



GUJARAT AMBUJA EXPORTS LIMITED



Committed to Growth

15TH ANNUAL REPORT 2005-2006

ANNUAL REPORT 2005-2006

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

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15TH ANNUAL REPORT

BOARD OF DIRECTORS

Shri Vijay Kumar Gupta, Chairman & Managing Director
Shri Manish V Gupta, Managing Director
Shri Parshottam G. Makhija, Executive Director
Smt. Sulochana V Gupta
Shri Jagdish Sharan Varshneya
Shri Chaitan M Maniar
Shri Prakash G Ramakhlani
Shri Ashok C Gandhi
Shri Sandeep N Agrawal
Shri Rohit J Patel
Shri Mohit V Gupta

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shri Kaushik C. Khona

AUDITORS

M/s. Kantilal Patel & Co.,
Chartered Accountants, (A Member firm of : Polaris International, USA).

BANKERS

1. Bank of India
2. Punjab National Bank
3. Bank of Baroda
4. Dena Bank
5. Union Bank of India

SHARE TRANSFER AGENT (PHYSICAL & ELECTRONIC FORM)

Jupiter Corporate Services Limited
"Ambuja Tower" Opp. Memnagar Fire Station,
Navrangpura, P. O. Navjivan, Ahmedabad - 380 014.

SUBSIDIARY : Gujarat Ambuja International Pte. Ltd, Singapore

PLANTS

Sr.	Name of Unit and Location	Sr.	Name of Unit and Location
1	100% EOU Cotton Spinning Division Vil.Dulpur, Dist. Sabarkantha, Gujarat	9	Solvent Extraction Unit VI, N.H.No.8, Akola- Balapur Road, Vil.Kanheri, Gawli, Maharashtra
2	Bio-Chemical Division (Maize Processing) Vil.Dulpur, Dist. Sabarkantha, Gujarat	10	Wheat Processing Unit Kadi, Dist. Mehsana, Gujarat
3	Edible Oil Refineries & Venaspali Ghee Unit Kadi, Dist. Mehsana, Gujarat	11	Cattle Feed Unit Kadi, Dist. Mehsana, Gujarat
4	Solvent Extraction Unit-I Nadi Kadi, Dist. Mehsana, Gujarat	12	Wheat Processing Unit Pithampur, Dist Dhar (M.P.)
5	Solvent Extraction Unit-II Kadi, Dist. Mehsana, Gujarat	13	Wind Mills (Gujarat)
6	Solvent Extraction Unit-III Kadi, Dist.Mehsana, Gujarat	a.	B-87, R S No. 471/P, Village - Lumbe, Taluka - Kaljapur, Dist. Jamnagar.
7	Solvent Extraction Unit-IV Pithampur, Dist.Dhar(M.P.)	b.	WTG No. 1, Survey No. 400, Village - Kuranga, Taluka - Dwarka, Dist. Jamnagar.
8	Solvent Extraction Unit - V Jaipur, Rajasthan	c.	WTG No. 2, Survey No. 400, Village - Kuranga, Taluka - Dwarka, Dist. Jamnagar.
		d.	WTG No. 3, Survey No. 400, Village - Kuranga, Taluka - Dwarka, Dist. Jamnagar.

SCHEDULE OF ANNUAL GENERAL MEETING

Date : 9th September, 2006 Day : Saturday
Time : 11.00 A.M.
Venue : GICEA (Gajjar Hall), Nirman Bhavan,
Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006.

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LAST FIVE YEARS AT A GLANCE

(Rs. in Crores)

Particulars	Years				
	2005-06	2004-05	2003-04	2002-03	2001-02
OPERATING RESULTS :					
Total Sales	1299.24	1114.16	1076.78	613.50	520.81
(Including Exports FOB)	387.38	402.81	504.28	218.33	251.27
Other Income	0.50	0.13	0.87	1.94	0.66
TOTAL REVENUE	1299.74	1114.29	1077.75	615.44	521.47
OPERATING PROFIT (PBDT)	76.88	60.82	57.42	35.32	26.65
Financial Expenses	7.42	6.06	5.11	5.84	7.71
Depreciation	25.77	23.58	19.75	16.38	8.54
Tax Provisions	15.19	4.07	7.19	2.43	1.59
Net Profit	30.31	26.91	25.37	11.86	2.61
NET WORTH:					
Share Capital	27.86	27.86	27.86	23.76	29.98
Reserves & Surplus	234.69	208.19	184.77	161.34	151.33
DTL	35.60	25.10	21.96	15.66	18.16
Total Net Worth (Incl. DTL)	296.15	261.15	233.99	200.76	194.47
Gross Fixed Assets	355.76	288.79	237.80	237.84	228.68
Net Fixed Assets	215.42	179.99	144.25	164.10	175.31
Dividend (%)	12	11	10	6	6

Note : (1) W.e.f. 1.4.97 Gujarat Ambuja Cotton Ltd. & Gujarat Ambuja Proteins Ltd. were amalgamated with Gujarat Ambuja Exports Limited.
(2) W.e.f. 1.4.03 Jupiter Biotech Ltd. (Earlier known as Gujarat Vita Pharma Ltd.) was amalgamated with Gujarat Ambuja Exports Limited.
(3) W.e.f. 16.01.2005 equity shares of Rs. 10/- each were sub-divided into Rs. 2/- each.

(Interim)

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION

To,
The Members,
Gujarat Ambuja Exports Limited.
We have pleasure in presenting our 15th Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS

The summary of the financial results is given below: (Rs in Crores)

PARTICULARS	2005-2006	2004-2005
GROSS TOTAL TURNOVER	1298.43	1125.76
INCLUDING EXPORTS(F.O.B.)	387.38	402.81
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXES	76.69	60.62
LESS :		
INTEREST & FINANCE CHARGES	7.42	6.06
DEPRECIATION	23.77	23.58
PROVISION FOR TAXATION (INCL.DEFERED TAX)	15.19	4.07
NET PROFIT FOR THE YEAR	30.31	26.91
ADD :BALANCE OF THE PROFIT CARRIED FROM EARLIER YEAR	67.39	46.97
TOTAL PROFIT AVAILABLE FOR APPROPRIATION	97.70	73.88
APPROPRIATED AS UNDER		
DIVIDEND(12% P.A.), (P.Y. 11% P.A.)	3.34	3.06
PROVISION FOR DIVIDEND DISTRIBUTION TAX	0.47	0.43
TRANSFER TO GENERAL RESERVE	4.00	3.00
TOTAL APPROPRIATION	7.81	6.49
BALANCE CARRIED TO BALANCE SHEET	89.89	67.39

DIVIDEND
The over all performance of the company has been satisfactory and the company is on take off stage entering into high growth phase. Considering the investment into new projects made during the year 2005-06 and also huge capital expansion projects envisaged for the year 2006-07, the Directors are pleased to recommend a dividend at 12% p.a. for the financial year 2005-06 (that is Rs. 0.24 paise per equity share of Rs. 2/- each). The dividend will be paid to the members whose names appear on the register of members on 9th September, 2006 and for shares held in dematerialized form, as per data of beneficiary shareholders for the said purpose provided by depositories, subject to the approval at the ensuing Annual General meeting.

CAPITAL

During the year under review, the Authorised Share capital of the Company was increased from Rs.30 Crores to Rs.50 Crores and the Equity Shares of Rs.10/- each of the Company were sub-divided into Equity Shares of Rs.2/- each.

After increase of Authorised Share capital and sub-division of Equity Shares, the Authorised Share Capital of the Company is Rs.50 Crores divided into 25,00,00,000 Equity Shares of Rs.2/- each and the Issued, Subscribed and Paid up capital remains at Rs. 27,86,36,980/-, now divided into 13,93,18,490 Equity Shares of Rs.2/- each.

PERFORMANCE REVIEW FOR THE YEAR 2005-06

During the year under review the company implemented various capital projects including expansion & modernization of the existing facilities at the 100% EOU Cotton Yarn Mill as well as Maize Processing Division.

Besides, the company also replaced the existing diesel generating sets with Furnace Oil based generating sets at the 100% EOU Cotton Yarn Mill as well as at the Solvent Extraction Division at Kadi. Further the company through its in-house expertise carried out a major de-bottle necking at the existing Maize Processing plant whereby through replacement of critical machines we were able to achieve the rated capacity at 500 Tons Per Day.

Complementing this effort to equip the company with latest technology and modern machines, the company was able to improve capacity utilization at all plants.

CAPITAL PROJECTS FOR THE YEAR 2005-06

Windmills

During the financial year 2005-06, the company entered into Windmill business and invested a sum of more than Rs. 16 Crores to set up 4 (four) Windmills of the total installed capacity of 3.65 MW. All these windmills were set up in Gujarat.

All these windmills have become operational & have started generating wind energy. The company has projected a total pay back period of less than 6 years for the above investments.

Expansion to the Cotton Yarn Segment

The company modernized various equipments at the existing 100% EOU Cotton Yarn Mill. Simultaneously the company also set up a whole range of plant & machineries for expansion by setting up of 13000 spindles which are capable of generating the production of Cotton Yarn of 13 tons per day. These latest technology plants are very efficient & cost effective in terms of Speed, quality of Yarn produced and productivity.

Expansion to the Bio Chemical Segment

The company carried out upgradation and modernization of equipments at the existing Maize Processing plant and thereby has been able to de-bottle neck the plant to increase its production to 500 tons per day, the rated capacity of the plant.

Thus, in all, the company invested more than Rs. 74 Crores in new projects.

The company also disposed off old assets of gross block of Rs. 5 Crores, which were replaced during the year under consideration.

OPERATIONAL PERFORMANCE

Agro Processing Division

The Company's Agro Processing Division includes Solvent Extraction of Edible Oil Seeds, Edible Oil Refining, Maize Processing, Wheat Processing and Cattle Feed manufacturing. These activities saw a jump in volumes as well as in turnover and the company improved its performance over the last year. Total top line growth was about 18%.

The raw material prices were favourable. However, margins were under pressure because of increasing input cost as well as increase in cost of electricity, Steam and other consumables. In spite of this, the company was able to perform better as compared to last year.

Cotton Yarn Division

The Company's Cotton Yarn Division has been a consistent performer and it has registered an increase in volumes by almost 5% during the year under consideration. The over all top line did not register any increase as the international price of cotton yarn were under pressure.

The margins of the company improved substantially as the cotton price were down by almost 14% as compared to last year.

The company was also able to improve its operational efficiency by increasing productivity through modernization of plants & equipments and the company was able to increase profitability by reducing the cost of electricity by changing fuel from diesel to Furnace Oil.

Windmills

The company has set up windmills during this year and the performance of the windmills has been satisfactory.

Overall Analysis

On overall analysis, the performance of the company for the year under consideration has been better as compared to that of last year. With the increased profitability and the measures taken for reducing the cost, the company hopes to improve its performance further for the year 2006-07.

NEW PROJECTS FOR THE YEAR 2006-07

Maize Processing Plants

The company has ambitious plans for setting up 2 Green Field projects of Maize Processing each of 500 TPD as under.

Maize Processing plant Near Nasik (Maharashtra).

Maize Processing plant at Uttaranchal.

The Project at Maharashtra also envisages to produce Ethanol & Extra Neutral Alcohol (ENA) for which the company has already applied for the permission and approvals.

The project at Uttaranchal is expected to give Excise & Income Tax benefits to the company.

The Company expects to invest a total sum of Rs. 105 Crores on these projects.

Cotton Yarn Division

The company also has ambitious plans to modernize 30000 Spindles at the existing 100% EOU Cotton yarn Spinning mill and also set up another Cotton yarn mill with the capacity of 30000 Spindles in the vicinity of the existing mill.

Windmills

During the year 2006-07 the company has placed orders to set up additional windmill of a total capacity of 3.3 MW with a total project Cost of Rs. 15.83 Crores. The above windmills are expected to be commissioned and be operative very shortly.

The company has further plans to set up additional windmills and also set up Captive Power Generation for the new Cotton Yarn Mill to be set up.

In all, the company has plans to invest a sum of more than Rs. 300 Crores during the next 18 months.

OUTLOOK FOR THE YEAR 2006-07

The year has begun well and in the first quarter ended on 30-06-2006 the company registered a turnover of Rs. 302 Crores as against the turnover of Rs. 284 Crores of the corresponding period last year.

Similarly, for the quarter ended on 30-06-2006, the company has registered a cash profit of Rs. 21 Crores as against Rs. 19 Crores for the corresponding quarter last year.

The company expects to improve its performance as the company has taken all the steps to not only increase the effective capacity utilization but also to optimize efficiency & productivity of every plant during the last 2 years.

The company expects to improve over all operational margins.

As regards the financials, the company has been able to tie up for finance at reasonable rates and over all finance cost has been below 6.5% per annum on the funds available through EPC/ PCFC/ Import L/C facilities.

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS (Including aspects of Performance, Opportunities, Threats & Industries' Analysis)

Corporate Governance

The Company continues to comply with the requirements of the Listing Agreement with the Stock Exchanges where the Company's shares are listed. A separate report on Corporate Governance, along with a certificate from the Auditors confirming the compliance is annexed and forms part of the Directors' Report.

Management Discussion and Analysis

Overall Review of Economy

Economic Outlook

India's potential in agriculture stands unrivalled mainly because of its large resource base and the existence of varied agro-climatic zones, which offers opportunities of producing a wide range of agriculture products all the year round. India accounts for 11.9% of the global arable land with 162 million hectares spread across the country. The only country with a larger arable land is the United States. But in terms of availability of irrigated land, it ranks ahead of the U.S. In fact, with 55 million hectares of irrigated land, India ranks first among all nations and it accounts for 20% of the irrigated land.

India's ranking in Global Agriculture

India's position in global agriculture is strengthened by the significantly large contribution to the food grain output. It share in global cereal output was 11.1% and ranked third next only to China and the United States. The country accounted for more than one fifth of the global paddy production and it was the second only to China in this regard.

In the case of wheat, India's share in global output is 11.7% and it is ranked third after China and the United States. The Country's position among the coarse cereal producers was 4th. India is also an important producer of oil seeds like groundnut, rapeseed and soyabeans.

The Company

The year 2005-06 witnessed further consolidation by the company in all its business activities. The company was able to achieve a higher turnover at Rs. 1298 Crores as compared to Rs. 1126 Crores of the previous year thereby registering an increase of almost 15.27%.

The export for the year under consideration was steady at Rs. 387 Crores as compared to Rs. 403 Crores last year as the company penetrated further in domestic market for Maize Based products and Edible Oil.

Segment wise Performance

The company's presence is in Cotton Yarn, Other Agro processed products & Windmills.

Cotton Yarn

The company's Cotton Yarn Mill is a 100% EOU which produces Ring Spun Yarn & Open End Yarn. Ring Spun Yarn Division produces yarn in the count range of 16's & 40's and the Open End Yarn division produces yarn in the count range of 4s to 6s.



GUJARAT AMBUJA EXPORTS LIMITED

The company was able to improve its presence in the world market and the over all exports in quantity terms. Enthused with the performance and the increasing demand, the company set up additional 13000 spindles of the latest technology with high speed to ensure better productivity and quality of the yarn. Besides the company also carried out modernization of the existing equipments and plants to improve productivity and quality. The company has now 73000 spindles mill under one roof at its fully airconditioned plant.

The company has been able to improve profitability because of change over in the fuel for generating electricity as well as by procuring local cotton, which was available at a cheaper rate as compared to the imported cotton, while, quality of the local cotton was better. The company has decided to carry out further modernization & expansion during the year 2006-2007.

Other Agro Processing activities

The company is engaged in Solvent Extraction of Oil Seeds as well as Refining of Edible Oil, which contribute substantial to top line.

Besides the company focused on improving volumes for Maize Processed products as there are better margins in maize processing as compared to solvent extraction and edible oil refining. The company also continued its penetration in domestic market for sales of maize based products and has set up marketing net work in more than 17 states in India. The company's products like Sorbitol, Malt Dextrine Powder, Dextrose Monohydrate, Liquid Glucose & Starch have wide acceptance amongst industrial as well as retail consumers.

The Wheat Flour & Cattle Feed Division continued to operate at its normal levels and contributed to the top line as well as bottom line.

SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS

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. The accounts of the Subsidiary company as redrafted in accordance with the provisions of the Companies Act, 1956 in Indian context are also enclosed. Further the Company has also prepared the Consolidated statement of accounts as required by the Accounting Standard 21 and the said statements as audited are also being published for the benefit of the shareholders.

CAUTIONARY STATEMENT

Statements in the management Discussion and Analysis and current year's outlook are management's perception at the time of drawing this report. Actual results may be different materially from those expressed in the statement. Important factors that could influence the Company's operations include demand and supply conditions, availability of inputs and their prices both domestic and global, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

FINANCE AND INSURANCE

Working Capital

The Company has strong Financial Structure and leverage. The Company has received excellent support from its present bankers.

Term Loans

The company had availed term loan of Rs. 10.37 Crores from Bank of India under the Textile Upgrading Scheme (TUF Scheme) as on 31-03-2006. Thereafter the Company has further drawn a sum of Rs. 14.63 Crores from Bank of India under the TUF Scheme for the modernization & expansion of the Cotton Yarn Mill.

The company is seeking disbursement of loans sanctioned by IREDA of Rs. 11.44 Crores and is seeking further loan from IREDA for the new windmills being set up.

The company is also tying up for further term loan for the new project of Cotton Yarn Spinning Mill and modernization of the existing Cotton Yarn Mill.

As per the estimates by the company, the company expects long-term debt equity ratio in the range of 0.9 after the new projects are in place. This would help in optimum utilization of the financial leverage available.

Insurance

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.

PUBLIC DEPOSITS

The Company has not accepted any deposit by invitation to the public at large during the year under report.

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

At present, Equity Shares of the Company are listed on the Stock Exchange Ahmedabad, the Stock Exchange, Mumbai and National Stock Exchange of India Limited. The Company has duly paid annual Listing fees due for the year 2006-2007 to respective Stock Exchanges.

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 new ISIN No. INE036B01022 has been allotted to the Company for sub-divided Equity Shares of Rs.2/- each.

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 Shri Ashok C Gandhi, Smt. Sulochana V Gupta and Shri Sandeep N Agrawal the Directors of the Company are liable to retire by rotation and being eligible for re-appointment have offered themselves for re-appointment.

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 2006, the applicable accounting standards have been followed;
- (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, 2006 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 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is attached as Annexure to this report and forms part of this report.

PARTICULARS OF EMPLOYEES AND OTHER STATUTORY INFORMATION

There is no employee drawing more than Rs. 24,00,000 per annum, where employed for full year or Rs. 2,00,000 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 are not applicable.

The Cash flow and Business Profile apart from other statutory information as above is attached.

AUDITORS AND AUDITORS' REPORT

You are requested to appoint M/s Kantilal Patel & Company, Chartered Accountants and the 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 re-appointment 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 and does not require any further clarifications.

HUMAN RESOURCES AND 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, GEDA, Other Government Departments, Esteemed Customers and Suppliers 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 : 22nd July, 2006

Vijay Kumar Gupta

Chairman & Managing Director

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted Code of conduct for its employees including for the Executive and Non Executive Directors of the Company and Senior Management Personnel. The Code of conduct and business ethics are posted on the Company's website.

I confirm that the Company has in respect of the financial year ended March 31, 2006, received from the Senior Management Team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Executive Directors as on March 31, 2006.

Place: Ahmedabad

Date : 22nd July, 2006

Vijay Kumar Gupta

Chairman & Managing Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

Name of the subsidiary Company GUJARAT AMBUJA INTERNATIONAL PTE. LTD.

(Incorporated at Singapore)

1. Financial year of the subsidiary ended on 31.03.2006 (Period 01.04.2005 to 31.03.2006)
2. The Company's interest in the Subsidiaries as on 31st March 2006 :
 - a. Number of Equity Shares 854212
 - b. Face Value (Each of) Sing. Dollar 1
 - c. Extent of holding 100.00%
3. Net aggregate Profit/(Loss) of the Subsidiary company so far as it concerns the Members of the Company.
 - A) For the Financial Year ended on 31.03.2006
 - i) Not dealt within the books of Accounts of the Company Profit 129304 (Sing. Dollar)
 - ii) Dealt within the books of Accounts of the Company Nil
 - B) For the Subsidiary Company's Previous Financial Years since it become a subsidiary:
 - i) Not dealt within the books of Accounts of the Company Loss (-) 165786 (Sing. Dollar)
 - ii) Dealt within the books of Accounts of the Company Nil

For and on behalf of the Board

VIJAYKUMAR GUPTA

(CHAIRMAN & MANAGING DIRECTOR)

MANISH GUPTA

(MANAGING DIRECTOR)

KAUSHIK C. KHONA

(CFO & COMPANY SECRETARY)

PLACE: AHMEDABAD

DATE : 22nd July, 2006

HAVE YOU ENCASHED ALL YOU DIVIDEND WARRANTS IN THE PAST - PLEASE CHECK



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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 31.03.2006.

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 plan and execute energy conservation schemes. Effective measures are being taken for overall technological up gradation of plant & machinery, in various units. The Company has installed energy efficient devices in the new projects also.
- The Company, as a standalone and major initiative to conserve energy, has started investing in Wind Energy. During the year under consideration it installed four wind mills with capacity of 3.65 MW at a total cost of Rs 16.53 crores. This will help in generating energy as environmental friendly measures and also reduce carbon emission in the atmosphere.

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

FORM -A		2005-2006	2004-2005
A) POWER AND FUEL CONSUMPTION :			
1) Electricity			
a) Purchased			
Unit	18189876	12917168	
Total Amount (Rs.)	82712130	64438835	
Rate/Unit (Rs.)	4.55	4.99	
b) Own Generation			
i) Through Diesel Generator			
Unit	16362623	15917803	
Unit per Ltr of Diesel Oil	3.94	3.29	
Cost/Unit (Rs.)	5.18	4.19	
ii) Through Steam Turbine /generator			
Unit	15727312	1057677	
Unit per Kg of Coal	0.41	0.05	
Cost/Unit	4.54	32.69	
iii) Through Furnace Oil Generator			
Unit	38637700	N.A	
Unit per Kg of Furnace Oil	4.49	N.A	
Cost/Unit	2.87	N.A	
2) Coal (Used for Steam Generation)			
Quantity (MT)	33240.560	43212.707	
Total Cost (Rs.)	80736055	69324446	
Average rate	2428.54	1604.26	
3) Furnace Oil			
Quantity (Kg)	N.A.	N.A.	
Total Cost (Rs.)	N.A.	N.A.	
Average rate	N.A.	N.A.	
4) Diesel Oil			
Quantity (Ltr)	N.A.	N.A.	
Total Cost (Rs.)	N.A.	N.A.	
Average rate	N.A.	N.A.	
5) Others/Internal generation			
Quantity	N.A.	N.A.	
Total Cost (Rs.)	N.A.	N.A.	
Average rate	N.A.	N.A.	

Note : Lignite used in steam turbine also generates low pressure steam which is used in production process. The cost of lignite is absorbed in arriving at cost of generation of electricity, above.

FORM -B		2005-2006	2004-2005
[B] Consumption per unit of production			
Agro Processing Unit			
(Cost per Metric Ton of Production)			
1) Electricity	388.66	382.97	
2) Coal	207.96	210.64	
3) Furnace Oil	N.A.	N.A.	
4) Diesel	N.A.	N.A.	
5) Others	N.A.	N.A.	
Cotton Yarn Unit			
(Cost per Kg of Production)			
1) Electricity	13.64	15.86	
2) Coal	N.A.	N.A.	
3) Furnace Oil	N.A.	N.A.	
4) Diesel	N.A.	N.A.	
5) Others	N.A.	N.A.	

FORM FOR DISCLOSURE OF PARTICULARS WITH REQUEST TO 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.

iii) Future plan of action

The company plans to continue its efforts on in-house R&D to improve cost efficiency & achieving competitive edge.

iv) Expenditure on R&D

	2005-2006	2004-2005
(a) Expenditure on R&D	NIL	NIL
(b) Recurring	NIL	NIL
(c) Total	NIL	NIL
(d) Total R&D Expenditure as % of total turnover.	NIL	NIL

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. Besides it has also improved the productivity and reduced the wastages.

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

c) Foreign Exchange earning/outgo

	2005-2006	2004-2005
Foreign Exchange Earned	RS.	RS.
FOB Value of Sales (Including Warehouse Charges)	3873849997	4028088153
Sales of Assets	NIL	NIL
Total	3873849997	4028088153

Foreign Exchange Used			
Capital Goods (CIF Value)	123568829	13391280	
Purchases (CIF Value)	3284683306	1746093889	
RM, Stores & Consumables (CIF Value)	348769271	356553119	
Foreign Traveling, Interest, Bank Charges etc.	50428352	47408563	
Exports Claims	1612710	24526508	
Overseas Commission	345851	6818653	
Membership & Subscription	539143	297546	
Total	3809947462	2195089558	

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Gujarat Ambuja Exports Limited,

We have examined the compliance of conditions of corporate governance by Gujarat Ambuja Exports Limited for the year ended on 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the company nor the effectiveness with which the management has conducted the affairs of the company.

For, KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
(Ashwin Amin)
Partner

Place: Ahmedabad
Date : July 22, 2006

Membership No.: 35070

CORPORATE GOVERNANCE

1. Company's philosophy on code of Corporate Governance

At Gujarat Ambuja Exports Limited, thrust is to achieve good governance by ensuring truth, transparency, accountability and responsibility in all our dealings with our employees, shareholders, consumers, suppliers and community at large. The Corporate Governance is ongoing process and the Company has always focused on good corporate governance - which is a key driver of sustainable corporate growth, long term value creation and trust. Even in fiercely competitive business environment, the Management and Employees of the Company are committed to uphold the core values of transparency, integrity, honesty and accountability.

Corporate Governance is not merely compliance and not simply a matter of creating checks and balances, which we indeed do - it is an ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to consumer need, shareholder value creation and employee growth, thereby satisfying all its stakeholders while minimizing risks. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness; and to develop capabilities and identify opportunities that best serve the goal of value creation, thereby creating an outperforming organization. During the year, the Company has fine tuned its corporate practices so as to bring them in line with the revised Clause 49 of the listing agreements. The Company adopted the Code of Conduct and Business Ethics for Employees, Board Members and Senior Managerial Personnel and also the Whistle Blower Policy as prescribed in the revised clause.

Above all else, corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and sense of justice. Achieving this balance depends upon how accountable and transparent company is. Accountability improves decision making. Transparency helps to explain the rationale behind decisions and thereby builds stakeholders confidence.

2. Board of Directors

The present strength of Board of Directors is Eleven (11). The Company has Executive Chairman and out of Eleven (11) Directors on the Board, 8 (Eight) Directors (more than 50%) are Non-executive Directors. Besides 6 (six) Directors (more than 50%) are independent Directors.

(A) The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships in other companies and Committee memberships/chairmanships held by them are given below

Name of Director	Category	Attendance Particulars		No. of Directorships and Committee membership/ chairmanship		
		Board Meeting	Last AGM	Other Directorship	Committee Memberships	Chairman ships
Vijay Kumar Gupta	Executive Director & Promoter	7	Yes	3	1	Nil
Manish V Gupta	Executive Director & Promoter	7	Yes	6	NIL	Nil
Sulochana V Gupta	Non-Executive Director & Promoter	7	No	2	Nil	1
Parshotam G Makhija	Executive Director & Non Independent Director	7	Yes	1(Pvt.Ltd.)	Nil	Nil
Sandeep N Agrawal	Non-Executive & Independent Director	7	Yes	None	2	Nil
Jagdishsharan Varshneya	Non-Executive & Independent Director	7	Yes	14 (Incl: 6 Pvt. Ltd.)	Nil	4
Chaitan M Maniar	Non-Executive & Independent Director	5	No	20 (incl: 7 Pvt.Ltd.)	9	1
Prakash G Ramrakhiani	Non-Executive & Independent Director	7	Yes	4 (Incl.: 1 Pvt. Ltd)	1	Nil
Ashok C Gandhi	Non-Executive & Independent Director	6	No	9	9	Nil
Rohit J Patel (Appointed 30.07.05)	Non-Executive & Independent Director	4	Yes	2	Nil	Nil
Mohit V Gupta (Appointed 30.07.05)	Non-Executive and Non Independent Director	4	No	Nil	Nil	Nil

For the purpose of reckoning number of committee membership and chairmanship, membership and/or chairmanship of only Audit Committee and Shareholders' Grievances Redressal Committee of each director has been taken into consideration as required under Clause 49 of Listing Agreement.

(B) Number of Meetings of the Board of Directors held and the Dates on which held

During the financial year 2005-06, seven (7) meetings of the Board of Directors were held on the following dates.

Sr.No	Date of Meeting	Sr.No.	Date of Meeting (contd.)
1	30.04.2005	5	22.10.2005
2	09.06.2005	6	29.12.2005
3	30.07.2005	7	18.01.2006
4	22.09.2005		

SHARES ARE UNDER COMPULSORY DEMAT : HAVE YOU GOT YOUR SHARES DEMATED ?



GUJARAT AMBUJA EXPORTS LIMITED

Dates for the Board Meetings are decided well in advance and communicated to the Directors. Board Meetings are held at the Registered Office of the Company. The Agenda along with the explanatory notes are sent in advance to the all Directors. Additional meetings of the Board are held when deemed necessary by the Board.

(C) Information placed before the Board of Directors

All such matters as are statutorily required as per Annexure 1A to Clause 49 and also matters relating to Corporate Plans, Mobilisation of Funds, Investment/ Loans, Risk Management Policy, Capital Expenditure etc. are considered by the Board. Besides, the following information is also regularly placed before the Board for its consideration:

1. Annual Operating Plans and budgets and any updates
2. Capital budgets and any updates
3. Minutes of Meetings of committees of the Board
4. Quarterly results for the Company
5. Material Transactions, which are not in the ordinary course of business.
6. Compliance with all regulatory and statutory requirements
7. Fatal accidents, dangerous occurrences, material effluent pollution problems.
8. Recruitment and remuneration of senior officers just below the Board level.

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

During 2005-06, the Company did not have any material pecuniary relationship or transactions with Non – Executive Directors.

The Company has adopted the Code of Conduct and Business Ethics for Executive and Non-executive Directors and Senior Management Personnel. The Company has received confirmations from all the Directors of the Company as well as Senior Management Personnel, one level below the Managing Directors, regarding compliance of the Code during the year under review. The Code of Conduct and Business Ethics adopted by the Company are posted on the website of the Company.

As required under Clause 49 IV(G)(i), particulars of Directors retiring by rotations and seeking reappointment are given in the Notes to the Notice of the Annual General Meeting to be held on 9th September, 2006

3. Audit Committee

The Company has constituted an Audit Committee as per the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement on 31st January 2001 and was reconstituted from time to time. Last re-constitution was made at the meeting of Board of Directors held on 30th September, 2003.

The items of reference to the Committee are in accordance with paragraph C and D of Clause 49(II) of the Listing Agreement entered into with the Stock Exchanges and major terms of reference, inter alia, include the following:

- Reviewing Company's Financial Reporting Process.
- Reviewing the Annual Financial Statements.
- Reviewing the Internal Audit Systems, the adequacy of Internal Control Systems, and
- Reviewing the Company's Financial and Risk Management Policies.

The composition of the Audit Committee is in line with the provisions of Clause 49 of the Listing Agreement and details of members, their category and number of meetings attended by them during the F.Y. 2005-06 are given below:

Name of Members	Category	No. of Meetings attended during F.Y. 2005-06
Shri Jagdish Sharan Varshneya, Chairman	Independent, Non Executive Director	6
Shri Sandeep N. Agrawal, Member	Independent, Non Executive Director	6
Shri Ashok C Gandhi	Independent, Non Executive Director	5

Shri Jagdish Sharan Varshneya, Chairman of the Audit Committee was present at the Annual General Meeting held on 22nd September, 2005.

Shri Kaushik C Khona, Chief Financial Officer and Company Secretary acts as the secretary of the committee. Audit Committee meetings are attended by Chief Financial Officer, Representatives of Statutory Auditors and Managing Director as Invitee.

During the F.Y. 2005-06, 6 (six) meetings of the Audit Committee were held on 30.04.2005, 09.06.2006, 30.07.2005, 22.09.2005, 22.10.2005 & 18.01.2006.

4. Whistle Blower Policy

The Audit Committee and Board of Directors of the Company at their respective meetings held on 22nd October, 2005, approved Whistle Blower Policy that provides a formal mechanism for all employees of the Company to approach Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behaviour, actual or suspected fraud and violation of the Company's Code of Conduct and Business Ethics. The Whistle Blower Policy is an extension of the Code of Conduct and Business Ethics adopted by the Company, which requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the Company. Under the Policy, each employee of the Company has an assured access to the Chairman of the Audit Committee.

5. Remuneration Committee, Remuneration policy and payments

The Company has constituted the Remuneration Committee to decide the Company's policy on specific remuneration packages for Executive Directors and Non-Executive Directors including pension rights and compensation payment. The Committee was constituted on 30th March, 2002 and was re-constituted from time to time. Last re-constitution was made at the meeting of Board of Directors held on 30th September, 2003. During the year under report, the constitution of Remuneration Committee was as under:

Shri Ashok C Gandhi : Chairman
Shri Sandeep N Agrawal : Member
Smt. Sulochana V Gupta : Member

During the F.Y. 2005-06, two (2) meetings of Remuneration Committee were held on 09.06.2005 and 22.09.2005. Meeting held on 09.06.2005 was attended by all members whereas at the meeting held on 22.09.2005, leave of absence to Shri Ashok C Gandhi was granted.

The Company while deciding the remuneration package of the Executive Directors takes into consideration the following :

- (i) Contribution of Executive Directors in the growth and progress of the Company
- (ii) Remuneration package of the industry

The Non Executive Directors are paid remuneration by way of Sitting Fees for attending meeting of Board of Directors and Committees of the Board. At the Annual General Meeting held on 22nd September, 2005, shareholders approved payment of sitting fees of upto Rs. 20,000/- or as may be amended by the Central Government to be paid to Non Executive Directors for attending each meeting of Board of Directors and Committees thereof. As decided by the Board of Directors, Non Executive Directors are paid Sitting Fees of Rs. 7500/- for attending each meeting of Board and Committees of the Board. There is no stock options issued by the Company.

The details of remuneration (Including taxable value of perquisites) and sitting fees paid for attending meetings of Board of Directors and Committees thereof during the year 2005-06 to all the Directors are furnished hereunder

Sr. No.	Name of Director	Salary & Allowances (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)	Notice Period (In months) & Severance fees in (Rs.)
1	Vijay Kumar Gupta - Chairman & M. D.	1809360	Nil	Nil	Nil	1809360	3 months Nil
2	Manish V. Gupta - Managing Director	1809360	Nil	Nil	Nil	1809360	3 months Nil
3	Sulochana V Gupta	Nil	Nil	Nil	47500	47500	Nil
4	Parshottam G Makhija Executive Director	1002640	Nil	Nil	Nil	1002640	3 months Nil
5	Sandeep N. Agrawal	Nil	Nil	Nil	77500	77500	Nil
6	Jagdish Sharan Varshneya	Nil	Nil	Nil	67500	67500	Nil
7	Chaitan M Maniar	Nil	Nil	Nil	22500	22500	Nil
8	Prakash G Ramrakhiani	Nil	Nil	Nil	37500	37500	Nil
9	Ashok C Gandhi	Nil	Nil	Nil	55000	55000	Nil
10	Rohit J Patel	Nil	Nil	Nil	30000	30000	Nil
11	Mohit V Gupta	Nil	Nil	Nil	30000	30000	Nil

6. Board Sub-Committees for Shareholders

(a) **Shareholders'/ Investors' Grievances Redressal Committee & redressal of Investors' Grievances**
The Company has constituted "Shareholders'/ Investors' Grievances Redressal Committee" on 30th March, 2002 to specifically look into the redressal of Investors' Complaint like transfer of shares, non- receipt of balance sheet and non-receipt of declared dividend etc.

To expedite the process and for effective resolution of grievances/ complaints, the Committee has delegated powers to the Share Transfer Agent/ Registrar and its officials to redress all complaints/ grievances / inquiries of the shareholders'/ Investors' who redress the grievances/ complaints of shareholders'/ Investors' under the supervision of Shri Kaushik C Khona, CFO & Company Secretary and Compliance Officer of the Company.

The Committee meets at regular intervals to review the status of redressal of Shareholders'/ Investors' Grievances.

The Composition of the Shareholders'/ Investors' Grievances Redressal Committee and details of the meetings attended by the Committee members are as under:

Name of Members	Category	No. of Meetings attended during F.Y. 2005-06
Smt. Sulochana V Gupta, Chairman	Promoter, Non-Independent, Non- Executive	29
Shri Vijay Kumar Gupta, Member	Promoter, Non-Independent, Executive	29
Shri Sandeep N. Agrawal, Member	Independent, Non Executive Director	29

(b) Details of Complaints received and redressed during the year 2005-06

Sr. No	Particulars	Opening Balance as on 1.4.2005	Received During the year	Redressed During the year	Pending as on 31.03.2006
1	Non-receipt of Dividend/ Interest, Revalidation etc.	Nil	177	177	Nil
2	Non receipt of Share Certificate etc.	Nil	180	180	Nil
3	Non receipt of Annual Report, Interest on delayed refund, dividend, interest	Nil	7	7	Nil
4	Others	Nil	29	29	Nil
	Total	Nil	393	393	Nil

(c) Share Transfer Committee

A Sub-Committee of the Board of Directors of the Company consisting of Chairman and Managing Director, Managing Director and Senior employees of the Company has been constituted with the scope and ambit to consider and approve the following actions related to the shareholders'/ members of the Company:

- | | |
|--|--|
| a) Transfer of Shares | g) Transposition of shares |
| b) Transmission of Shares | h) Sub-division of shares |
| c) Issue of Duplicate Share Certificates | i) Consolidation of Folios |
| d) Change of Status | j) Shareholders requests for Dematerialisation of Shares |
| e) Change of Marital Status | k) Shareholders requests for Rematerialisation of Shares |
| f) Change of Name | |

(d) Appointment of Compliance Officer

The Company appointed Mr. Kaushik C Khona, Chief Financial Officer and Company Secretary as compliance officer as per Clause 45(a) of the Listing Agreement entered into with Ahmedabad Stock Exchange.

(e) Share Transfer Details

The number of shares transferred / transmitted, split request entertained, duplicate shares issued, Folio consolidation, demat and remat request approved during the last financial year 2005-06 as under. Due to sub-division of Equity Shares from Rs.10/- each to Rs.2/- each, Number of shares for the full year has been restated at Rs. 2/- each.

Sr. No.	Particulars	No. of cases	No. of Shares Involved (As restated for shares of Rs. 2/- each)
1	Transfer	2278	1384035
2	Transmission	134	125900
3	Split	276	3355295
4	Duplicate	32	27750
5	Demat request approved-NSDL	5752	4279765
6	Demat request approved-CDSL	1134	800825
7	Remat request approved-NSDL	4	1090
8	Remat request approved- CDSL	Nil	Nil

As on 31st March, 2006, out of the total 13,93,18,490 Issued, Subscribed and Paid up Equity shares of Rs.2/- each of the Company, 36.45% have been demated (net of remat) through NSDL and CDSL. There were four (4) remat request for 1090 shares during the year.

With a view to expedite the process of transfer, the committee normally meets twice a month to approve transfer, transmission, split, duplicate etc. There was no instrument pending for transfer as on 31.03.2006.

7. General Body Meetings

a) Details of location, time and date of last three Annual General Meetings are given below

Year	Date	Time	Venue
2002-03	30.09.2003	12.30 p.m.	Dinesh Hall, Nr. Income Tax Circle, Off. Ashram Road, Ahmedabad-380009
2003-04	23.09.2004	11.00 a.m.	GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380006.
2004-05	22.09.2005	11.00 a.m.	GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380006.

b) Extra Ordinary General Meeting

During the F.Y. 2005-06, Extra Ordinary General Meeting was held on 29th December, 2005 at 11.00 a.m. at the GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad 380006

c) Special Businesses transacted during the last three years at the General Meetings.

Special Business	Type of Resolution passed	Date of Meeting
Appointment of Shri Prakash G Ramakhiani as Director of the Company	Ordinary Resolution	30.09.2003
Appointment of Shri Ashok C Gandhi as Director of the Company	Ordinary Resolution	30.09.2003
Re-appointment of Shri Manish V Gupta as Managing Director	Ordinary Resolution	30.09.2003
Authority to issue and allot 41,40,000 Equity Shares of Rs.10/- each	Special Resolution	30.09.2003
Authority to delist Equity Shares from Delhi and Jaipur Stock Exchanges	Special Resolution	30.09.2003
Revision in terms of remuneration of Shri Vijay Kumar Gupta, Chairman and Managing Director	Ordinary Resolution	23.09.2004
Revision in terms of remuneration of Shri Manish V. Gupta, Managing Director	Ordinary Resolution	23.09.2004
Re-appointment of Shri Parshotam G Makhija as an Executive Director	Ordinary Resolution	23.09.2004
Revision in terms of Remuneration in the form of sitting fees to Non- Executive Directors of the Company	Ordinary Resolution	22.09.2005
Appointment of Shri Rohit J Patel as Director of the Company	Ordinary Resolution	22.09.2005
Appointment of Shri Mohit V Gupta as Director of the Company	Ordinary Resolution	22.09.2005
Sub-division of Equity Shares from Rs.10/- each to Rs.2/- each	Ordinary Resolution	29.12.2005
Increase in Authorised Share Capital from Rs.30 Crores to Rs. 50 Crores and consequential amendment in Clause V of Memorandum of Association	Ordinary Resolution	29.12.2005
Authority for Further Issue of Shares U/s. 81 (1A) of the Companies Act, 1956	Special Resolution	29.12.2005
Alteration of main object clause of Memorandum of Association by insertion of New object clauses	Special Resolution-postal ballot	Results declared on 29.12.2005

d) Postal Ballot

During the year under review, the Company obtained the approval of Members, through Postal Ballot for alteration of Main Object Clause of the Company by insertion of new object clauses in the Memorandum of Association of the Company and commencement of new businesses at an appropriate time by way of special resolution. Salient features of the Postal Ballot are provided below :

- The Board of Directors of the Company, at its meeting held on 22nd October, 2005, appointed Mr. Umesh Ved, Practising Company Secretary as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.
- Notice alongwith Postal Ballot form and pre-paid self-addressed envelope was dispatched to the Members whose names appeared on the Register of Members on 22nd October, 2005 and such dispatch was made under certificate of posting (U C P) and the dispatch was completed on 19th November, 2005.
- The Notice was also published in The Indian Express (English) and Financial Express (Gujarati) informing postal ballot, completion of postal ballot and other matters to the members of the Company.
- The last date of receipt of Postal Ballot forms was 26th December, 2005.
- The Postal Ballot forms received were kept in the boxes sealed by the Scrutinizer.
- The Scrutinizer, after verification of Postal Ballots, submitted his Report to the Chairman of the Company on 28th December, 2005 and the results of the Postal Ballot process was declared by the Chairman on 29th December, 2005 at the Extra Ordinary General Meeting of the Company and the same as also informed to the Stock Exchanges where shares of the Company are listed.
- The results of the postal ballot process was as under:

Particulars	No. of Postal Ballot forms	No. of Shares	% of total paid up equity capital	% of total valid postal ballot
(a) Total Postal Ballot forms received	851	18231061	65.43	
(b) Less: Invalid Postal Ballot forms	72	9656	0.03	
(c) I Net Valid Postal Ballot forms	779	18221405	65.40	100.00
(d) Less: Out of valid postal ballot votes not exercised		983	0.01	0.01
(e) Net Valid postal ballots with voting exercised	779	18220422	65.39	99.99
(f) Postal ballot forms with assent (favour) for the Resolution	758	18218170	65.38	99.98
(g) Postal Ballot with dissent (against) for the resolution	21	2252	0.01	0.01

The Special Resolution referred to above was carried by overwhelming majority.

No special Resolution requiring postal ballot is being proposed for the ensuing Annual General Meeting.

8. a. Disclosures

- The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large. Related Party transactions have been included in the Notes to the Annual Accounts of the Company for the year ended 31st March, 2006.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities relating to the above.
- The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 7 of Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behaviour. No personnel has been denied access to the Chairman of the Audit Committee.
- The Company has fulfilled the following non- mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges :
 - The Company has set up a remuneration Committee. Please see Para 5 for details.
 - The Company has moved towards a regime of unqualified financial statements.
 - The Company has adopted Whistle Blower Policy.

b. Secretarial Audit

A qualified practicing Chartered Accountant carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

9. Means of Communication Results

The quarterly and annual results alongwith the Segmental Report are generally published in Indian Express and Financial Express and also displayed on the website of the Company www.ambujagroup.com shortly after its submission to the Stock Exchange.

Presentation to Institutional Investors or to analysts

Official news releases and presentations made to institutional investors and analysts are posted on the Company's website.

Management Discussion & Analysis Report

The MD & A Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns internal control and systems, etc. are discussed in the said report.

Company's Corporate Website

The Company's website www.ambujagroup.com is a comprehensive reference on Gujarat Ambuja Exports Limited's vision, mission, segments, products, investor relations, Human Resource, feedback, news & media and contact details. The section on 'Investor Relations' seeks to inform the shareholders, complete financial details, Quarterly Results and Annual Report, corporate benefits, information relating to stock exchanges where shares are listed, Registrars and share transfer agent. Investors can also submit their queries and get feedback through online interactive forms. The section on 'News and Media' includes all major press reports and releases.

10. Shareholders' Information

i. Annual General Meeting

Day, Date & Time : Saturday, the 9th September, 2006 at 11.00 A.M.
Venue : GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad : 380006

ii. Financial Calendar : (2006-2007) (Tentative)

Financial year : April-March
Annual General Meeting : September, 2007
Results for Quarter Ending on :
30th June, 2006 : 22nd July, 2006
30th September, 2006 : End of October, 2006
31st December, 2006 : End of January, 2007
31st March, 2007 : End of April, 2007

iii. Book Closure Dates

Closure of Register of Members : 1st September, 2006 to
And Share Transfer Books : 9th September, 2006

iv. Dividend Payment Date

The Board of Directors at its meeting held on 22nd July, 2006, recommended dividend @ 12% p.a. for F.Y. 2005-06, which if approved at the ensuing Annual General Meeting by the members of the Company will be paid to eligible shareholder/ beneficial owner after 9th September, 2006 within prescribed time.

v. Listing of Securities on the Stock Exchanges

The Equity Shares of the Company are listed on Ahmedabad, Mumbai and National Stock Exchange and listing fees for the Financial year 2006-07 had been paid to all the above stock exchanges. Addresses of the Stock Exchanges where security of the Company is presently listed are given below:

Ahmedabad Stock Exchange Limited
Kamdheni Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad-380015
E-mail: ase@satyam.net.in

Bombay Stock Exchange Limited
P.J. Towers, Dalal Street, Mumbai-400 001 • E-mail: isc@bseindia.com

National Stock Exchange of India Limited
Tradeworld, Senapati Bapat Marg, Lower Parel, Mumbai-400013
E-mail: postmaster@nse.co.in

vi. Stock Code

Name of the Exchange	Code
The Stock Exchange, Ahmedabad	20230 -"GUJAMBEX"
The Stock Exchange, Mumbai	24226-Normal, 524266-Rolling Segment
National Stock Exchange of India Limited	Symbol: "GAEL" Series BT



GUJARAT AMBUJA EXPORTS LIMITED

vii. Stock Market Price Data and comparison to broad-based indices

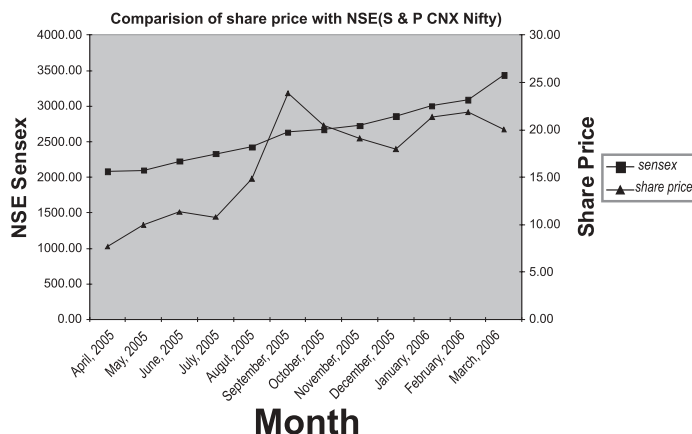
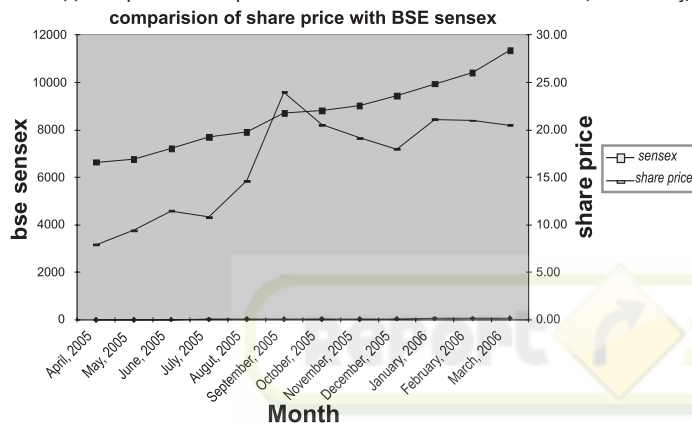
(a) Monthly Share price movement during F.Y. 2005-06 on BSE and NSE

Month	Mumbai Stock Exchange (BSE)		National Stock Exchange (NSE)	
	Highest	Lowest	Highest	Lowest
April, 2005	39.50	31.00	38.40	31.20
May, 2005	47.20	32.20	49.95	32.05
June, 2005	57.35	42.20	56.65	42.00
July, 2005	54.10	47.35	54.00	47.10
August, 2005	73.15	51.05	74.30	51.00
September, 2005	119.80	65.55	119.45	65.55
October, 2005	102.80	81.00	102.50	81.45
November, 2005	95.75	80.00	95.40	81.25
December, 2005	89.90	80.30	90.00	81.00
January, 2006	105.55	91.00	106.70	90.00
(upto 5.1.2006) (Refer Note:2)				
January, 2006	20.90	16.90	20.70	16.95
(from 6.1.06) (Refer Note:2)				
February, 2006	21.00	17.25	21.90	17.10
March, 2006	20.50	17.55	20.05	18.05

Note: 1. Ahmedabad is Regional Stock Exchange. However, stock market data of the exchanges where volume was high has been considered.

2. The quotation of equity shares of the Company upto 5th January, 2006 are of equity shares of Rs. 10/- each, i.e. before sub-division of equity shares into Rs. 2/- each.

(b) Comparison of share price with broad-based indices such as BSE and NSE (S & P CNX Nifty)



Note: The share prices have been adjusted from Rs.10/- to Rs.2/- for full F.Y. 2005-06 due to sub-division of Equity Shares with ex date from 6th January, 2006

viii. Registrar and Transfer Agent

Since September, 2003 Jupiter Corporate Services Limited, Registrar and Share Transfer Agent of the Company acts as Physical & Electronic Registrar and Share Transfer Agent of the Company. Jupiter Corporate Services Limited, which is acting as sole Registrar and Share Transfer Agent (Physical and Electronic) is situated at :

Share Transfer Agent (Physical & Electronic Form)

Jupiter Corporate Services Limited

"Ambuja Tower", Opp. Memnagar Fire Station, Navrangpura, P.O. Navjivan, Ahmedabad-380 014
Phone: 079-26423316-20 ; Fax: 079-26423079 Email: jayvijay@ambujagroup.com

ix. Share Transfer System

The Company has conducted 30 meetings of the sub-committee of the Board of Directors of the Company during the last financial year 2005-06. Even though the shares of the Company are under compulsory demat from 24.7.2000, shareholders holding less than 500 shares can still sell the shares in physical form. Trading of shares directly from seller to buyer not routed through Stock Exchanges is also permissible. The Share Transfer committee usually meets once in a fortnight. Shares in physical form are registered within an average period of 15 days.

x. (a) Distribution of Shareholding as on 31st March, 2006 (including demat)

No. of Equity Shares held	No. of Share holders	% of share holders	No. of Shares held	% of Share-holding
001 to 500	61370	99.344	37617338	27.001
501 to 1000	267	0.432	1914533	1.374
1001 to 2000	72	0.117	1021396	0.733
2001 to 3000	28	0.045	702935	0.505
3001 to 4000	4	0.006	137132	0.098
4001 to 5000	10	0.016	442015	0.317
5001 to 10000	6	0.010	463126	0.332
10001 & above	18	0.030	97020015	69.640
Total	61775	100.000	139318490	100.000

(b) Shareholding Pattern of the Company as on 31.03.2006 (including Demat)

Category of Holders	No. of Shares	% to total shares
Promoters/Directors & Relatives	87930320	63.114
Financial Inst./Mutual Fund/Banks/	88220	0.063
Non-Residents/FIIs,/ OCBs	713772	0.512
Other Corporate Bodies	9536376	6.845
Indian Public	41049802	29.466
Total	139318490	100.00

(c) Shareholding of Non Executive Directors as on 31.03.2006

Name of Non Executive Directors	No. Shares	% to total shares
Smt. Sulochana V Gupta	4485385	3.220
Shri Jagdish Sharan Varshneya	1500	0.001
Shri Chaitan M. Maniar	Nil	Nil
Shri Prakash G Ramrakhiani	Nil	Nil
Shri Ashok C Gandhi	Nil	Nil
Shri Sandeep N Agarwal	Nil	Nil
Shri Rohit J Patel	Nil	Nil
Shri Mohit V Gupta	9017095	6.472

There were no convertible instruments pending conversion into Equity Shares as on 31.03.2006

xi. Dematerialisation of Shares and Liquidity

On 31st March 2006 out of 13,93,18,490 Issued, Subscribed and Paid Up Capital Equity Shares of Rs.2/- each, 36.45% Equity Shares (net of remat) have been dematerialised. As per notification issued by SEBI with effect from 24/7/2000 the trading in the equity shares of the Company is permitted only in dematerialised form. The Company has entered into agreements, with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through JUPITER CORPORATE SERVICES LIMITED to facilitate the shareholders to demat their share with any of the depositories.

xii. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on Equity

There is no Outstanding GDRs / ADRs / Warrants or any convertible instruments.

xiii. Plant Locations

Sri. Name of Unit and Location		Sr.	Name of Unit and Location
1	100% EOU Cotton Spinning Division Vil.Dalpur, Dist. Sabarkantha, Gujarat	9	Solvent Extraction Unit VI, N.H.No.6, Akola- Balapur Road, Vil.Kanheri, Gawali, Maharashtra
2	Bio-Chemical Division (Maize Processing) Vil.Dalpur, Dist. Sabarkantha,Gujarat	10	Wheat Processing Unit Kadi, Dist. Mehasana, Gujarat
3	Edible Oil Refineries & Vanaspati Ghee Unit Kadi, Dist. Mehsana,Gujarat	11	Cattle Feed Unit Kadi, Dist. Mehasana, Gujarat
4	Solvent Extraction Unit-I Nani Kadi, Dist Mehsana,Gujarat	12	Wheat Processing Unit Pithampur, Dist Dhar (M.P)
5	Solvent Extraction Unit-II Kadi, Dist. Mehsana,Gujarat	13	Wind Mills (Gujarat) a. B-87, R S No. 471/P, Village - Lamba, Taluka - Kalyanpur, Dist Jamnagar.
6	Solvent Extraction Unit-III Kadi, Dist.Mehsana, Gujarat	b.	WTG No. 1. Survey No. 400, Village - Kuranga, Taluka - Dwarka, Dist Jamnagar.
7	Solvent Extraction Unit-IV Pithampur, Dist.Dhar(M.P)	c.	WTG No. 2. Survey No. 400, Village - Kuranga, Taluka - Dwarka, Dist Jamnagar.
8	Solvent Extraction Unit - V Jaipur, Rajasthan	d.	WTG No. 3. Survey No. 400, Village - Kuranga, Taluka - Dwarka, Dist Jamnagar.

xiv. Investors' Correspondence

All Communications may be sent to Shri Kaushik C Khona, Chief Financial Officer and Company Secretary at the following address:

Gujarat Ambuja Exports Limited

"Ambuja Tower", Opp. Memnagar Fire Station, P.O. Navjivan, Navrangpura, Ahmedabad-380 014
Phone: 079-26423316-20, 26405535-37 & 39 Fax : 079-26423079

E-mail: jayvijay@ambujagroup.com

Place: Ahmedabad

Date: 22.07.2006

For & On behalf of Board of Directors

(Vijay Kumar Gupta)

Chairman and Managing Director