tremendous financial strength and leverage. The Company has been receiving excellent co-operation from present bankers, Bank of India and Punjab National Bank. The Company has also secured all its Fixed Assets and Insurable Interests adequately.

PUBLIC DEPOSITS : The Company incorporated the portfolio of Public Deposit of the erstwhile Gujarat Ambuja Cotspin Limited, which was given Credit Rating of FA(-) by CRISIL. (Investment grade). Since February 1998 no fresh deposits are accepted and all fixed deposits are being paid on maturity. As on 31st March 1998 there are no unpaid deposit except unclaimed amount of Rs. 90,000. The Company has also asked CRISIL to withdraw their rating as no new deposits are accepted and all the deposits have been prepaid on 30th September, 1998.

DIRECTORS: The Company, after amalgamation needed to further strengthen its Board and accordingly have appointed Mr. Jagdish Sharan Varshneya, the ex-banker and the Director of Gujarat Ambuja Cotspin Ltd. as Director and Mr. P. G. Makhija, the Executive Director of Gujarat Ambuja Cotspin Limited as Executive Director of this Company. In addition, the Board has also considered it fit to appoint Mr. Manish Gupta as Managing Director and has varied terms of appointment of Mr. Vijaykumar Gupta, which are all subject to the approval of the members at the ensuing Extra Ordinary General Meeting.

Dr. Avtarkishan Handa and Mr. Omprakash Halwai, the existing directors have expressed their unwillingness to continue as Directors due to other pre-occupation and have given resignation at the Board of Directors meeting dated 28th December, 1998. The Board places on record the services rendered by them during their tenure as Directors of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO: The information in relation to the above as required under section 217(1)(e) of the Companies Act, 1956 is attached in the annexure to this report.

PARTICULARS OF EMPLOYEES AND OTHER STATUTORY INFORMATION: Information in the form of Annexure to this report is given in respect of the details of the employees drawing remuneration of more than Rs. 300,000 per annum, where employed for full year or Rs. 25000 per month, where employed for a part of the year. Besides, information relating the Cash Flow, Business profile and the statement under Section 212 in respect of the information relating to the subsidiaries is also attached.

AUDITORS' AND AUDITORS' REPORT: M/s. Pramodkumar Dad & Co., the present auditors have expressed their unwillingness to continue and have offered to resign. The Company has received representation from one of the member recommending the name of M/s. Kantilal Patel & Co., Chartered Accountants of Ahmedabad as auditors. The Board recommend their name for appointment considering their background.

The Auditors' report is self-clarificatory and does not require further explanation.

ACKNOWLEDGEMENT: Your Directors place on record their sincere thanks for continuous support of the Banks, Central Government, State Government, Office of the Industries Commissioner, Office of the Development Commissioner, valued customers and devoted workers for their continuous co-operation and contribution to the growth and progress of the Company.

The Directors also express their sincere gratitude to the shareholders for the confidence reposed in the management and also to the Shareholders and creditors of the two amalgamating companies who co-operated to make the Amalgamation happen.

For and on behalf of the Board of Directors

PLACE : Ahmedabad
DATED : December 28, 1998

VIJAY KUMAR GUPTA
Chairman & Managing Director

ANNEXURE A TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988 and forming part of the Directors' Report for the Financial Year Ended 31.03.98.

A. CONSERVATION OF ENERGY

1) Energy Conservation measures taken :-
The Company has formed a strong technical department headed by a senior personnel to continuously monitor energy consumption and to plan and execute energy conservation schemes. Effective measures are being taken for overall technological upgradation of plant & machinery, in various units. The Company has plans to install energy efficient devices in the new projects also.

2) Total energy consumption and energy consumption per unit of production :

FORM-"A"

	1997-98	1996-97
A) POWER AND FUEL CONSUMPTION :		
[A] SOLVENT EXTRACTION UNIT :		
1) Electricity		
a) Purchased:		
Unit	**5926080**	2773463
Total Amount (Rs.)	**22819903**	9306034
Rate/Unit (Rs.)	**3.85**	3.35
Cost of Consumption per Unit of Production (M.T.)(Including Production on Job basis.)	**Rs. 126.78**	Rs.107.55
b) Own Generation		
i) Through Diesel Generator		
Unit Ltrs.(Diesel)	**30443**	NIL
Total Amount (Rs.)	**271686**	NIL
Rate/Unit (Rs.)	**8.92**	NIL
Cost of Consumption per Unit of Production (MT)	**Rs. 3.92**	NIL
ii) Through Steam Turbine	**NIL**	NIL
2) Coal:		
Qty. (M.T.) Lignite	**12003.520**	7525.777
Total Cost (Rs.)	**16944416**	8062320
Avg. Rate (Rs.)	**1411.62**	1071.29
Cost of Consumption per Unit of Production (M.T.)	**Rs. 94.14**	Rs. 93.18
3) Furnace Oil	**NIL**	NIL
4) Others/Internal Generation		
Steam from Heat Recovery Boiler		
Qty.	**1956008 Kg.**	5152090 Kg.
Total Cost (Rs.)	**3379001**	1051962
Rate/Unit	**1.73 Kg.**	0.20 Kg.
Cost of Consumption per Unit of Production (M.T.)	**Rs. 18.77**	Rs. 12.16
[B] MAIZE BASED STARCH UNIT :		
1) Electricity		
a) Purchased:		
Unit	**6012160**	NIL
Total Amount (Rs.)	**22362387**	NIL
Rate/Unit (Rs.)	**3.72**	NIL
Cost of Consumption per Unit of Production (M.T.)	**Rs. 710.95**	NIL
b) Own Generation :		
i) Through Diesel Generator Unit Ltrs. (Diesel)	**367344**	NIL
Total Amount (Rs.)	**3118987**	NIL
Rate/Unit (Rs.)	**8.49**	NIL
Cost of Consumption per Unit of Production (M.T.)	**Rs. 99.16**	NIL
ii) Through Steam Turbine	**NIL**	NIL

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	1997-98	1996-97
2) Coal		
Qty. (M.T.) Lignite	7816.584	NIL
Total Cost (Rs.)	8258856	NIL
Avg. Rate (Rs.)	1056.58	NIL
Cost of Consumption per Unit of Production (M.T.)	Rs. 262.57	NIL
3) Furnace Oil	NIL	NIL
4) Others/Internal Generation	NIL	NIL

[C] COTTON YARN UNIT :

1) Electricity		
a) Purchased:		
Unit	1352100	NIL
Total Amount (Rs.)	4138964	NIL
Rate/Unit (Rs.)	3.06	NIL
Cost of Consumption per Unit of Production (Kg.)	Rs. 0.56	NIL
b) Own Generation :		
i) Through Diesel Generator Unit		
Ltrs.(Diesel)	8615866	NIL
Unit Generated	31738175	NIL
Total Amount (Rs.)	71799434	NIL
Rate/Unit (Rs.)	2.26	NIL
Cost of Consumption per Unit of Production (Kg.)	Rs. 9.77	NIL
ii) Through Steam Turbine Generation Units		
Units per Lt. of Fuel/ Oil/Gas Cost/Unit	NIL	NIL
2) Coal		
Qty. (M.T.) Lignite	2078.162	NIL
Total Cost (Rs.)	2535527	NIL
Avg. Rate (Rs.)	1220.08	NIL
Cost of Consumption per Unit of Production (Kg.)	Rs. 2.66	NIL
3) Furnace Oil	NIL	NIL
4) Others/Internal Generation	NIL	NIL

[D] WHEAT PRODUCT UNIT :

1) Electricity		
a) Purchased:		
Unit	956964	NIL
Total Amount (Rs.)	4007268	NIL
Rate/Unit (Rs.)	4.19	NIL
Cost of Consumption per Unit of Production (M.T.)	Rs. 0.30	NIL
b) Own Generation :	NIL	NIL
2) Coal	NIL	NIL
3) Furnace Oil	NIL	NIL
4) Others/Internal Generation	NIL	NIL

B. TECHNOLOGY ABSORPTION :

a) Research & Development (R&D)

i) Specific areas in which R&D carried out by the Company:
The Research & Development efforts of the Company are directed towards quality control and improvement of in house expertise.

ii) Benefits derived as a result of the above R&D:
Benefits derived by the Company from its Research & Development activities are Primary by way of improvements in product quality and cost effectiveness.

b) Technology Absorption, Adaptation and Innovation:

i) Efforts, in brief made towards technology absorption, adaptation and innovation.

The Company has been putting emphasis to train its technical personnel by way of providing training to them for the latest technology available.

ii) Benefits derived as a result of the above efforts :

The above efforts have improved the quality of the product and the quality now is of the International Standards, Besides it has also improved the productivity and reduced the wastages.

iii) Information regarding technology imported during last five years : Not Applicable

	1997-98 RS.	1996-97 RS.
C) FOREIGN EXCHANGE EARNING/OUTGO:		
Foreign Exchange Earned:		
FOB Value of Sales(Including Warehouse Charges)	1869221334	1517574083
Foreign Exchange Used :		
Capital Goods (CIF Value)	21852000	NIL
Trading Purchases (CIF Value)	164878406	NIL
Stores & Spares (CIF Value)	7019933	NIL
Foreign travelling, Interest, Bank Charges etc.	2706114	390608
Exports Claims	2556000	NIL
Overseas Commission	16412646	NIL
Custom Clearing Charges (Gold)	4320401	NIL
Ocean Freight	67110627	NIL
Loans Granted to Subsidiary Co.	NIL	145312
Investment in Equity of Wholly Owned Subsidiary Company.	20426487	NIL
Total.....	307282614	535920

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Particulars of employees as per Section 217(2A) of the Companies Act, 1956 for the year ended 31st March, 1998

Name/ Age (Years)	Qualification/ Experience	Date of Employment	Designation/Nature of Duties/ Remuneration	Last Employment
Mr. Vijay Kumar Gupta. (48)	B.D.S. 27 Years	07.02.94	Managing Director of Gujarat Ambuja Cotspin Ltd. Overall Supervision Rs.320130/-	Gujarat Ambuja Cotspin Ltd.
* Mr. Manish Gupta (27)	B.Com 8 Years	07.05.97	Managing Director of Gujarat Ambuja Proteins Ltd. Overall Supervision Rs.287091/-	Gujarat Ambuja Proteins Ltd.
* Mr. P. G. Makhija (40)	M.Com,LL.B. A.C.S. 16 Years	01.07.95	Executive Director of Gujarat Ambuja Cotspin Ltd. Supervision of Cotspin Division Rs.472140/-	Gujarat Ambuja Cotspin Ltd.

* Employed for part of the year.

(Note: Remuneration & term includes appointment & remuneration drawn from Amalgamating Companies also.)

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AUDITORS' REPORT

To:
The members of Gujarat Ambuja Exports Ltd.

We have audited the attached Balance Sheet of **GUJARAT AMBUJA EXPORTS LIMITED** as at **31st March, 1998.** and the Profit and Loss account of the Company for the year ended on that date annexed thereto and report that:

1. The accounts of erstwhile Gujarat Ambuja Cotspin Ltd. and Gujarat Ambuja Proteins Ltd. which has been amalgamated with the Company, were audited by another firm of Chartered Accountants for the year 1997-98. The audited accounts for the year as incorporated in the accounts have been accepted by us, subject to note no. 3.3b of schedule " S ".
2. As required by the Manufacturing and Other Companies (Auditor's Report) order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
3. Further to our comments on the annexure referred to in paragraph 2 above, we report that:
   a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
   c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
   d) 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 Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
      i) In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 1998;
      and
      ii) In the case of the Profit & Loss account, of the profit for the year ended on that date.

FOR PRAMODKUMAR DAD & CO.
Chartered Accountants

PLACE : Ahmedabad
DATE : 23rd December,1998

(PRAMOD DAD)
Proprietor

ANNEXURE REFERRED TO IN PARAGRAPH (2) OF THE AUDIT REPORT OF EVEN DATE TO THE SHAREHOLDERS OF GUJARAT AMBUJA EXPORTS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998.

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year. As informed to us no material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials except for the Stocks in transit and stocks lying with the clearing agents which have been confirmed by the parties.
4. In our opinion and according to information and explanation given to us, the procedure of physical verification of stocks followed by the management were found to be reasonable and adequate in relation to the size of the Company and nature of its business.
5. Having regard to the size of the operation of the Company, the discrepancies noticed on physical verifications of stocks as compared to the book records were not material.
6. On the basis of our examination of stocks and other related records we are of the opinion that the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year .
7. The Company has not taken any unsecured loans from Companies, firms or other parties listed in Register maintained under Section 301. We are informed that there are no companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any unsecured loans to companies, firms or other parties listed in Register maintained under Section 301. We are informed that there are no companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
9. The parties including employees to whom loans and advances in the nature of loans have been given are repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of stores, spare parts, raw materials and components, plant & machinery, equipment and other assets and with regards to the sale of goods.
11. As far as we have been able to ascertain from the books of accounts and according to the information and explanations given to us, in our opinion, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contract or agreements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year Rs. 50000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services, where available or the prices at which transactions for similar goods, or services have been made with other parties.
12. As explained to us the Company has a regular procedure for the determination of unserviceable or damaged Stores, raw materials, and finished goods and adequate provision has been made in the accounts for the loss so determined, wherever necessary.
13. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the Public.
14. In our opinion the Company has maintained reasonable records for sale and disposal of realisable waste, by products and the scrap.
15. The Company has adequate internal audit system commensurate with the size of its business during the year.
16. On the basis of our examination and as per the information and explanations given to us, the Company has made and maintained accounts and records as prescribed by the Central Government Under Section 209(1)(d) of the Companies, Act 1956 in respect of Solvent Extraction, EOU Cotton yarn and Denim fabrics Plants of the Company. We are informed that Central Government has not issued any order for Audit of Cost Records under section 233B of the Companies Act, 1956.
17. The Company is regular in depositing Provident Fund and Employees State Insurance dues with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which has remained outstanding as at 31st March, 1998 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, and from the 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.
20. The Company is not sick Industrial Company within the meaning of clause (O) of the sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. According to the information and explanations given to us, there were damaged goods in the case of goods traded in by the Company and they have been properly dealt with in the Accounts.

FOR PRAMODKUMAR DAD & CO.
Chartered Accountants

PLACE : Ahmedabad
DATE : 23rd December,1998

(PRAMOD DAD)
Proprietor

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BALANCE SHEET AS AT 31st MARCH, 1998

	DESCRIPTION	SCHEDULE	AS AT 31.03.98 AMOUNT RS.	AS AT 31.03.97 AMOUNT RS.
(A)	**SOURCE OF FUNDS**			
1	SHARE HOLDERS' FUNDS			
	Share Capital	A	**72450000**	72450000
	Reserves & Surplus	B	**1720490770**	142005562
	Share Capital Suspense		**164377815**	0
			1957318585	214455562
2	LOAN FUNDS			
	Secured Loans	C	**644757048**	355260628
	Unsecured Loans	D	**7455000**	0
			652212048	355260628
	TOTAL....."A"		**2609530633**	569716190
(B)	**APPLICATION OF FUNDS**			
1	FIXED ASSETS	E		
	Gross Block		**1890113938**	93225988
	Less : Depreciation		**265294198**	25440360
	Net Block		**1624819740**	67785628
	Add: Capital work in Progress		**31893178**	41398575
			1656712918	109184203
2	INVESTMENTS (AT COST)	F	**30164439**	1228811
3	CURRENT ASSETS, LOANS & ADVANCES	G		
	Inventories		**412686838**	288938167
	Sundry Debtors		**298450904**	25432967
	Cash & Bank Balances		**28438972**	6896841
	Loans & Advances		**297284247**	152534589
			1036860961	473802564
	Less: Current Liabilities & Provisions	H	**118054519**	19307930
	Net Current Assets		**918806442**	454494634
4	MISCELLANEOUS EXPENDITURE	I	**3846834**	4808542
	(To the extent not written off or adjusted)			
	TOTAL....."B"		**2609530633**	569716190
Notes Forming part of Accounts and Accounting Policies		S		

As per our report of even date attached
FOR, PRAMODKUMAR DAD & CO.
Chartered Accountants

PRAMOD DAD
Proprietor

PLACE : Ahmedabad
DATE : 23rd December, 1998

For and on behalf of Board

VIJAYKUMAR GUPTA
Chairman & Managing Director

MANISH GUPTA
Director

PLACE : Ahmedabad
DATE : 23rd December, 1998

NET WORTH:Rs.195 CRORES/FIXED ASSETS:Rs.192 CRORES

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GUJARAT AMBUJA EXPORTS LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

	DESCRIPTION	SCHEDULE	AMOUNT RS.	FOR THE YEAR ENDED 31.03.98 AMOUNT RS.	FOR THE YEAR ENDED 31.03.97 AMOUNT RS.
A.	**INCOME**				
	Sales [Net of Returns & Discount]	J		3749377224	1816291074
	Increase/ (Decrease) in the Stock	K		-25119030	236880738
	Other Income	L		33518637	13929409
	TOTAL.... " A "			3757776831	2067101221
B	**EXPENDITURE**				
	Raw Material consumed	M		2208193952	526895695
	Purchase of Finished Goods			639262633	1315425079
	Manufacturing Expenses	N		269259535	26526859
	Excise Duty			16005081	0
	Employees' Cost	O		82550505	4860755
	Administrative Expenses	P		44789940	2964794
	Sales Expenses	Q		284073402	85672487
	Loss on Sales of Fixed Assets			976535	0
	Finance & Other Charges	R		72506414	40220984
	Depreciation			83039649	19571166
	Miscellaneous Expenditure (To the extent not written off or adjusted)		75521826		
	Less : Transferred from General Reserve		74560118	961708	961708
	TOTAL.... " B "			3701619354	2023099527
	Profit before Tax [A-B]			56157477	44001694
	Provision for Taxation [P.Y. MAT]			0	5677000
	Profit after Tax			56157477	38324694
	Prior Period Adjustment (CR)			887769	0
	Add: Balance of Prpfit from Previous Year			79505562	70744268
	Add: Balance of Prpfit & Loss Account in pursuance to Scheme of Amalgamation (Note No.3-E of Schedule- S)			341296746	0
	Profit available for appropriation			477847554	109068962
	APPROPRIATION :				
	Transferred to General Reserve			300000000	20000000
	Proposed Dividend [@ 6 % on enhanced Equity (P.Y. @ 12%]			14209669	8694000
	Tax on Dividend Distribution			1420967	869400
	Balance carried to Balance sheet			162216918	79505562
	TOTAL....			477847554	109068962
	Notes Forming part of Accounts and Accounting Policies	S			

As per our report of even date attached
FOR, PRAMODKUMAR DAD & CO.
Chartered Accountants

PRAMOD DAD
Proprietor

PLACE : Ahmedabad
DATE : 23rd December, 1998

For and on behalf of Board

VIJAYKUMAR GUPTA
Chairman & Managing Director

MANISH GUPTA
Director

PLACE : Ahmedabad
DATE : 23rd December, 1998

PROPOSED DIVIDEND : 6% / OUTFLOW PROPOSED : Rs. 1.42 CRORES

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