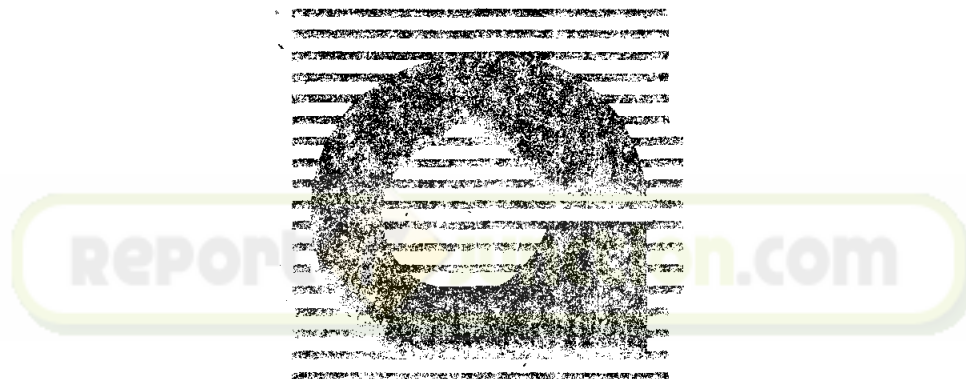


GUJARAT AMBUJA EXPORTS LTD.



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2000-2001**

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Gujarat Ambuja Exports Limited

LAST TEN YEARS AT A GLANCE											(Rs. in crores)
PARTICULARS	X 2000-01	IX 1999-00	XII 1997-98	VII 1994-95	VI 1993-94	V 1992-93	IV 1991-92	III 1990-91	II 1989-90	I 1988-89	31.03.92
OPERATING RESULTS											
Total Sales	412.15	312.35	374.94	374.94	361.02	154.91	55.64	55.64	51.10	51.10	0.00
Production & Parts PDP	287.72	141.09	195.82	195.82	141.76	107.99	25.85	43.30	12.27	12.27	0.00
Trading in Bulk	120.02	5.00	46.51	46.51	0.00	16.50	4.18	6.09	0.00	0.00	0.00
Other Income	3.23	0.26	0.00	0.00	1.26	0.40	0.00	0.00	4.73	4.73	0.00
TOTAL REVENUE	119.16	115.69	375.29	375.29	363.02	166.10	56.72	55.74	55.24	55.24	0.00
OPERATING PROFIT (LOSS)	21.78	16.75	21.17	21.17	10.38	6.78	3.07	5.43	0.89	0.89	0.00
Financial Expenses	8.59	4.31	7.25	7.25	4.02	0.51	0.00	0.46	0.00	0.00	0.00
Depreciation	9.14	8.24	8.00	8.00	1.96	0.23	0.19	0.17	0.01	0.01	0.00
Tax Provisions	0.01	0.00	0.00	0.00	0.57	0.00	0.13	0.08	0.00	0.00	0.00
Net Profit	4.28	3.17	5.82	5.82	3.83	6.04	2.75	4.73	0.88	0.88	0.00
NET WORTH											
Share Capital	29.96	23.68	7.24	7.24	7.24	7.24	7.24	7.24	7.24	7.24	2.52
Share Capital Suspense	0.00	0.00	16.44	16.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reserves & Surplus	162.37	168.68	171.60	171.60	13.72	10.75	5.63	3.54	0.01	0.01	0.00
Total Net Worth	192.35	192.34	195.24	195.24	20.96	17.99	12.87	10.78	7.25	7.25	2.52
After extra ordinary expenses	9.94	2.04	1.51	1.51	0.00	0.00	0.00	0.00	0.00	0.00	0.06
Gross Fixed Assets	222.14	230.28	192.20	192.20	13.46	12.81	10.09	6.41	3.95	3.95	1.11
Net Fixed Assets	173.80	188.90	165.67	165.67	10.92	12.22	9.72	6.23	3.94	3.94	1.11
Dividend per share (Rs.)	0.50	0.50	0.50	0.50	1.20	1.50	1.20	1.80	0.00	0.00	0.00
(Interim)											
Note : W.e.f. 14.97 Gujarat Ambuja Exports Ltd. & Gujarat Ambuja Proteins Ltd. were amalgamated with Gujarat Ambuja Exports Limited.											



Gujarat Ambuja Exports Limited

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

Phone: 6423316-20, 6405535-39 Fax: 079-6423079 E-mail : gujamb@ad1.vsnl.net.in & info@gujambexports.com

BOARD OF DIRECTORS

Shri Vijay Kumar Gupta : Chairman & Managing Director
 Shri Manish Kumar Gupta : Managing Director
 Shri P. G. Makhija : Executive Director
 Smt. Sulochana Gupta
 Shri Sandeep Agarwal
 Shri Jagdish Sharan Varshneya

GROUP CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shri Kaushik C. Khona

COMPANY SECRETARY

Shri Sanjay S. Maniar

AUDITORS

M/s. Kantilal Patel & Co.
 Chartered Accountants, Ahmedabad

BANKERS

Bank of India
 Punjab National Bank

SHARE TRANSFER AGENT (PHYSICAL FORM)

Jupiter Corporate Services Limited
 (Formerly known as Jay Vijay Corporate Financial Services Ltd. & Jupiter Telecommunications Limited)
 "Ambuja Tower" Opp. Memnagar Fire Station,
 Navrangpura, P.O. Navjivan, Ahmedabad - 380 014.

SHARE TRANSFER AGENT (ELECTRONIC FORM)

MCS LIMITED
 Sri Venkatesh Bhavan,
 RDII - MIDC, Andheri (E),
 Mumbai - 400 093.

(Members and DPs are requested to send their physical shares for Dematerialisation to Jupiter Corporate Services Limited i.e. Registrar for physical form only)

SUBSIDIARIES

1. Gujarat Ambuja International Pte.Ltd., Singapore

PLANTS

- 100% EOU Cotton Spinning Division,
Vil. Dalpur, Dist. Sabarkantha
- Bio-Chemical Division
Vil. Dalpur, Dist. Sabarkantha
- Solvent Extraction Unit-I
Nani Kadi, Dist. Mehsana
- 100% EOU Solvent Extraction Unit-II
Kadi, Dist. Mehsana
- Solvent Extraction Unit-III
Kadi, Dist. Mehsana
- Solvent Extraction Unit-IV
Pithampur, Dist. Dhar (M.P.)
- Solvent Extraction Unit-V
Jaipur, Rajasthan
- Solvent Extraction & Vanaspathi Ghee Unit
Kadi, Dist. Mehsana
- Wheat Processing Unit
Kadi, North Gujarat

SCHEDULE OF ANNUAL GENERAL MEETING

Day : Tuesday
 Date : 25th September, 2001
 Time : 10.30 a.m.
 Venue : Dinesh, Hall
 Nr. Income Tax Circle,
 Off. Ashram Road,
 Ahmedabad - 380 009.

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FOR ATTENTION OF ALL MEMBERS

A. GENERAL

- Members who have not yet encashed their dividend warrants for the year ended on 31st March, 1998 and interim dividend warrants of F.Y. 1999-2000 & 2000-01 are requested to send the same to the registered office of the Company for revalidation. Kindly note that revalidated instruments are payable at Ahmedabad only. Members are requested to note that for the year ended 31st March, 1999 no Dividend was declared.
- 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.
- Members holding shares in physical form are requested to quote their New Folio Number in GAEL and members holding shares in electronic form are requested to quote their Client ID along with DP_ID in all their future correspondence.
- At the time of intimating change of address members are requested to state their all folio numbers to get records of the Company updated for all folios. Members holding shares in Electronic form have to communicate change of address to their respective Depository Participants (DPs).
- Members are requested to note the Security Code of the Company (GAEL) and other group Company namely Jupiter Biotech Limited (JBL) (Formerly Gujarat Vita Pharma Ltd.) at different stock exchanges where its shares are listed.

Name of Stock Exchange	GAEL	JBL
The Stock Exchange, Ahmedabad	20230 - "GUJAMBEX"	22850
The Stock Exchange, Mumbai	24226 - NORMAL	24099
	524226 - ROLLING Segment	
The Delhi Stock Exchange	7020	7103
National Stock Exchange of India Ltd.	Symbol "GAEL"	Not Listed
The Jaipur Stock Exchange	127	Not Listed

- In the case of deletion/transmission due to death of one of the holders or all holders, as the case may be, members are requested to complete the formalities at the earliest so as to update the records of the Company.
- Members are requested to send to the Registrar and Share Transfer Agent (Physical) his/her Bank Account details to ensure safe and prompt receipt of dividend warrants. This is with a view to avoid fraudulent encashment of such warrants.
- Members desirous of making nomination may request for Form No.2B from the Company.
- Members desirous of availing ECS facility, as and when implemented, may send request for ECS Form from the Company.

B. DEMATERIALISATION :

- Members are requested to note that the shares of the Company are under compulsory demat from 24.07.2000. Members are further requested to note that the Company has entered into agreements with NSDL & CDSL and script of the Company has been activated under demat on 27.06.2000 & 23.02.2000 respectively. The ISIN No. INE036B01014 has been allotted to the Company. Members are requested to approach their DPs for dematerialisation of Equity Shares of the Company.
- Members and DPs are requested to send physical shares for dematerialisation only to Jupiter Corporate Services Limited (Formerly known as Jupiter Telecommunications Limited and Jay Vijay Corporate Financial Services Limited) or to the Company at "Ambuja Tower" Opp. Memnagar Fire Station, Navrangpura, P.O. Navjivan, Ahmedabad-380 014. Members and DPs are further requested to note that the Company is not responsible if physical shares are sent at any other places including MCS Limited.
- Why to Demat:** As you may be aware, trading in the shares of Gujarat Ambuja Exports Limited is under compulsory demat segment. The Concept of "Odd Lot" in respect of dematerialised shares stands abolished i.e. in the DEMAT MODE market lot becomes ONE Share. Dematerialised securities are most preferred by the Banks and other financiers for providing credit facility against securities. Generally, demated securities attract lower margin and lower interest rate compared to physical securities. Further securities in dematerialised form reduce all risk of loss, theft of certificates. Under specific instructions the same can be kept in the "Frozen Mode" by Depository Participant (DP).

C. FOR ATTENTION OF MEMBERS OF ERSTWHILE GUJARAT AMBUJA COTSPIN LTD. (GACL) (ALSO KNOWN AS GUJARAT AMBUJA STEEL LTD & AMBUJA FOODS LTD) AND GUJARAT AMBUJA PROTEINS LIMITED (GAPL) (HEREINAFTER ALSO REFERRED AS AMALGAMATING COMPANIES).

- Members who have not yet exchanged their share certificates of Amalgamating Companies are requested to send their holding as per our intimation dated 30.04.99 to the Registered Office of the Company to get the shares of GAEL in exchange. Kindly note that without getting the shares of GAEL in exchange, dematerialisation will not be possible. Further please note that exchange cum demat is not possible due to exchange ratio and other technical issues.
- Exchange ratio approved in the Scheme of Amalgamation:
for every 4 Equity Shares of GACL = 1 Equity share of GAEL
for every 5 Equity Shares of GAPL = 1 Equity share of GAEL
- Members are further requested to note that against the shares surrendered by them proportionate shares of GAEL will be issued.
- Members are also requested to send share certificates in the name of Ambuja Foods Ltd. and/or Gujarat Ambuja Steel Ltd. as the name of the Company was changed to Gujarat Ambuja Cotspin Ltd. In case of GAPL also send Part-B of the debenture certificates for which shares in exchange have not yet been claimed.



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Notice

Notice is hereby given that the 10th Annual General Meeting of Members of the GUJARAT AMBUJA EXPORTS LIMITED will be held on **Tuesday, the 25th day of September, 2001 at 10.30 a.m. at Dinesh Hall, Nr. Income Tax Circle, Off. Ashram Road, Ahmedabad - 380 009** to transact the following business.

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2001 Profit & Loss Account for the year ended on that date, Directors' Report and Auditors' Report thereon.
- To note the declaration of Interim Dividend and to declare it as final dividend for the year 2000-2001.
- To appoint a Director in place of Smt. Sulochana V. Gupta, who retires by rotation and being eligible, offers herself for reappointment.
- To appoint a Director in place of Shri Sandeepkumar Agarwal, who retires by rotation and being eligible offers himself for reappointment.
- To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

Revision in the Terms of Remuneration of Shri Vijay Kumar Gupta, Chairman and Managing Director of the Company.

To consider and if thought fit to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in partial modification of earlier Resolutions passed at the Extra Ordinary General Meeting of the Members held on 2nd June, 1998, and subsequently modified at the Extra Ordinary General Meeting held on 30th March, 1999 and in accordance with the provisions of Section 269, 309, 310, 311 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves of the variation in the terms of remuneration of Shri Vijay Kumar Gupta, Chairman and Managing Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) with effect from 1st October, 2001 for the remainder of the tenure of his contract i.e. upto 17th April 2003 as set out in the Supplemental Agreement entered into between the Company and Shri Vijay Kumar Gupta, as submitted to this meeting and initialled by the Chairman of the meeting for the purpose of identification which supplemental Agreement is approved with specific authority to the Board of Directors of the Company to alter and vary the terms and conditions thereof including the remuneration so as not to exceed the limit set out in Sections 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto and as may be agreed to between the Board of Directors and Shri Vijay Kumar Gupta."

Revision in the Terms of Remuneration of Shri Manish Kumar Gupta, Managing Director of the Company.

To consider and if thought fit to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in partial modification of earlier Resolution passed at the Extra Ordinary General Meeting of the Company held on 30th March 1999 and in accordance with the provisions of Sections 269, 309, 310, 311 and all other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves of the variation in the terms of remuneration of Shri Manish Gupta, Managing Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) with effect from 1st October, 2001 for the remainder of the tenure of his contract i.e. upto 27th December, 2003 as set out in Supplemental Agreement entered into between the Company and Shri Manish Kumar Gupta, as submitted to this meeting and initialled by the Chairman of the meeting for the purpose of identification which supplemental Agreement is approved with specific authority to the Board of Directors of the Company to alter and vary the terms and conditions including the remuneration so as not to exceed the limit set out in Section 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto and as may be agreed to between the Board of Directors and Shri Manish Kumar Gupta."

Re-appointment of Shri P. G. Makhija as an Executive Director.

To consider and if thought fit to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the Provisions of Sections 198, 269, 309 and all other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956, Shri P. G. Makhija be and is hereby re-appointed as an Executive Director of the Company for the period of 3 years with effect from 28th December, 2001 for overall supervision, management and administration of 100% EOU Gujarat Ambuja Cotspin (Cotspin Division - Himatnagar Unit) on the terms and conditions, including that of remuneration as set out in the explanatory statement annexed to this notice and whose office shall be liable to retire by rotation."

"RESOLVED FURTHER THAT Shri P. G. Makhija, Executive Director of the Company be and is hereby authorised, empowered and vested with the substantial powers of the management of the Company for carrying out the affairs and activities of the Company subject to superintendence, control and direction of the Board of Directors of the Company."

By order of the Board

VIJAY KUMAR GUPTA
Chairman and Managing Director

Place : Ahmedabad
Date : 16th July, 2001

NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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.

- Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2001 to 25th September, 2001 (both days inclusive).

- Unclaimed dividend upto 1994-95 have been deposited with Central Government, and unclaimed dividend for the year 1995-96 & onwards will be deposited with the Central Government as per following chart. Those members who have not encashed the Dividend warrant are therefore requested to immediately forward the same, duly discharged to the Company's Share Transfer Agent to facilitate payment of the dividend.

Financial Year	Date of AGM	Date of Dividend Warrant	Due Date of Transfer to Unpaid Account	Due Date of accepting claim by Company	Due Date for Transfer to Investor Protection Fund
1995-96	27.07.96	02.09.96	13.09.96	27.07.2003	13.09.2003
1996-97	24.09.97	04.11.97	11.11.97	24.09.2004	11.11.2004
1997-98	30.03.99	10.05.99	17.05.99	30.03.2006	17.05.2006
1998-99			No dividend declared.		
1999-00	29.09.00	09.11.00	16.11.00	29.09.2007	16.11.2007
2000-01		09.11.00	09.11.00	09.11.2007	09.11.2007

Note 1 For F.Y. 1999-2000 Interim dividend @5% was paid after approval of Annual General Meeting as Final Dividend.

Note 2 For F.Y. 2000-01 Interim Dividend @5% p.a. was paid and the same is put for confirmation before the members at this Annual General Meeting as Final Dividend.

- Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their electronic Share accounts and to the Company at its Registered Office in respect of their physical Share folios, if any.
- All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Sundays and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- Re-appointment of Directors (Pursuant to Clause 49 of Listing Agreement)
Smt. Sulochana V. Gupta, aged 48 years, is industrialist and promoter of the Company and possesses rich experience of 25 years. She supervises and monitor administrative functions of the Company. Her contribution to maintenance and up-keeping of the assets of the Company is significant. She also actively contributes in the policy decisions of the Company. She is also on the Board of Jupiter Biotech Limited and Gee Tele Network Limited. She is also member of the Audit Committee of the Company.
Shri Sandeep Agarwal, aged 30 years and MBA is associated as Director with the Company since 1995. He is Chairman of the Audit Committee of the Company also. He provides his valuable advices in the capacity of professional director.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NOS. 6 AND 7

IN RELATION TO VARIATION IN TERMS OF REMUNERATION OF SHRI VIJAY KUMAR GUPTA, CHAIRMAN AND MANAGING DIRECTOR AND SHRI MANISH GUPTA, MANAGING DIRECTOR:

Shri Vijay Kumar Gupta was appointed as Chairman and Managing Director of the Company w.e.f from 18th April, 1998 for a period of 5 years at the Extra Ordinary General Meeting held on 2nd June 1998 without any remuneration and subsequently the terms of appointment and remuneration was modified by passing an ordinary resolution at the Extra Ordinary General Meeting of the Company held on 30th March, 1999 with salary of Rs. 50000/- p.m., and various perquisites with limit of Rs. 30000/- per month. Shri Vijay Kumar Gupta is aged 51 years with qualification of B.D.S. and managerial experience of 30 years. He is industrialist and promoter Director and is main contributory to the growth and development of the Company and Gujarat Ambuja Exports group. He is also Director of three other Companies namely Jupiter Biotech Limited, Gee Tele Network Limited and Gujarat Ambuja International Pte. Ltd. Incorporated at Singapore. He also holds chairmanship of Share Transfer Committee of the Company.

Whereas Shri Manish Gupta was appointed as Managing Director w.e.f. from 28th December, 1998 for a period of 5 years at the Extra Ordinary General Meeting held on 31st March, 1999 with salary of Rs. 50000/- p.m. and various perquisites with limit of Rs. 30000/- per month. He is aged 30



Gujarat Ambuja Exports Limited

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years with qualification of B.Com. He has to his credit 10 years of managerial experience. He is second-generation industrialist, promoter Director and has since inception of the Company actively contributed to the growth and consolidation plans of the Company. He manages day to day affairs of the organisation under the supervision of the Board. He also holds Directorship in three other companies namely Gee Tele Network Limited, Gujarat Ambuja International Pte. Ltd, incorporated at Singapore and The Soyabean Processors Association of India. He is also one of the committee members of the Share Transfer Committee of the Company. Shri Vijay Kumar Gupta and Shri Manish Gupta are vested with substantial powers of Management of the Company for carrying out the affairs and activities of the Company subject to superintendence, control and direction of the Board of Directors of the Company.

With a view to bringing the remuneration of Shri Vijay Kumar Gupta and Shri Manish Gupta in line with their experience and contribution for growth of the Company, it is accordingly proposed to revise the terms of remuneration as under for remainder of their tenure i.e. upto 17th April, 2003 and 27th December, 2003 respectively as under;

- I **Salary** : Rs. 1,00,000/- per month (Rupees One Lakh per month)
- II **Perquisites** : The Managing Director shall be entitled to following perquisites as under subject to overall ceiling of Rs.50,000/- per month. For the value of perquisites the applicable rules under Income Tax Act, 1961 shall apply.
 - a) **Gas, Electricity, Water and Furnishing** : The Expenditure incurred by the Managing Director on Gas, Electricity, Water and other furnishing at residence will be provided by the Company and shall be valued as per the Income Tax Rules, 1962.
 - b) **Medical** : Reimbursement of medical expenses incurred for the self and family. The taxable value of perquisite would be calculated as per the rules and provisions applicable from time to time under the Income Tax Act, 1961.
 - c) **LTA** : Leave Travel Concession for the self and family in a year in accordance with the rules specified by the Company provided that only actual expenditure shall be reimbursed for the travelling purpose. The taxable value of this perquisite will be calculated as per the Rules and provisions applicable from time to time under the Income Tax Act, 1961.
 - d) **Club Fees** : Fees of clubs subject to a maximum two clubs. This will not include admission and life membership fees. Besides fees for obtaining credit card or its renewal from Clubs, would be paid in addition to the actual expenditure as Company's business expenditure.
 - e) **Personal Accident Insurance & Life Insurance** : Annual Premium on Personal Accident shall not exceed Rs.5000/- per month. The Company may at any time take Life Insurance Policy under any scheme including the key man insurance policy for which the premiums would be paid by the Company.
 - f) **Chauffeur Driven Car** : He would be provided with chauffeur driven car whose valuation will be calculated as per the Income Tax Rules, 1962.
 - g) **Telephone** : Two Telephones at the residence and Mobile phone will be provided which will not be considered as perquisites. Note: Use of Car for the purpose of the business of the Company will not be considered as perquisites. The Company shall bill personal long distance calls and use of Car for private purpose.
 - h) **Earned Leave** : On full pay and allowance as per the Rules of the Company, but not exceeding one month's leave for every eleven months of services, subject to the further condition that leave accumulated but not availed will be allowed to be encashed. The Leave encashment subject to above entitlement will be subject to value as per Income Tax Rules, 1962, provided leave encashed on expiry of the terms of this agreement will be treated as Nil for valuation.
 - i) **Contribution to Provident Fund, Superannuation Fund** : Contribution to Provident fund, Superannuation fund etc. will not be included in the ceiling on perquisites to the extent these either singly or put together are not taxable under the Provisions of the Income Tax Act, 1961.
 - j) **Gratuity** : Gratuity payable shall not exceed Half Month's salary for each completed year of services subject to a ceiling of Rs. 5,00,000/- (Rupees Five Lacs only).
 - k) **Minimum Salary** : In the absence or inadequacy of profits in any financial year the Managing Director shall get the salary and shall be entitled all other perquisites and benefits of without any corresponding changes or alterations, subject to the ceiling as may be applicable to him and or to the Company, in view of provisions of Schedule XIII of the Companies Act, 1956.

All other terms and conditions of the appointment of Shri Vijay Kumar Gupta, Chairman and Managing Director and Shri Manish Gupta, Managing Director, as approved earlier by the shareholders, will remain unchanged. The Supplemental Agreements entered into between the Company and Shri Vijay Kumar Gupta and between the Company and Shri Manish Gupta, subject to approval of members of the Company, are available for inspection between 11.00 a.m. and 1.00 p.m. on all working days, except

Sundays and holidays at the Registered Office of the Company.

Shri Vijay Kumar Gupta and Shri Manish Gupta are interested in their respective resolutions and Shri Manish Gupta and Smt. Sulochana Gupta being relative are interested in item no. 6 and Shri Vijay Kumar Gupta and Smt. Sulochana Gupta being relative are interested in item no 7. No other Directors of the Company are in anyway either directly or indirectly interested or concerned in the said resolutions.

This may also be treated as an abstract of the respective draft Supplemental Agreements between the Company and Shri Vijay Kumar Gupta and the Company and Shri Manish Gupta, pursuant to Section 302 of the Companies Act, 1956.

The approval of the members of the Company is therefore sought to approve variation in terms of remuneration of Chairman and Managing Director, Shri Vijay Kumar Gupta and Managing Director Shri Manish Gupta under Section 269 of the Companies Act, 1956.

The Directors recommend the passing of the resolution proposed in Item No. 6 and Item No. 7 of the notice.

ITEM NO. 8

Shri P.G. Makhija was appointed as an Executive Director of the Company with effect from 28th December, 1998 for period of three years. Shri P.G. Makhija is working successfully as an Executive Director of the Company. With the dedicated efforts of Shri P. G. Makhija, the Cotton Division has performed exceedingly well during last three years. The term of appointment of Shri P. G. Makhija will expire on 27th December, 2001. The Board of Directors in their meeting held on 16th July, 2001 approved the re-appointment of Shri P.G. Makhija as an Executive Director with effect from 28th December, 2001 for further period of 3 years.

Shri P.G. Makhija, aged 43 years with qualification of M.Com., LL.B., ACS, CAIIB-I, has an experience of 23 years in the field of finance, commerce, management and administration and as overall in charge of the Cotton Division's manufacturing & marketing operations since last 5 years. He is not on the Board of any other company.

The terms of re-appointment and remuneration to be paid to Shri P.G. Makhija as Executive Director of the Company, inter alia, subject to the limit prescribed in Part II of Schedule XIII of the Companies Act, 1956 are as under:

1. **Salary** : Rs. 55000-5000-65000 per month
2. **Commission on Profit** : NIL
3. **Perquisites** :
 - a. **Medical Reimbursement** : For self and family, as per rules of the Company, subject to a ceiling of Rs. 15000 per annum.
 - b. **Leave Travel Concession** : Once in a year as per the rules of the Company.
 - c. **Club Fees** : Fees of Clubs subject to a maximum of two clubs. This will not include payment of admission and life membership fees.
 - d. **Personal Accident Insurance** : Premium not to exceed Rs. 5000/- per annum.
 - e. **Company's contribution towards Provident Fund** : As per the rules of the Company, but not exceeding 12 percent of the salary as laid down under the Income Tax Rules 1962.
 - f. **Gratuity** : Not exceeding half-a-month's salary for each completed year of service.
 - g. **Chauffeur Driven Car** : For use of Company's Business shall be provided.
 - h. **Telephone** : Two Telephones at residence & Mobile Phone will be provided which will not be treated as perquisite. The Company shall bill personal long distance calls.
 - i. **Reimbursement of expenses** : He shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.
 - j. **Leave entitlement** : As per rules of the Company.
 - k. **Minimum Salary** : In the absence or inadequacy of profits in any financial year the Executive Director shall get the salary and shall be entitled all other perquisites and benefits of without any corresponding changes or alterations, subject to the ceiling as may be applicable to him and or to the Company, in view of provisions of Schedule XIII of the Companies Act, 1956. Except Shri P.G. Makhija, none of the Directors of the Company is interested in the said resolution.

This may be treated as an abstract of the terms and conditions governing the appointment of the said Executive Director and memorandum of interest of Directors therein, pursuant to Section 302 of the Companies Act, 1956.

Your Directors are of the opinion that the re-appointment of Shri P.G. Makhija as an Executive Director of the Company would result in the better performance of the Company and accordingly recommend passing the resolution proposed at Item No. 8 of the Notice.

By order of the Board

Place : Ahmedabad
Date : 16th July, 2001

VIJAY KUMAR GUPTA
Chairman and Managing Director



Gujarat Ambuja Exports Limited

10th Annual Report

DIRECTORS' REPORT

To,

The Members,

Gujarat Ambuja Exports Limited

Your Directors have pleasure to present their 10th Report together with the Audited Statements of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

The summary of the Financial results is given below:

PARTICULARS	(Rs. in lakhs)	
	2000-2001	1999-2000
TOTAL TURNOVER	41915.49	31934.93
INCLUDING EXPORTS (F.O.B.)	22276.39	14382.80
PROFIT BEFORE INTEREST AND DEPRECIATION AND TAXES	2077.84	1572.93
LESS: INTEREST	835.71	433.96
DEPRECIATION	518.63	821.44
PROVISION FOR TAXATION	1.80	NIL
NET PROFIT FOR THE YEAR	427.80	317.43
ADD: BALANCE OF THE PROFIT CARRIED FROM EARLIER YEAR	1712.77	1526.81
LESS: INCOME TAX OF EARLIER YEARS	18.80	NIL
TOTAL PROFIT AVAILABLE FOR APPROPRIATION	2121.77	1844.24
APPROPRIATED AS UNDER		
1. PROPOSED DIVIDEND	118.41	118.44
2. DIVIDEND DISTRIBUTION TAX	13.03	13.03
TOTAL APPROPRIATION	131.44	131.47
NET BALANCE IN THE PROFIT & LOSS ACCOUNT		
AMOUNT CARRIED TO BALANCE SHEET	1886.03	1712.77

DIVIDEND

During the year under report your Company has performed reasonably well as compared to last year. The Board of Directors had recommended interim dividend @ 5% p.a. for Financial Year 2000-01, which had been paid to all the eligible members alongwith interim dividend of F.Y. 1999-2000 in the month of November, 2000. The Board of Directors do not recommend any additional dividend and the interim dividend already paid is being proposed as the final dividend for the year 2000-2001.

CURRENT YEAR'S OUTLOOK

The Directors are quite optimistic for the current year. The Company has prepared well for the additional level of activity in Cotton Yarn, Bio-Chemical and Solvent Extraction division as well. The year has begun on an optimistic note with Gotspin division reporting record sales in the month of May, 2001 of Rs.9.5 crores in a month. The Bio Chemical division has been performing well after the removal of Excise duty on Starch which helped the Maize starch manufacturers compete with Tapioca Starch manufacturers. The Solvent Extraction division has been facing shortage of Soya Seed and therefore the operations are less than optimum.

When this report is being presented there is news that M.P. and Gujarat both have been receiving good rains. This has enthused the farmers who have been facing difficult circumstances in the last two years because of one or the other calamities. The Soya Seed crop is expected to be in good quantities with similar expectation of the Maize crop. The activity levels for the year 2001-02 are thus expected to improve as compared to the year 2000-01.

The Company is also eager to contribute to the industrialisation in Kutch once the Government announces the package promised.

Thus the Company has planned for higher production in Cotton Yarn, Bio Chemical Division and the Solvent Extraction plants all over. Besides, the Company is waiting for real concrete steps to allow the Wheat Flour Exports being made feasible. This would help the company restart the Wheat flour mill where the production has been temporarily suspended.

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

(Including aspects of Performance, Opportunities, Threats & Industries' Analysis)

A. CORPORATE GOVERNANCE:

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code of Corporate Governance by amendment in the Clause 49 of Listing Agreement, which is to be implemented on or before scheduled date of 31.3.2002 for your Company. Your Company has started implementation of almost all mandatory recommendations though last implementation date is 31.03.2002. A report on Corporate Governance is provided elsewhere in this annual report.

B. MANAGEMENT DISCUSSION & ANALYSIS:

OVERALL REVIEW:

The year 2000-01 was remarkable in the history of the Company. The company is celebrating the completion of the first decade of its existence and in such a short time the company has made tremendous progress by leaving its mark in all the projects and products that it has ventured. The year has seen many HIGHESTs.

- * Registered the highest turnover of Rs.419 crores.
- * Registered the highest export turnover of Rs.241 crores.
- * Achieved Cash Operating Profit before Interest at Rs.20.78 cr.

1. SEGMENT-WISE PERFORMANCE:

The Company has interests in diversified industries all being agro-processing industries. The company's presence is in Solvent Extraction, Cotton Yarn, Maize Based Starch and other products (known as Bio-chemical products) and Wheat flour and other products.

COTTON YARN- INDUSTRY STRUCTURE AND DEVELOPMENT:

This unit is mainly engaged in manufacture of 100% Cotton Yarn by producing Ring Spun and Open End yarn. The average count spun by the Company is in the range of 20s to 40s in Ring spinning and of 4s in Open end. The market is dominated by around 12 major manufacturers with no single manufacturer having more than 10% share in the market. The Company has been facing tough competition from various players in the market but because of its focus on quality improvement the Company has been able to not only compete but also realise the prices normally realised by the competitors in each product segment. During the year there was anti-dumping inquiry proposed to be carried out by South Korean government where the Company was not the part of the primary investigation. Recently it was reported that the South Korean government has dropped the anti-dumping investigation.

The 100% EOU status of the Company enables the Company to focus on exports better. This year the Company has imported substantial part of its requirements of Cotton. This has helped the Company to provide a better, consistent quality Cotton Yarn. The outlook of this industry is quite positive and enthused by the better performance this year the Company has acquired balancing equipments during the financial year to improve the production. The Company has also installed few more machines and is in the process of installing additional capacity to improve the overall production and productivity of the plant. The partial effect of this improving the capacity would be felt in the financial year 2001-02.



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PERFORMANCE EVALUATION:

The Cotton Yarn division performed better than the last year. The division has reported 8.80% increase in the turnover coupled with 6.4% increase in the production. The Cotton yarn is being sold to more than 30 countries all round the globe and we have been receiving repeat orders. The Company has focussed in producing and maintaining consistent quality by importing good quality Cotton from USA, Australia and other countries. The division received long outstanding Capital Subsidy of Rs.15 lakhs during the year under consideration.

BIO-CHEMICAL DIVISION (MAIZE PROCESSING): INDUSTRY STRUCTURE AND DEVELOPMENT:

This unit is mainly engaged in the manufacture of Starch, Liquid Glucose, Dextrose Monohydrate Powder, Malto Dextrine Powder and the by-products. The products are being sold to MNCs, Institutions including Pharmaceutical and FMCG companies as also through well spread dealer and distributors' network throughout India.

The Unit faces tough competition from the established players in the market who have been in this industry since last more than 50 years. During the year all the Maize Starch manufacturers felt the pressure on margins and could do nothing about it until their representations to the Government found favour and the Excise Duty on Starch was removed and Maize Starch manufacturers were afforded the level-playing field with the Tapioca Starch manufacturers who did not have to pay any excise.

PERFORMANCE EVALUATION:

During the year under consideration the unit faced acute pressure on the margins and inspite of the growth in turnover by 15% in value and 22% in volumes the unit's performance was in the red. The scenario has changed from March, 2001 and the unit hopes to achieve better results during the financial year 2001-02.

SOYA AND OTHER OILSEEDS SOLVENT EXTRACTION: INDUSTRY STRUCTURE AND DEVELOPMENT:

The unit is engaged in the crushing of Soya Seed and other oil seeds. The production facilities are at Pithampur (MP) and at Kadi (Gujarat). The Soya Solvent Extraction industry is a volume based industry where margins are very thin. In India there are very few big players in this industry and the ranking of our Company is not far behind. The Company was accredited with the Second Largest Manufacturer-Exporter award for its Soya DOC exports made in the year 1999-2000. The Industry is presently facing over capacity with many small units facing closure. The Company has been able to stay ahead because of huge volumes and because of the established market in exports. The Unit sells its DOC directly to poultry feed and cattle feed mills in around 12 countries round the globe. With the improving demand for cattle feed and poultry feed in India the demand for DOC shall always be higher and increasing. The price realisations however are determined by the world market and rates of DOC worldwide. The Unit at Kadi is ISO 9002 accredited and this has certainly helped to have better standing in the world market. The Unit has geared up to improve its capacity utilisation during the year 2001-02.

PERFORMANCE EVALUATION:

During the year under consideration the unit improved its production by 9% and coupled with higher trading it improved the turnover by 50%. The margins also improved as there was penetration into newer markets. The Company continued to cater to large clients and also served to demand of small lots to obtain better realisation.

FLOUR MILL AND OTHER OPERATIONS:

During the year under consideration the Company suspended its operations of wheat flour mill from July, 2000 as the prices of Wheat increased substantially without corresponding increase in the sales realisation. This situation has not yet improved drastically. The Company is waiting for some concrete positive developments in relation to the government's policy to allow the availability of wheat at cheaper cost for the purpose of exports of wheat flour.

SUBSIDIARY COMPANY:

The statement under Section 212 of the Companies Act, 1956 in relation to the subsidiary company M/s. Gujarat Ambuja International Pte. Ltd, Singapore is enclosed herewith.

ACCREDITATION AND REMARKABLE ACHIEVEMENTS:

The Company continued its journey to growth. The Soya DOC exports won the company the coveted recognition of being Second Largest Manufacturer Exporter in India based on the performance of 1999-00. During the year also the Exports of DOC have registered tremendous growth.

FINANCE AND INSURANCE:

The Company has strong Financial Structure and leverage. The Company has received excellent support from its present bankers i.e. Bank of India and Punjab National Bank. During the period under report the Company has also received the renewal of working capital limits and accordingly executed the Documents in favour of Bank of India and Punjab National Bank under consortium for revised credit limits of Rs.141.50 Crores.

During the year under review the Company allotted 13,50,000 10% Optionally Convertible Unsecured Debentures (hereinafter also referred as "OCUDs") of Rs. 110/- each to the promoters and their relatives on private placement basis with due compliance of the provisions of the Companies Act, 1956, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI Guidelines for Preferential Issues. Out of holders of 13,50,000 OCUDs, holders of 6,30,000 OCUDs have exercised their right of conversion during the year under review which has resulted in allotment of 63,00,000 Equity Shares of Rs.10/- each at a premium of Re.1/- per Equity Share as per the terms and conditions of issue of OCUDs which is reflected in increase in the Paid up Share Capital. The holders of outstanding 7,30,000 OCUDs each of Rs.110/- repayable in October, 2001 have the right to exercise the option of conversion during the currency period of the OCUDs.

During the period under report, in April, 2001 your Company also raised Rs. 5 Crores through issue of Commercial Paper (hereinafter also referred as "CP") for which CRISIL has assigned P1+ (plus) (with stand by) rating. This helped Company to explore newer avenues to raise resources. We are happy to announce that this practice of raising Working Capital through CP has resulted in substantial savings and Company has once again placed CP in July, 01 in dematerialisation form after repaying the first CP placed on maturity. As per guideline of Reserve Bank of India, it has also applied and received ISIN No. INE036B14017 from the National Securities Depository Limited (NSDL).

All the assets and insurable interests of the Company, including building, plant and machineries, stocks, stores and spares have been adequately insured against various risks and perils. The Directors express sigh of relief while announcing that the Company has not suffered any losses to its property during the recent earthquake that rocked Gujarat.



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PUBLIC DEPOSITS:

It is reiterated that the Company has paid all its Fixed Deposits except Fixed Deposits of Rs.35000 which has still remained unclaimed. These deposits have been since repaid as claimed after the balance sheet date.

OTHER DISCLOSURE OF INFORMATION AS PER LISTING AGREEMENT WITH STOCK EXCHANGES:

Listing: Equity Shares of the Company are listed on The Stock Exchange, Ahmedabad, The Stock Exchange, Mumbai, the Delhi Stock Exchange, The Jaipur Stock Exchange and National Stock Exchange. The Company has duly paid annual Listing fees due for the year 2001-2002 to respective Stock Exchanges. During the year under report to provide more liquidity to the investors, the Company has got its shares listed at National Stock Exchange also. The trading of the Equity Shares of the Company at the National Stock Exchange has started from 11th October 2000. The Company has also got listing and trading permission from all the stock exchanges, where the shares of the Company are listed, in respect of 63,00,000 Equity Shares of Rs.10/- each issued at premium of Re.1/- per Equity Share to the holders of OCUDs who have exercised conversion option.

Dematerialisation: The Equity Shares of the Company are under compulsory demat from 24/7/2000. The Company has already entered into agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) and ISIN No. for the equity shares of the Company is INE036B01014.

THE DIRECTORS AND OTHER EXECUTIVES:

The Company is well supported by the knowledge and experience of its Directors and Executives. Pursuant to the Provisions of the Companies Act and Articles of Association of the Company, Smt. Sulochana V. Gupta and Shri Sandeep Agarwal, the Directors of the Company are liable to retire by rotation and being eligible for reappointment have offered themselves for reappointment.

Considering the contribution made by Shri Vijay Kumar Gupta, Chairman and Managing Director and Shri Manish Gupta, Managing Director it is being proposed to vary terms of their remuneration in line with the Industry trend for their respective remaining term. Shri P.G. Makhija was appointed as an Executive Director for 3 years and his tenure will expire on 27.12.2001, hence it has also been proposed to consider his reappointment as an Executive Director for further period of 3 years w.e.f. 28.12.2001.

The Company is also ably supported by experts and professionals in respective fields for carrying out various functions at plant and in other areas.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (1) that in respect of the accounts for the financial year ended 31st March 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (2) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent 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 and loss of the Company for the year under review;

- (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 fraud and other irregularities.
- (4) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information regarding above particulars as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 is attached as Annexure to this report.

PARTICULARS OF EMPLOYEES AND OTHER STATUTORY INFORMATION:

There is no employee drawing more than Rs. 12,00,000 per annum, where employed for full year or Rs. 1,00,000 per month, where employed for a part of the year and hence provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

The Cash flow, Business Profile and the statement under Section 212 of the Companies Act, 1956 in respect of information relating to Subsidiary Company is attached.

AUDITORS AND AUDITORS' REPORT :

You are requested to appoint M/s. Kantilal Patel & Company, Chartered Accountants and present Auditors of the Company to hold the office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. They being eligible for reappointment have furnished Certificate U/s. 224(1)(B) of the Companies Act, 1956 that the appointment if made at the ensuing Annual General Meeting will be within the limits specified.

The Auditors' report is self-explanatory which does not require any further clarifications.

INDUSTRIAL RELATIONS:

The Industrial Relations of the Company with the personnel has continued to be cordial and amicable. Your Directors acknowledge and appreciate the efforts and dedication of employees to the Company. Your Directors wish to place on record the co-operation received from the staff and workers at all levels and at all units.

ACKNOWLEDGEMENT:

Your Directors acknowledge the continuous support of the Banks, Central Government, State Government, Office of the Industries Commissioner, Office of the Development Commissioner, Esteemed Customers, and dedicated staff for their continuous co-operation to the growth of the Company.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date: 16th July, 2001

VIJAY KUMAR GUPTA
Chairman & Managing Director