



# GUJARAT AMBUJA EXPORTS LIMITED

AHMEDABAD, INDIA

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**17<sup>th</sup> ANNUAL REPORT 2007-2008**

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17<sup>th</sup> ANNUAL REPORT

## BOARD OF DIRECTORS

Mr. Vijay Kumar Gupta, Chairman & Managing Director  
 Mr. Manish V. Gupta, Managing Director  
 Mr. Parshottam G. Mahija, Executive Director  
 Mrs. Sulochana V. Gupta  
 Mr. Jagdish Sharan Varshneya  
 Mr. Chaitan M. Maniar  
 Mr. Prakash G. Ramakrishani  
 Mr. Ashok C. Gandhi  
 Mr. Sandeep N. Agrawal  
 Mr. Rohit J. Patel  
 Mr. Mohit V. Gupta  
 Vice President (Finance & Accounts)  
 Mr. N. Giridhar (w.e.f. 04.07.2008)  
 Company Secretary  
 Mr. Sanjay S. Maniar (w.e.f. 25.01.2008)

## 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. Union Bank of India
4. HDFC Bank Limited
5. State Bank of Mysore

## SHARE TRANSFER AGENT (PHYSICAL &amp; 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% ECU Cotton Spinning Division Vil. Dalpur, Dist. Sabarkantha, Gujarat	12	Maize Processing Unit Plot C-50, ELDECO, SIDCUL Industrial Park, Sitarganj, Dist. Udhham Singh Nagar, Uttarakhnad
2	Bio-Chemical Division (Maize Processing) Vil. Dalpur, Dist. Sabarkantha, Gujarat	13	Wind Mills (Gujarat)
3	Edible Oil Refineries & Vanaspathi Ghee Unit Kadi, Dist. Mehsana, Gujarat	a.	B-87, R S No. 471/P, Village Lamba, Taluka Kalyanpur, Dist. Jamnagar.
4	Solvent Extraction Unit-I Nari Kadi, Dist. Mehsana, Gujarat	b.	WTG No. 1, Machine No. 1, Survey No. 400, Village Kuranga, Taluka Dwarka, Dist. Jamnagar.
5	Solvent Extraction Unit-II Kadi, Dist. Mehsana, Gujarat	c.	WTG No. 2, Machine No. 2, Survey No. 400, Village Kuranga, Taluka Dwarka, Dist. Jamnagar.
6	Solvent Extraction Unit-III Kadi, Dist. Mehsana, Gujarat	d.	WTG No. 3, Machine No. 6, Survey No. 400, Village Kuranga, Taluka Dwarka, Dist. Jamnagar.
7	Solvent Extraction Unit-IV Pihampur, Dist. Dhar (M.P.)	e.	Survey No. 213/2, Village Satapur, Tal. Kalyanpur, Dist. Jamnagar
8	Solvent Extraction Unit-V N.H. No. 6, Akola-Balapur Road, Village Kinheri, Gawai, Tal. Balapur, Dist. Akola, Maharashtra.	f.	WTG No. 1, V-4, Survey No. 431/P, Village: Mot Sindhodi, Tal. Abdasa, Dist. Kutch
9	Wheat Processing Unit Kadi, Dist. Mehsana, Gujarat	g.	WTG No. 2, V-7, Survey No. 362/P, Village: Mot Sindhodi, Tal. Abdasa, Dist. Kutch
10	Cattle Feed Unit Kadi, Dist. Mehsana, Gujarat		
11	Wheat Processing Unit Pihampur, Dist. Dhar (M.P.)		

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## SCHEDULE OF ANNUAL GENERAL MEETING

Day : Monday Date : 29<sup>th</sup> September, 2008 Time : 10.00 a.m.  
 Venue : GICEA (Gajjar Hall), Nimran Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006.

## FOR ATTENTION OF ALL MEMBERS

## A. GENERAL

1. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205-C in the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and the Protection Fund. Thereafter, members shall not be able to register their claim in respect of their unencashed dividends. Members who have not yet encashed their dividend warrant(s) are requested to make their claims to the Company, without any delay.
2. 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.
3. Members holding shares in physical form are requested to quote their new Folio number in G&EL and members holding shares in electronic form are requested to quote their Client ID along with DP ID in all their future correspondence.
4. At the time of intimating change of address, members are requested to state all their 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).
5. In the case of deletion/transmission due to death of one of the holder 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.
6. As mandated by SEBI, the Company is providing electronic clearing system (ECS) facility to the members whereby members can receive their dividend by way of electronic credit directly to their bank account. The members may send their request in details to the Company and for format of ECS may write to the Company.
7. Members holding shares in physical form and desirous of making nomination may request for Form No. 28 from the Company or Registrar and Share Transfer Agents (R & T) M/s. Jupiter Corporate Services Limited. In case of shares held in demat form, the nomination has to be lodged with members' Depository Participants.
8. DEMATERIALIZATION:  
 1. Members are requested to note that the shares of the Company are under compulsory demat from 24.07.2008. Members are further requested to note that the Company has entered into agreements with NSDL & CDSL and script of the company has been activated for dematerialisation on 27.06.2008 & 23.02.2008 respectively. The new ISIN No. INE038B01022 for sub-divided Equity Shares of Rs.2/- each has been allotted to the Company. Members are requested to approach their DPs for dematerialisation of equity shares of the Company.  
 2. Kindly note that from 29<sup>th</sup> September, 2008, physical and electronic work regarding shares is entrusted to the Registrar and Share Transfer Agent M/s. Jupiter Corporate Services Limited having its office at "Ambuja Tower", Opp. Memnagar Fire Station, P.O. Navjivan, Ahmedabad 380014 and hence members' beneficial owners' shares are requested to address all correspondence to M/s. Jupiter Corporate Services Limited and/or to the Company only.

## C. SUB-DIVISION OF EQUITY SHARES FROM RS.10/- EACH TO RS.2/- EACH AND EXCHANGE OF SHARES

1. The members are requested to note that the equity shares of Rs.10/- each of the Company has been sub-divided into Equity Shares of Rs.2/- each and the record date for the said purpose was 18<sup>th</sup> January, 2008.
2. The members are further requested to note that shareholders who are holding equity shares of Rs.10/- each of the Company in physical form and if not yet exchanged, are required to get the same exchanged with sub-divided Equity Shares of Rs.2/- each. The members are requested to send the old equity shares of Rs.10/- each at Registered Office of the Company for exchange.
3. D. 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) (ALSO REFERRED AS AMALGAMATING COMPANIES).  
 1. Members who have not yet exchanged their share certificates of amalgamating companies are requested to send their holding as per our intimation dated 30.04.95 to the Registered Office of the Company to get the shares of G&EL in exchange. Kindly note that without getting the shares of G&EL in exchange, dematerialisation will not be possible. Further please note that exchange cum dematerialisation, both at one go, is not possible due to exchange ratio and other technical issues.  
 2. Exchange ratio approved in the scheme of amalgamation:  
 for every 4 equity shares of GACL = 1 equity share of G&EL  
 for every 5 equity shares of GAPL = 1 equity share of G&EL  
 Members are further requested to note that they will be issued shares of G&EL in proportion to shares of GACL and/or GACL surrendered.  
 4. 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.
4. E. FOR ATTENTION OF MEMBERS OF ERSTWHILE JUPITER BIOTECH LIMITED (JBL) (ALSO KNOWN AS GUJARAT VITA PHARMA LTD) (ALSO REFERRED AS AMALGAMATING COMPANY).  
 1. Members who have not yet exchanged their share certificates of amalgamating Company are requested to send their holding as per our intimation dated 31.01.2004 to the Registered Office of the Company to get the shares of G&EL in exchange. Kindly note that without getting the shares of G&EL in exchange, dematerialisation will not be possible. Further please note that exchange cum demat, both at one go, is not possible due to exchange ratio and other technical issues.  
 2. Exchange ratio approved in the scheme of amalgamation:  
 for every 1 equity shares of JBL = 1 equity share of G&EL  
 3. Members are further requested to note that they will be issued shares of G&EL in proportion to shares of JBL surrendered.  
 4. Members are also requested to send share certificates in the name of Gujarat Vita Pharma Limited, as the name of the Company was changed to Jupiter Biotech Limited.

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





## GUJARAT AMBUJA EXPORTS LIMITED

### Directors' Report and Management Discussion

To,  
The Members,  
Gujarat Ambuja Exports Limited.

We have pleasure in presenting our 17<sup>th</sup> Annual Report together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2008.

#### FINANCIAL HIGHLIGHTS

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

PARTICULARS	2007-08	2006-2007
<b>NET TOTAL TURNOVER</b>	<b>1829.09</b>	<b>1400.24</b>
(INCLUDING EXPORTS - FOB VALUE)	<b>892.19</b>	<b>510.97</b>
<b>PROFIT BEFORE INTEREST, DEPRECIATION AND TAXES</b>	<b>156.19</b>	<b>103.03</b>
<b>LESS :</b>		
INTEREST & FINANCE CHARGES	15.22	8.11
DEPRECIATION	31.46	25.10
PRO. FOR TAXATION (INCL.DEFERED TAX)	38.26	23.07
<b>NET PROFIT FOR THE YEAR</b>	<b>71.25</b>	<b>46.75</b>
ADD: BAL. OF PROFIT CARRIED FORWARD	124.78	89.89
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>196.03</b>	<b>136.64</b>
<b>APPROPRIATED AS UNDER</b>		
INTERIM DIVIDEND 20% P.A.(PAID)(P.Y. NIL)	5.53	Nil
DIVIDEND DISTRIBUTION TAX ON INTERIM DIV.	0.94	Nil
FINAL PROPOSED DIVIDEND 20% P.A.(P.Y.18%P.A)	5.53	5.01
PROVISION FOR DIVIDEND DISTRIBUTION TAX	0.94	0.85
TRANSFER TO CAPITAL REDEMPTION RESERVE	0.19	Nil
TRANSFER TO GENERAL RESERVE	7.50	6.00
<b>TOTAL APPROPRIATION</b>	<b>20.63</b>	<b>11.87</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>175.40</b>	<b>124.78</b>

#### DIVIDEND

Considering improved performance and profits, the Board of Directors had declared interim dividend @20% p.a. for F.Y. 2007-08 at its meeting held on 22<sup>nd</sup> January, 2008 and the same had been paid to eligible members and/or beneficial owners. The Board of Directors has also recommended final dividend of 20% p.a. for F.Y. 2007-08, subject to approval of members at this Annual General Meeting. Thus, during the F.Y. 2007-08 total dividend payout will be 40% p.a., including interim dividend paid, against 18% p.a. paid for previous financial year.

The total cash outflow for interim dividend was Rs. 647.46 lacs (including dividend distribution tax of Rs. 94.05 lacs) and for final dividend it would be Rs. 647.46 lacs (including Rs.94.05 lacs of dividend distribution tax) as against cash outflow of Rs. 586.78 lacs (including Rs. 85.24 lacs of dividend distribution tax) paid last year.

The final dividend will be paid to the members whose names appear on the register of members on 29<sup>th</sup> September, 2008 and for those members holding shares in the 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.

#### BUY-BACK OF EQUITY SHARES FROM OPEN MARKET

The Board of Directors at its meeting held on 16<sup>th</sup> January, 2007, approved the buy back of equity shares of the Company from Open Market through Stock Exchange Method for an amount not exceeding Rs.26.25 Crores ("Offer size") i.e. 10% of Issued, Subscribed and Paid up equity share capital of Rs. 27.86 Crores and Free Reserves of Rs.234.69 Crores which aggregates to Rs.262.55 Crores based on the audited accounts as on March 31, 2006 at the maximum price not exceeding Rs.38/- ("Maximum Buy-Back Price") per Equity Share of Rs.2/- each from existing shareholders and Beneficial owners of the shares of the Company from the Open Market through stock exchanges pursuant to Article 4 of the Articles of Association of the Company and in accordance with the provisions of Sections 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 ("the Act") and Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 ("the Regulations"). The Buy-back was with a view to reduce outstanding Equity Shares, to optimize the return on Equity, to optimize the EPS and to enhance overall shareholders' value.

The Buy-back of Equity Shares from Open Market through Stock Exchange route through Bombay Stock Exchange Limited ("BSE") and the National

Stock Exchange of India Limited ("NSE") (together the "Stock Exchanges") using their nationwide electronic trading facilities, after undergoing required formalities for sanctions/approvals/exemptions and after giving required Public Notice and Public Announcement, commenced from 16<sup>th</sup> April, 2007 and closed on January 15, 2008.

Under the said buy-back scheme, the Company bought back and extinguished 9,66,615 Equity Shares of Rs.2/- each which were bought back at an average price of Rs. 34.26 per equity share aggregating to Rs. 3,31,17,043/- and thereby reducing the Paid up capital of the Company from 13,93,18,490 Equity Shares of Rs.2/- each aggregating to Rs. 27,86,36,980/- to 13,83,51,875 Equity Shares of Rs.2/- each aggregating to Rs.27,67,03,750/-.

#### PERFORMANCE REVIEW FOR THE YEAR 2007-08

In the Financial Year 2007-08, the company has achieved better results. The earning before interest, depreciation, and tax (EBIDTA) jumped from Rs.103.03 crores in F.Y. 2006-07 to Rs.156.19 crores in F. Y. 2007-08. The EBIDTA has registered growth of about 52%.

The top line of the company has improved considerably from a level of Rs.1400.24 crores to Rs.1829.09 crores. Revenue growth is about 30% in F.Y. 2007-08. The export sales of the company have registered growth of about 75% in F. Y. 2007-08. The company has achieved the export sales of Rs. 892.19 crores in F. Y. 2007-08, which is higher by Rs.381.22 crores than the export sales for previous year.

The profit after tax and corresponding EPS has also improved significantly and registered growth of 52% during the last financial year.

All the segments of the company have performed well. The operations in Agro Processing segment has improved substantially while the maize processing and cotton yarn segment maintained their operational level. The returns from windmill segment is dependent on carbon credit approval.

#### A. Capital Projects for the year 2007-08

The Board of Directors is glad to inform that Maize Processing plant at Uttarakhand has begun its commercial production from 27.03.2008. In the first quarter of the current financial year, the unit has achieved more than 50% of capacity utilization and expects to contribute to the growth of the company in the current financial year. The unit has benefit of various incentives of Central Government in the form of Excise & Income-tax exemptions. Ministry of Food Processing Industry has also approved the project for capital subsidy of Rs.75 lacs in March, 2008. The unit has also set up Biogas based captive power generation plant from liquid industrial waste.

The company has also upgraded its machinery in other segments.

#### B. OPERATIONAL PERFORMANCE

##### Agro Processing Division

The Company's Agro-processing Division comprises of Solvent Extraction of Edible Oil Seeds, Edible Oil Refining, Wheat Processing and Cattle Feed manufacturing. All segments of this Division performed substantially well in the F. Y. 2007-08 and achieved better capacity utilization. The Company has registered highest crushing of edible oilseed, which helped to achieve the growth in export performance. This division has significantly contributed to the revenue growth of the company. The margin in this segment also improved due to improvement in the realisation of various finished goods.

##### Cotton Yarn Division

Soaring domestic cotton prices have hit the textile sector this year with mills struggling to achieve a breakeven. High cotton prices, high fuel prices and sluggish garment demand in global market adversely affected textile industry during 2007-08. However, the cotton yarn division maintained its capacity utilization and operating efficiencies during the year.

##### Maize processing division

The Maize processing division witnessed unprecedented rise in raw material cost due to increased demand for use of starch in bio-fuel in European countries, increase of starch and its derivatives in various food applications and acceptance as health and wellness product. Increase in overall manufacturing capacity, considering the growth potential in the industry, has also made the margin to shrink.

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The maize-processing segment managed to maintain its performance during F.Y. 2007-08 on par with that of previous year. With the commissioning of Uttarakhand project this segment has increased its processing capacity.

#### Windmills

The company has 7 wind turbines with total installed capacity of 6.95 MW. The return from investment in wind energy is dependent on carbon credit approval. All the turbines have performed satisfactorily in the F. Y. 2007-08.

#### Over all Analysis

The performance of the company for the year 2007-08 has improved significantly compared to that of last year. The company registered growth in the top line and other financial parameters. The company has developed different product mix in the year 2007-08 to improve its realization. The company has also put in efforts for quality consciousness and due to this, the company hopes to expand its market base in domestic as well as international market in coming years.

#### OUTLOOK FOR THE YEAR 2008-09

In the F. Y. 2007-08, the industry in general faced number of adverse factors. These are in the form of higher input cost, rising fuel prices, appreciation in Indian rupee and other economic factors. Due to these factors, the cotton yarn and maize processing segments has not been able to maintain the pace with agro processing segment in F.Y.2007-08.

The F. Y. 2008-09 has begun with positive changes in economic factors affecting the cotton yarn segment of the company. The rupee has depreciated by more than 7% in the first quarter of current financial year compared to average rate of realization in F. Y. 2007-08. The cotton yarn prices have improved by about 15% in the first quarter of current financial year, which would improve the performance of this segment. The maize products prices have also moved upward in line with the increase in maize seed price. Barring unforeseen economic development, the outlook for the F. Y. 2008-09 is bright for the different segments of the company.

In the first quarter of the current financial year the top line of the company has risen from Rs.354 crores to Rs.438 crores with a growth of 24%. The EBITDA in the first quarter has also registered a growth of 37% as compared to that of corresponding period of previous year.

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

##### Corporate Governance

The Company complied 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

The economy of the country is passing through the difficult time at the moment. The growth in Indian economy has slowed down due to international recession, inflation and political uncertainties.

In spite of various factors, the economic growth in India is projected at about 8% in 2008-09. The agricultural and manufacturing sectors are expected to steady the Indian economy in spite of various negative factors. The foreign investments are likely to slow down in current financial year mainly due to the problems faced by the investing country rather than any negative outlook for Indian economy. However, this would not effect the growth estimation of Indian economy and the India would be able to maintain its growth pace without any major negative impacts.

##### India's performance in Agriculture

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's position in global agriculture is strengthened by the significantly large

contribution to the food grain output. The year 2007-08 was promising bumper year for Indian agriculture, with a host of crops clocking record output level. However, rupee appreciation coupled with rising crude oil prices has affected viability of exports of textile products.

#### Opportunities, Threats, risks and concerns

##### Opportunities

There are ample opportunities for business in agro processing sector. The agro products and food processing industry sector in India is one of the largest in terms of production, consumption, export and growth prospects. GAEL is one of the leading diversified agro processing company with established markets in India and overseas.

The Company has opportunities in the market mainly due to following:

1. Aptitude of the company to change product mix, constant endeavour to improve productivity, reduce cost, provide goods and services to the satisfaction of customers.
2. An established name and reputation for quality.
3. Significant presence in global markets.
4. Sizeable banking facilities.

##### Risks & Threats

Risks are integral part of any business. The level and types of risks depends/ varies from company to company, based on its growth strategy, expansion plans, types of industry and host of various other facts.

Some of the prominent risks faced by the company are ;

1. Government regulations and change in policies, regulations
2. Commodity specific risk
3. International trade agreements and alliances
4. Competition risk
5. International operations risk
6. Credit risk and foreign exchange exposure risk

At GAEL, the Company has risk management policy in place and pro-active action is taken at all levels of management to identify the probable risk, to ascertain gravity of risk and actions are initiated to reduce and mitigate identifiable risks. The Audit Committee and executive management of the Company supervise, monitor and make changes in the risk management policy of the company.

##### Internal Control System and their adequacy

The Company believes in formulating adequate and effective internal control system. This provides utilizing resource to the optimum level, safeguarding of assets, transactions are authorised, recorded and reported correctly, protection against unauthorized use and disposition of assets. We believe that internal control systems provide, among other things, a reasonable assurance that the transactions are executed with management authorization and they are recorded in all material respect to permit preparation of financial statements in conformity with established accounting practices. At GAEL, an effective internal audit function, independent of the external auditors, to review the effectiveness of risk management system is also in place. The internal control systems are supplemented by an extensive programme of internal audits and review by the management. The top management, Audit Committee and statutory auditors of the company are periodically appraised of the activities and internal audit findings and action taken reports. The Company also has budgetary control system and the management periodically reviews actual performance. To strengthen the internal control system and to make optimum utilization of resources, in the F.Y. 2007-08 the Company has also implemented SAP for its accounting operations and all units, branches, depots are linked. The project has already been implemented and has stabilized.

##### The Company

In the year 2007-08, the company has consolidated its financial position. The sales have registered growth of about 30%. The company has achieved the growth of 75% in export sales. The EBITDA margin of the company improved from 7.36% of F.Y. 2006-07 to 8.54% in the F.Y. 2007-08. Various profitability ratios have improved significantly in 2007-08. The company has made new investments of about Rs. 58 crores in fixed assets funded entirely from internal accruals. The achievement in the year 2007-08 is considered significant inspite of some adverse factors faced by the industry.



## GUJARAT AMBUJA EXPORTS LIMITED

### Segment wise Performance

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

#### Agro Processing Segment

The Agro processing segment is engaged in solvent extraction from oilseed and refining of edible oil. The oil seed meal products under solvent extraction have achieved excellent performance. The oil seed crushing have registered the new high of more than 6.16 lacs MT. The edible oil segment has also managed its growth in 2007-08. For the edible oil products, the company has also focused more on consumer marketing over bulk marketing. The surge in selling price of oil meal and edible oil has helped to improve EBIDTA margin from 4% in 2006-07 to 8% in 2007-08.

The future of this segment is bright. The Government has encouraged this sector by way of different incentive schemes from time to time.

#### Cotton Yarn Segment

Company's Cotton Yarn segment is an 100% EOU. The unit produces combed and carded cotton yarn as well as open-end yarn. The combed & carded ring spinning at the count range of 16 to 40 and the Open End yarn of 4 to 6 counts. The segment has been able to expand its market base to about 40 countries across the globe. Although the sales have come down by about 10%, the company has been able to maintain the production at the same level as in the previous year. Amongst the different segments of the company this segment has the maximum impact of adverse factors like Rupee appreciation, raising cotton & fuel prices, and international recession. These have resulted in negative top line. The EBIDTA margin of the segment has also come down from around 18% in FY 2006-07 to around 7% in F.Y.2007-08. However as compared to performance of the textile industry in general, the textile segment of our company has performed above par.

The situation in current year is improving steadily. The yarn price has now adjusted with the input prices. The yarn prices have surged by around 15% in the first quarter itself. The government has also noted the potential of the textile industry and various promotional measures announced last year, are continued in current year also.

#### Maize Processing Segment

The company has 2 maize processing units, one at Village: Dalpur, Tal: Prantij, Gujarat and another one at Uttarkhand. The total maize crushing capacity is 800 MT per day. It has diversified products, which includes Maize Starch and other Maize by products. It also has value added derivatives like Dextrose Monohydrate, Malto Dextrin, Liquid Glucose and Sorbitol. The segment has good potential to be a major contributor in the future prospects of the company. Significantly, in the F. Y. 2007-08 this segment has also concentrated in export market. The jump in exports sales for this segment is more than 156% in F. Y. 2007-08 compared to last year. The segment was able to achieve EBIDTA margin of more than 12% in last financial year.

The future of this segment is very bright. The Uttarakhand plant would be serving the Northern India market of the segment. The plant is located in close proximity to large institutional buyers for the product of this segment. The segment is focusing on export market also. The Himatnagar plant being very close to major Ports in Gujarat would now be able to focus on international market.

#### Windmill Division and contribution to environment friendly atmosphere

To contribute to social cause of environment friendly company, the company has installed total 7 windmills with the total capacity of 6.95 MW. All are set up in Gujarat and are operational. The performance of the windmills has been near to the projections. The carbon credit is vital part of the project and the company hopes to get recognition for the carbon credits at the earliest.

Further to our efforts for environment friendly practices, we have taken up projects and are finding avenues to generate power through renewable resources. Along with windmills, the Company has taken up capital incentive projects to switch to modern environment friendly ways of running processes in all the units. This will be an on going effort in future across all units.

### 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 materially different 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 substantial working capital facilities from the consortium of banks. The company has been assigned the highest rating for safety by CRISIL as per Basel-II norms.

#### Term Loans

In the Financial year 2007-08, the company has availed fresh Term Loan of Rs. 10 Lacs only. The company is repaying the installments regularly for term loan availed under Technology Up gradation Fund Scheme availed from Bank of India. The company is regular in repayment of installment for term loan availed from IREDA for its windmill projects.

#### 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

During the period under report, the Company has not accepted nor renewed any deposit by invitation to the public at large.

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

#### Listing

At present, Equity Shares of the Company are listed on Ahmedabad Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has paid annual Listing fees due for the year 2008-2009 to respective Stock Exchanges.

#### Dematerialisation

The Equity Shares of the Company are under compulsory demat from 24th July, 2000. The Company has already entered into agreement with Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) and 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, Mr. Jagdish Sharan Varshneya, Mr. Prakash G Ramrakhiani and Mr. Ashok C Gandhi, the Directors of the Company are liable to retire by rotation and being eligible, have offered themselves for re-appointment.

The Remuneration Committee and the Board of Directors have recommended and approved, subject to approval of the members at the General Meeting, re-appointment of Mr. Manish V Gupta as Managing Director for further period from 28th December, 2008 to 27th December, 2013 and appointment of Mr. Mohit V Gupta as Joint Managing Director from 1st August, 2008 to 31st July, 2013. The above businesses are recommended for approval of the members.



**17<sup>TH</sup> ANNUAL REPORT 2007-2008****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, 2008 the applicable accounting standards have been followed;
- (2) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 account 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, 2008 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-A to this report and forms part of this report.

**PARTICULARS OF EMPLOYEES AND OTHER STATUTORY INFORMATION**

The details of 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 pursuant to requirement of provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is attached as Annexure-B to this report and forms part of this report.

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 not qualified and is self-explanatory and does not require any further clarifications.

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Industrial Relations of the Company with its 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 and contribution to the growth of the Company.

For and on behalf of the Board of Directors

Place: Ahmedabad

Vijay Kumar Gupta

Date : July 29, 2008

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 : 31.03.2008  
(Period 01.04.2007 to 31.03.2008)
2. The Company's interest in the Subsidiaries as on 31st March'2008
  - 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 31.03.2008
    - i) Not dealt within the books of Accounts of the Company **Profit (US \$) 45,908**
    - 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 (US \$) (-) 16,307**
    - 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)

**N. GIRIDHAR**  
(V. P. FINANCE & ACCOUNTS)

**SANJAY S. MANIAR**  
(COMPANY SECRETARY)

**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 31st March, 2008.

**CONSERVATION OF ENERGY**

- (1) Energy Conservation measures taken
  - a. The different units of the Company has 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.
  - b. In a manor initiative to conserve energy, the Company has made investment in wind energy sector by installation of seven windmills with total installed capacity of 6.95 MW. This initiative has helped to generate energy through environmental friendly measures and also reduce carbon emission in the atmosphere. Further to these efforts, the Company has also taken up projects and also finding avenues to generate power through renewable resources. The Company has also taken up capital incentive projects to switch to modern environment friendly ways of running processes at all the units. Thus there will be on going efforts in future across all units.
- (2) Total energy consumption and energy consumption per unit of production



# GUJARAT AMBUJA EXPORTS LIMITED

## FORM – "A"

Sr.	PARTICULARS	2007-2008	2006-2007
A)	<b>POWER AND FUEL CONSUMPTION :</b>		
1)	Electricity		
a)	Purchased :		
	Units(Includes units wheeled from windmills & cost at the Gross Bill Value)	27228289	22252927
	Total Amount (Rs.)	141659092	111539051
	Rate / Unit (Rs.)	5.20	5.01
b)	Own Generation		
i)	Through Diesel Generator		
	Units	292946	2622556
	Unit per Ltr of Diesel Oil	3.25	3.34
	Cost/Unit (Rs.)	8.50	7.62
ii)	Through Steam Turbine / generator		
	Units	11306733	12215553
	Unit per Kg. of Coal	0.31	0.29
	Cost/Unit (Rs.)	7.86	6.25
iii)	Through Furnace Oil Generator		
	Units	62287459	61736690
	Unit per Kg. of Furnace Oil	4.35	4.43
	Cost/Unit (Rs.)	4.76	3.57
iv)	Through Windmills		
	Units	10921438	8497331
	Total Amount (Rs.)	21051967	14592593
	Cost/Unit (Rs.)	1.93	1.72
2)	Coal (Used for Steam Generation)		
	Quantity (MT)	80197.000	41708.086
	Total Cost (Rs.)	187293182	92526880
	Average rate	2335.43	2218.44
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.			
B)	<b>Consumption per unit of production :</b>	2007-2008	2006-2007
	Agro Processing Unit	(Cost per Metric Ton of Production)	
1)	Electricity	271.14	174.41
2)	Coal	178.02	173.13
3)	Furnace Oil	N.A.	N.A.
4)	Diesel	N.A.	N.A.
5)	Others	N.A.	N.A.
	Maize Processing Unit	(Cost per Metric Ton of Production)	
1)	Electricity	2123.31	1614.17
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.
	Cotton Yarn Unit	(Cost per Kg of Production)	
1)	Electricity	15.83	14.84
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 B

### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION.

a)	<b>Research &amp; Development (R&amp;D)</b>		
i)	Specific areas in which R&D carried out by the Company		
	The Research & Development efforts of the Company are directed towards quality control, cost reduction 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	2007-2008	2006-2007
	(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)	<b>Technology Absorption, Adaptation and Innovation</b>		
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)	<b>Foreign Exchange earning/outgo</b>	2007-2008	2006-2007
	Foreign Exchange Earned :	RS.	RS.
	FOB Value of Sales (Including Warehouse Charges)	8921921898	5109676443
	Sales of Assets	Nil	Nil
		8921921898	5109676443
	Foreign Exchange Used		
	Capital Goods (CIF Value)	49296256	260780218
	Purchases (CIF Value)	2246844887	955384343
	RM,Stores & Consumables (CIF Value)	289437799	320125322
	Foreign Traveling, Interest, Bank Charges etc.	56732989	20555228
	Overseas Commission	13191067	187020
	Membership & Subscription	106509	567990
		2655609507	1557600121

## Annexure "B"

Information as per section 217(2A) of the Companies Act, 1956, read with Companies (particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2008.

Information showing names and other particulars of employees who were employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- per financial year.

Sr. No.	Name of the Employee	Designation	Qualification	Age (Years)	Joining Date	Experience (Years)	Gross Remuneration (Rs.)	Last Employment	Last Designation
1	Mr. Vijaykumar Gupta	Chairman and Managing Director	B. IS	58	18.04.1998 (As M.D.)	36	3,65,15,638	Erstwhile Gujarat Ambuja Cotspin Ltd.	Managing Director
2	Mr. Manish Gupta	Managing Director	B. Com	37	28.12.1998 (As M.D.)	17	3,65,15,638	Erstwhile Gujarat Ambuja Proteins Ltd.	Managing Director

- Notes: 1 The gross remuneration includes salary, allowances, commission and monetary value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund and Superannuation Fund.  
2 Nature of employment : Contractual and renewable  
3 Mr. Vijay Kumar Gupta and Mr. Manish V Gupta are father and son and hence relative of each other and Mrs. Sulochana V Gupta and Mr. Mohit V Gupta, Directors of the company are also relatives of them.  
4 Other terms and conditions are as per agreement and subject to provisions of Section 198, 269, 309,310 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the Companies Act,1956 and also as per Company's Rules.

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## 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 2008, 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 has been 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 the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Place : Ahmedabad  
Date : July 29, 2008

FOR KANTILAL PATEL & CO.,  
Chartered Accountants  
Arpit K. Patel  
(Partner)  
Membership No. 34032

## CORPORATE GOVERNANCE

Corporate governance is globally recognized as a fundamental component for the sustained growth of every corporate entity. Sound governance practices and responsible corporate behaviour contribute to superior long-term performance of companies. Adoption to changing times is the key to corporate growth and long term survival. In fact, better governance practices enable corporates to introduce more effective internal controls suitable to changing and growing nature of business operations. In India, corporates have adopted better governance practices and have demonstrated openness in their dealings with stakeholders across the board. This has been augmented by regulatory authorities introducing and improving governance practices for Indian corporates over the last decade.

## 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 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. The Company has adopted the Code of Conduct and Business Ethics for Employees, Board Members and Senior Managerial Personnel and also the Whistle Blower Policy in due compliance of revised Clause 49 of the Listing Agreements with Stock Exchanges and in pursuit of excellence in corporate governance.

Above all else, we believe that 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

During the year, the Board of Directors of the Company comprises of eleven (11) members. The Company has Executive Chairman and out of eleven (11) Directors on the Board, 8 (Eight) Directors (more than 50%) are Non-executive Directors and out of 8 (eight) Non-Executive Directors 6 (six) Directors (more than 50%) are independent Directors.

Thus, composition of the Board is in conformity with the provisions of the code.

(A) The names and categories, inter personal relationship 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 as on 31.03.2008 are given below

Name of Director	Category & Inter Personal relationship	Attendance Particulars		No. of Directorships and Committee membership/ chairmanship (as on 31.03.08)		
		Board Meeting	Last AGM	Other Directorship	Committee Member-ships	Committee Chairman-ships
Vijay Kumar Gupta	Executive Director & Promoter Husband of Mrs. Sulochana V. Gupta and father of Manish V Gupta and Mohit V. Gupta	5	Yes	20 ( Incl: 18 Pvt. Ltd.)	1	Nil
Manish V Gupta	Executive Director & Promoter Son of Mr. Vijay Kumar Gupta & Mrs. Sulochana V. Gupta and brother of Mr. Mohit V. Gupta	5	Yes	9 ( Incl: 4 Pvt. Ltd.)	Nil	Nil
Sulochana V Gupta	Non-Executive Director & Promoter Wife of Mr. Vijaykumar Gupta and mother of Mr. Manish V. Gupta and Mr. Mohit V. Gupta	5	No	16 (Incl: 14 Pvt. Ltd.)	Nil	1
Parshottam G Makhija	Executive Director & Non Independent Director Not related	4	Yes	1(Pvt.Ltd.)	Nil	Nil
Sandeep N Agrawal	Non-Executive & Independent Director Not related	5	No	None	2	Nil
Jagdish Sharan Varshneya	Non-Executive & Independent Director Not related	5	Yes	14 (Incl: 6 Pvt. Ltd.)	Nil	4
Chaitan M Maniar	Non-Executive & Independent Director Not related	5	Yes	16 (incl: 4 Pvt.Ltd.)	7	1
Prakash G Ramrakhiani	Non-Executive & Independent Director Not related	5	Yes	1 (Pvt. Ltd)	1	Nil
Ashok C Gandhi	Non-Executive & Independent Director Not related	5	Yes	9	9	Nil
Rohit J Patel	Non-Executive & Independent Director Not related	5	Yes	1	Nil	Nil
Mohit V Gupta	Non-Executive and Non Independent Director Son of Mr. Vijay Kumar Gupta and Mrs. Sulochana V. Gupta and brother of Mr. Manish V. Gupta	5	No	2 (Pvt. Ltd)	Nil	Nil

Details of committee membership include membership/ chairmanship of Audit Committee and Shareholders'/ Investors' Grievances Redressal committee only as per requirement of 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 2007-08, five (5) meetings of the Board of Directors were held on the following dates.

Sr.No	Date of Meeting	Sr.No.	Date of Meeting (contd.)
1	16.04.2007	4	24.10.2007
2	28.07.2007	5	22.01.2008
3	25.09.2007		

Intimation of the Board meetings and Committee meetings are given well in advance and communicated to the Directors. Normally, Board Meeting





## GUJARAT AMBUJA EXPORTS LIMITED

and Committee 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 2007-08, 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. The declaration by the Chairman and Managing Director confirming the same is annexed to this report.

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 29th September, 2008 whereas for re-appointment of Managing Director Mr. Manish V Gupta and appointment of Joint Managing Director Mr. Mohit V. Gupta, same is given in the Explanatory Statement attached with the notice of Annual General Meeting.

### 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. 2007-08 are given below:

During the F.Y. 2007-08, 5 (five) meetings of the Audit Committee were held on 16.04.2007, 28.07.2007, 25.09.2007, 24.10.2007, 22.01.2008.

Name of Members	Category	No. of Meetings attended during F.Y. 2007-08
Mr. Jagdish Sharan Varshneya, Chairman	Independent, Non Executive Director	5
Mr. Sandeep N. Agrawal, Member	Independent, Non Executive Director	5
Mr. Ashok C Gandhi, Member	Independent, Non Executive Director	5

Mr. Jagdish Sharan Varshneya, Chairman of the Audit Committee was present at the Annual General Meeting held on 25th September, 2007.

The Company secretary of the Company acts as the Secretary of the Committee as well as compliance officer of the Company. Audit Committee meetings are attended by Chief Financial Officer and/or Company Secretary, Representatives of Statutory Auditors and Managing Director as Invitee.

### 4. Whistle Blower Policy

The Company has adopted Whistle Blower Policy which was approved by the Audit Committee and Board of Directors of the Company at their respective meetings held on 22nd October, 2005. The said policy 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. 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 Remuneration Committee has been constituted 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. During the year under report, the constitution of Remuneration Committee was as under:

Mr. Ashok C Gandhi	: Chairman
Mr. Sandeep N Agrawal	: Member
Mrs. Sulochana V Gupta	: Member

During the F.Y. 2007-08, two (2) meetings of Remuneration Committee were held on 28.07.2007 and 25.09.2007. Both the meetings were attended by all the Committee members.

The Committee was reconstituted by inducting Mr. Rohit J Patel, Director as member of the Committee by circular resolution dated 21st July, 2008. After reconstitution, the Remuneration Committee comprises of following members;

Mr. Ashok C Gandhi	: Chairman
Mr. Sandeep N Agrawal	: Member
Mrs. Sulochana V Gupta	: Member
Mr. Rohit J Patel	: Member

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 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 are no stock options issued by the Company.

The details of remuneration (Including salary, allowances, commission and taxable value of perquisites) and sitting fees paid for attending meetings of Board of Directors and Committees thereof during the year 2007-08 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 & Managing Director	1809360	Nil	34706278	Nil	36515638	3 months Nil
2	Manish V Gupta Managing Director	1809360	Nil	34706278	Nil	36515638	3 months Nil
3	Sulochana V Gupta	Nil	Nil	Nil	52500	52500	—
4	Parshotam G Makhija Executive Director	1405233	Nil	Nil	Nil	1405233	3 months Nil
5	Sandeep N Agrawal	Nil	Nil	Nil	90000	90000	—
6	Jagdish Sharan Varshneya	Nil	Nil	Nil	75000	75000	—
7	Chaitan M Maniar	Nil	Nil	Nil	37500	37500	—
8	Prakash G Ramrakhiani	Nil	Nil	Nil	37500	37500	—
9	Ashok C Gandhi	Nil	Nil	Nil	90000	90000	—
10	Rohit J Patel	Nil	Nil	Nil	37500	37500	—
11	Mohit V Gupta	Nil	Nil	Nil	37500	37500	—

### 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 / inquires of the

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shareholders'/ Investors' who redress the grievances/ complaints of shareholders'/ Investors' under the supervision of 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. 2007-08
Mrs. Sulochana V Gupta, Chairman	Promoter, Non-Independent, Non- Executive	31
Mr. Vijay Kumar Gupta, Member	Promoter, Non-Independent, Executive	31
Mr. Sandeep Agrawal, Member	Independent, Non Executive Director	31

**(b) Details of Complaints received and redressed during the year 2007-08**

Sr. No	Particulars	Opening Balance as on 1.4.2007	Received During the year	Redressed During the year	Pending as on 31.03.2008
1	Non-receipt of Dividend/ Interest, Revalidation etc.	Nil	81	81	Nil
2	Non receipt of Share Certificate etc.	Nil	92	92	Nil
3	Non receipt of Annual Report, Interest on delayed refund, dividend, interest	Nil	9	9	Nil
4	Others	Nil	8	8	Nil
<b>Total</b>		<b>Nil</b>	<b>190</b>	<b>190</b>	<b>Nil</b>

**(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**

Mr. Kaushik C Khona, Chief Financial Officer and Company Secretary acted as Compliance officer of the Company till date of his resignation upto 25th January,2008. From 25th January,2008 Mr. Sanjay S Maniar, Company Secretary acted 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 2007-08 as under.

Sr.No.	Particulars	No.of cases	No.of Shares involved (Rs. 2/- each)
1	Transfer	934	624010
2	Transmission	88	68930
3	Split	147	18282465
4	Duplicate	6	6100
5	Demat request approved-NSDL	1988	2241225
6	Demat request approved-CDSL	708	544995
7	Remat request approved-NSDL	Nil	Nil
8	Remat request approved-CDSL	Nil	Nil

As on 31st March,2008, out of the total 13,83,51,875 Issued, Subscribed and Paid up Equity shares of Rs.2/- each of the Company, 39.60% have been demated (net of remat) through NSDL and CDSL. There were no remat request 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 31.03.2008.

**7. General Body Meetings**

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

Year	Date	Time	Venue
2004-05	22.09.2005	11.00 a.m.	GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.
2005-06	09.09.2006	11.00 a.m.	
2006-07	25.09.2007	11.00 a.m.	

**b) Extra Ordinary General Meeting**

There was no Extra Ordinary General Meeting held during the F.Y. 2007-08.

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

Special Business	Type of Resolution passed	Date of Meeting
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
Re-appointment of chairman Mr. Vijay kumar Gupta as Managing Director of the Company	Ordinary Resolution	25.09.2007
Re-appointment of Mr. P. G. Makhija as an Executive Director	Ordinary Resolution	25.09.2007

**d) Postal Ballot**

During the year under review, there was no special resolution proposed and/or transacted through Postal Ballot.

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,2008.
- 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.
- During the year under report, the Company bought back and extinguished 9,66,615 Equity Shares of Rs.2/- each at an average price of Rs. 34.26 per equity share aggregating to Rs. 3,31,17,043/- under its Buy-back Scheme from Open market through stock exchange route which closed on 15th January,2008.
- 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 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.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in- Practice for due compliance of share transfer formalities by the Company.

**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.