

Gujarat Ambuja Exports Ltd.

Annual Report
1999-2000

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1999-2000



Gujarat Ambuja Exports Limited

LAST NINE YEARS AT A GLANCE									
(Rs. in crores)									
PARTICULARS	IX 1999-00	VIII 1998-99	VII 1997-98	VI 1996-97	V 1995-96	IV 1994-95	III 1993-94	II 1992-93	I 31.03.92
OPERATING RESULTS :									
Total Sales	319.35	315.50	374.94	181.63	154.41	55.64	55.64	51.10	0.00
Including Exports FOB	143.93	162.53	186.92	151.76	107.98	25.95	43.30	12.27	0.00
Trading of Bullion	0.00	0.00	46.51	0.16	18.56	4.16	0.00	0.00	0.00
Other Incomes	0.26	1.71	3.35	1.39	0.59	1.08	0.10	4.14	0.00
TOTAL REVENUE	319.61	317.21	378.29	183.02	155.00	56.72	55.74	55.24	0.00
OPERATING PROFIT (PBIDT)	15.72	10.24	21.17	10.38	6.78	3.07	5.43	0.89	0.00
Financial Expenses	4.34	2.04	7.25	4.02	0.51	0.00	0.45	0.00	0.00
Depreciation	8.21	8.04	8.30	1.96	0.23	0.19	0.17	0.01	0.00
Tax Provisions	0.00	0.00	0.00	0.57	0.00	0.13	0.08	0.00	0.00
Net Profit	3.17	0.16	5.62	3.83	6.04	2.75	4.73	0.88	0.00
NET WORTH :									
Share Capital	23.68	7.24	7.24	7.24	7.24	7.24	7.24	7.24	2.52
Share Capital Suspense	0.00	16.44	16.44	0.00	0.00	0.00	0.00	0.00	0.00
Reserves & Surplus	168.66	168.74	171.66	13.72	10.75	5.63	3.54	0.01	0.00
Total Net Worth	192.34	192.42	195.34	20.96	17.99	12.87	10.78	7.25	2.52
Break-up value per share (Rs.)	81	81	82	29	25	18	15	10	10
Gross Fixed Assets	230.28	193.80	192.20	13.46	12.81	10.09	6.41	3.95	1.11
Net Fixed Assets	188.90	159.61	165.67	10.92	12.22	9.72	6.23	3.94	1.11
Dividend per share (Rs.)	0.50	0.00	0.60	1.20	1.50	1.20	1.80	0.00	0.00
(Interim)									
Note : 1. w.e.f. 1.4.97 Gujarat Ambuja Cotspin Ltd. & Gujarat Ambuja Proteins Ltd. were amalgamated with Gujarat Ambuja Exports Limited. 2. Interim Dividend of Rs.0.50 for 2000-01 declared.									



Gujarat Ambuja Exports Limited

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Regd. Office: "Ambuja Tower", Opp. Memnagar Fire Station, Navrangpura, P.O. Navjivan, Ahmedabad-380 014
Phone : 6423316 - 20 Fax : 079-6423079 E-mail : jayvijay-gujamb@ad1.vsnl.net.in

9TH ANNUAL REPORT

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Shri Sanjay S Maniar

AUDITORS

M/s. Kantilal Patel & Co.,
Chartered Accountants, A'bad

BANKERS

Bank of India
Punjab National Bank

SHARE TRANSFER AGENT (PHYSICAL FORM)

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

SHARE TRANSFER AGENT : (ELECTRONIC FORM)

MCS LIMITED
Sri Venkatesh Bhavan, Plot No. 27, Road No. 11,
MIDC, Andheri (E), Mumbai - 400 093.

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

SUBSIDIARIES

1. Gujarat Ambuja International Pte.Ltd, Singapore

PLANTS

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

SCHEDULE OF ANNUAL GENERAL MEETING

Day : Friday
Date : 29th September, 2000
Time : 10.30 a.m.
Venue : Dinesh Hall,
Nr.Income Tax Circle,
Ashram Road,
Ahmedabad - 380 009.

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Gujarat Ambuja Exports Limited

FOR ATTENTION OF ALL MEMBERS

A. GENERAL

- Members who have not yet encashed their dividend warrant for the year ended on 31st March, 1998 are requested to send them to Registered Office of the Company for revalidation. Members are requested to note that for the year ended 31st March, 1999 no Dividend was declared.
- Members holding share of the Company under more than one Ledger Folio are requested to send to the Company details of all such folios together with the share certificates for consolidating the folios into one. The said formalities will help the members to get shares in marketable lot.
- Members are requested to quote their New Folio number in GAEL in all their future correspondence.
- At the time of intimating change of address, members are requested to state all of their folio numbers to get records of the Company updated for all folios.
- Members are requested to note the Security code of the Company (GAEL) and other group Company namely Gujarat Vita Pharma Ltd.(GVPL) at different stock exchanges where the shares are listed.

Name of Stock Exchange	GAEL	GVPL
The Stock Exchange, Ahmedabad	20230	22850
The Stock Exchange, Mumbai	24226	24099
The Delhi Stock Exchange	6247	5706
The Jaipur Stock Exchange	GUJARAT AMBUJA EXPORTS LTD.	NOT LISTED

- 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.
- For the members desirous of making nomination, form 2B is attached herewith.
- For members desirous of availing ECS facility, as and when implemented, they are requested to fill up and sign attach form for ECS mandate.

B. DEMATERIALISATION

- Members are requested to note that the shares of the Company are under compulsory demat from 24.07.2000. Members are further requested to note that the Company has entered into agreements with CDSL & NSDL and script of the company has been activated under demat on 23.02.2000 & 27.06.2000 respectively. The ISIN No. INE036B01014 has been allotted to the Company. Members are requested to approach their DPs for dematerialisation of Equity Shares of the Company.
- Members and DPs are requested to send physical shares for dematerialisation only with Jupiter Telecommunications Ltd., Ambuja Tower, Opp. Memnagar Fire Station, PO. Navjivan, Ahmedabad-380014. Members and DPs are further requested to note that the Company is not responsible if the shares are sent at any other places including MCS Ltd.

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

- Members who have not yet exchanged their share certificates of Amalgamating Companies are requested to send their holding as per our intimation dated 30.04.99 to the Registered Office of the Company to get the shares of GAEL in exchange.
- Exchange ratio approved in the Scheme of Amalgamation:
for every 4 Equity Shares of GACL = 1 Equity shares of GAEL
for every 5 Equity Shares of GAPL = 1 Equity shares of GAEL
- Members are further requested to note that against the shares surrendered by them proportionate shares of GAEL will be issued.
- Members are also requested to send share certificates in the name of Ambuja Foods Ltd. and/or Gujarat Ambuja Steel Ltd, as the name of the Company was changed to Gujarat Ambuja Cotspin Ltd. In case of GAPL also send Part-B of the debenture certificates for which shares in exchange have not yet been claimed.

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

Dear Sirs:

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK (✓) wherever is applicable.

Master Folio No.

--	--	--	--	--	--	--	--

DP. *Id.*

Client Id

--	--	--	--	--	--	--	--

For Office use only

ECS	
Ref. No.	
File No.	
Date of Receipt :	

Name of
First holder

Bank name

Branch Name



Branch Code

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(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your Bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account type

Savings		Current		Cash Credit	
---------	--	---------	--	-------------	--

A/c No.(as appearing
In the cheque book) -

--	--	--	--	--	--

Effective date of this
mandate _____

D	D	M	M	Y	E	A	R

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above Jupiter Tele Communications Limited / Gujarat Ambuja Exports Limited will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by **RBI/Gujarat Ambuja Exports Limited.**

I further undertake to inform the Company any change in my Bank/Branch and account number.

Dated:

(Signature of First holder)

Note : On Dematerialisation of existing physical shares, for which you have availed ECS facility, the above form needs to be re-submitted.



Gujarat Ambuja Exports Limited

Form 2B Nomination Request Form

(To be filled in by individual applying singly or jointly. If jointly, only up to two persons)

To
Jupiter Telecommunications Ltd.
Unit : Gujarat Ambuja Exports Ltd.
"Ambuja Tower" Opp. Memnagar Fire Station,
P.O. Navjivan, Navrangpura, Ahmedabad - 380 014.

From
L.F. No.
No. of Shares

I/We am/are holder(s) of Shares of the Company as mentioned above. I/We nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of Shares shall vest in the event of my/our death.

Nominee Name		Age										
To be furnished in case the nominee is a minor - Date of Birth												
Guardian's Name **												
Occupation of Nominee		1	Service	2	Business	3	Professional	4	Household			
Tick (./)		5	Student	6	Farmer	7	Others					
Nominee's Address												
		Pin Code										
Telephone No.		Fax No.										
E-Mail Address		STD Code.										
Specimen Signature of Nominee/ Guardian (in Case of nominee is minor)												

**To be filled in case nominee is a minor.

Kindly take the aforesaid details on record.

Thanking you.

	Name of all the holder(s) (as appearing in the Certificates)	Signature as registered with the Company
Sole/1 st holder		
2 nd holder		
3 rd holder		

SIGNATURE OF TWO WITNESSES

Name and addresses of witnesses		Signature with date
1.		
2.		

Instructions :

- Please read the instructions given below very carefully and follow the same. If the form is not filled as per instructions, the same will be rejected.
- The nomination can be made by individuals only applying/holding shares on their own behalf singly or jointly upto two persons. Non Individuals including society, trust, body corporate, partnership firm, karta of hindu undivided family, holder of power of attorney cannot nominate. If the shares are held jointly all joint holders will sign the nomination form.
- A Minor can be nominated by a holder of shares and in that event the name and address of the guardian shall be given by the holder.
- The nominee shall not be a trust, society, body corporate, partnership firm, karta of Hindu undivided family or a power of attorney holder. A non-resident Indian can be a nominee on repatriable basis Subject to Approval of RBI.
- Only one person can be nominated for a given folio.
- Details of all holders in a folio need to be filled, else the request will be rejected.
- Nomination will be registered only when it is complete in all respects including the signature(s) of all registered holders (as per specimen lodged with the Company) and of the nominee.
- Nomination stand rescinded upon transfer of share/debenture or repayment/renewal of deposits made.
- Transfer of share in favour of a nominee shall be a valid discharge by a company against the legal heir.
- Upon receipt of a duly executed nomination form, the Registrar and Transfer Agent of the Company will register the form and allot a registration number. This number and folio no. should be quoted by the nominee in all future correspondence.
- Nomination can be varied or cancelled by executing fresh nomination form.
- The Company will not entertain any claims other than those of a registered nominee, unless so directed by a court.

FOR OFFICE USE ONLY

Nomination Registration No.	
Date of Registration	
Folio No.	
Checked by and Signature	



Gujarat Ambuja Exports Limited

From the Chairman's Desk

June, 22, 2000

Dear Shareholder,

I am pleased to address this communication to you, the esteemed shareholder of the company.

I trust this finds you and your family in the best of health and spirits.

May I take this opportunity to brief you about the latest developments in our company.

You may be already aware that our company is a multi-locational, multi-product company focussed in Agro Processing. It has manufacturing plants at Himatnagar (Gujarat), Kadi (Gujarat) and at Pithampur (Madhya Pradesh).

The Company has the thrust for exports and in Bulk.

THE COTSPIN PROJECT :

GAEL has set up 100% Export Oriented Unit in Cotton Spinning at Himatnagar with the capacity of 55000 spindles for Ring Spinning and 1080 Rotors for Open end spinning set up in 1994 in record time of less than 18 months and with extremely cost-effective Project Outlay of Rs. 125 crores.

Besides the plant is fully air-conditioned and is supported with a housing colony which houses nearly 900 of its employees, nearly the whole staff strength. It also has 2 D.G. sets of 4.5 MW each ensuring cheap, uninterrupted & good quality power. The project of this size in present terms would require minimum of three years and a project outlay of minimum Rs.200 crores to just set up.

It has recently imported latest technology Combers and is importing new Autoconers to modernise its operations.

The unit is spinning excellent quality yarn which is exported to more than 30 countries worldwide.

THE BIO-CHEMICAL PROJECT :

GAEL has set up excellent facilities of manufacturing of Starch, Liquid Glucose, Dextrose and other products from crushing of maize with the capacity of crushing 200 Tons of Maize seed per day.

This is the only project where more than 50% of the product is sold in domestic market, unlike the other projects. The products have built their market through excellent quality, Customer relationship and widely distributed Market Network. Starch, Dextrose and other products are sought after by even Multi National Companies and reputed Pharmaceutical Companies.

The Company is in advanced stage of talks with a European MNC who is crushing 3000 Tones of Maize per day as against India's total capacity of 2500 T per day and who is producing value added items with values upto Rs.80 per kg against the price of Rs.5.50 per Kg of the Raw Material viz., Maize seed.

The said MNC has expressed willingness to set up JV with our company but is insisting on spinning of Bio-Chemical division into separate company, where it would invest a sum upto Rs.30 crores for going into all value added items. Our Company had initially set up this project at a total outlay of Rs. 35 crores in the year 1994-95.

THE SOYA PROCESSING PROJECTS :

GAEL has its Soya Processing facilities at Kadi (Gujarat) and Pithampur (M.P.) where it has a combined crushing capacity of 1500 Tons per day, which is third largest in India. The projects are built with most modern technology. The company is in the process of adding facilities to manufacture Soya Nuggets and Soya Flour, which are widely in demand in India and abroad. The two units at Kadi are 100 EOU.

It has received the ISO 9002 recognition for its plant at Kadi, being the first Soya Processing Industry in India to receive such accreditation. It has also recently received the award for being third largest manufacturer exporter of Soya Meal for the year 1998-99.



Gujarat Ambuja Exports Limited

From the company with a Net Worth of Rs. 1 crore in 1991, we have reached to a net worth of approximately Rs. 200 crores in the year 2000. Besides the following is also noteworthy.

- (a) All its plants are equipped with imported machineries/ latest technologies and own Power Generators as also the infrastructure to enable the company run its plants for full 365 days in a year.
- (b) The outstanding debt in the form of Term Loan from the bank or any Financial Institutions as on 31.03.2000 is hardly Rs. 1 crore as against Fixed Assets of more than Rs. 230 crores.
- (c) The book value of shares is more than Rs. 81/- per share.

YEAR 1999-2000 :

The company has achieved total turnover of Rs. 319 crores and Cash profit of Rs. 11 crores against all odds as against turnover of Rs. 315 crores and Cash profit of Rs. 8 crores in the earlier year.

YEAR 2000-2001 AND BEYOND :

The Company is poised to enter excellent phase, where all its projects are doing exceedingly well. The realisations in Cotton Yarn and Soya Deoiled cakes are improving as the markets worldwide are improving.

The Company has targeted to achieve a total turnover of Rs. 400 Crores in the financial year 2000-2001 and with the increasing Values and Controls on costs, the bottom line is sure to improve substantially.

I am also pleased to announce that the Board has recently declared interim dividends @ 5% each for the year 1999-2000 and 2000-2001. The dividend warrants shall be posted shortly.

NEW VENTURES :

INFORMATION TECHNOLOGY :

You may have heard recently that the group has entered into Information Technology business by promoting "Jupiter InfoSoft Limited". JIL has built up excellent professional team. JIL has already identified its focus area on the Internet Technologies. It has targeted on development of Portals. JIL has also started acquiring requisite infrastructures and has launched its first e-commerce site, gujarateshop.com. In a short time in the year 1999-2000 it has achieved business of Software Development as well as exports of some ASP modules. It also has a STPI registered 100% EOU.

ENTERTAINMENT SECTOR :

The group has promoted a new company at Mumbai to venture in the Entertainment business. It is targeting to set up its own channel in English and Hindi to be named as GTN in a very short time.

BIO-TECHNOLOGY SECTOR :

The Company is currently negotiating with a few MNCs having expertise on developing genetically modified seeds and one of them will be roped in as our strategic partner in short time.

According to recent government concessions extended to the biotech sectors, a 10 Year tax holiday and increased weighted deduction ranging from 125% to 150% for the expenses incurred is granted. We have plans to invest about Rs. 4 crores in the Genetic Research in the next three years.

The Company is in negotiation with a foreign company to set up a Bio-technology project in Joint Venture in Gujarat.

Thus, the group is on fast track and is targeting substantial growth in the times to come. With GAEL's strength in international market through its 500 satisfied clients all over the world in around 30 countries, these ventures are bound to be a grand success.

I am sure, you would be delighted to see the growth and achievements of the company.

With kind regards,

VIJAY KUMAR GUPTA
(Chairman & Managing Director)

Together We Will Make It Happen



Gujarat Ambuja Exports Limited

Notice

Notice is hereby given that the 9th Annual General Meeting of Members of the GUJARAT AMBUJA EXPORTS LIMITED will be held on Friday, the 29th day of September, 2000 at 10.30 a.m. at Dinesh Hall, Nr. Income Tax Circle, Ashram Road, Ahmedabad - 380 009 to transact the following business.

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2000, Profit & Loss Account for the year ended on that date, Directors' Report and Auditors' Report thereon.
- To note the declaration of Interim Dividend and to declare it as final dividend for the year 1999-2000.
- To appoint a Director in place of Shri Jagdish Sharan Varshneya, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a Director in place of Shri P. G. Makhija, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual general Meeting and fix their remuneration.

SPECIAL BUSINESS

INCREASE IN AUTHORISED SHARE CAPITAL

- To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 16,94 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs. 30,00,00,000/- (Rupees Thirty Crores) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs. 10/- each to Rs. 37,50,00,000/- (Rupees Thirty Seven Crores Fifty Lacs) divided into 3,75,00,000 (Three Crores Seventy Five Lacs) Equity Shares of Rs. 10/- each."

"RESOLVED FURTHER THAT the Clause V of the Memorandum of Association of the Company be deleted and in its place the following be inserted as Clause V thereof:

- The Authorised Share Capital of the Company is Rs. 37,50,00,000/- (Rupees Thirty Seven Crores Fifty Lacs Only) divided into 3,75,00,000 (Three Crores Seventy Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each."

RESOLUTION UNDER SECTION 293(1) (a)

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

"Resolved That Pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such permissions, approvals and sanctions of Banks and subject to such other consents, sanctions, approvals and permissions as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to sell, lease or otherwise dispose off the whole or any part of the Company's undertaking consisting of Denim manufacturing plant situated at Village Dalpur, District Sabarkantha, Solvent Extraction Unit-V situated at Jaipur, Rajasthan and Wheat Processing Unit situated at Kadi, District Mehsana, together with such assets and liabilities related thereto and such rights and obligations attached thereto or at such terms as may be considered appropriate and for such consideration and at all such terms and conditions to such persons as the Board may decide in the interest of the Company."

"Resolved Further That the Board of Directors of the Company be and are hereby authorised to complete the sale, lease or otherwise disposal off the aforesaid undertakings with modifications, if any, and to do all such acts, deeds, matters and things that may be deemed necessary and expedient in the interest of the Company."

By order of the Board
VIJAY KUMAR GUPTA

Place : Ahmedabad

Dated : 24th July, 2000

Chairman & Managing Director

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 2000 to 26th September, 2000 (both days inclusive).

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

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

- Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their electronic Share accounts and to the Company at its Registered Office in respect of their physical Share folios, if any.

ANNEXURE TO NOTICE

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

ITEM No.6:

The present Authorised Share Capital of the Company is Rs.30 Crores and Paid Up Capital is Rs.23.68 Crores. The Company has issued 13,50,000 Optionally Convertible Unsecured Debentures (herein after also referred as "OCUDs") of Rs.110/- each with a option of conversion of each OCUDs into 10 Equity Shares of the Company. To accommodate the probable increase in the paid up share capital on exercise of option, the resolution seeking approval of members to allow increase in Authorised Share Capital from Rs.30 Crores to Rs.37.50 Crores and consequential amendment in Capital Clause V of the Memorandum of Association is proposed.

According to provisions of the Companies Act, 1956 any increase in the Authorised Share Capital requires the approval of members.

Your Directors recommend the Ordinary Resolution for approval of the Members. None of the Directors except Shri Vijay Kumar Gupta, Shri Manish Gupta and Smt. Sulochanaben Gupta being allottees of OCUDs, is in any way concerned or interested in the proposed resolution.

ITEM No.7:

The Company has unit of manufacturing in Denim Cloth situated at Village Dalpur, District Sabarkantha, Solvent Extraction Unit-V situated at Jaipur, Rajasthan which are inoperative since last 2 years or more and Wheat processing Unit situated at Kadi, Dist. Mehsana which is not contributing substantially to the Profit and Turnover of the Company. The Board of Directors of the Company considers that the proceeds from sale, lease or disposal off of the aforesaid undertakings can be used in the more remunerative ways. The Company is in process of negotiation with some persons, corporation and companies who are interested in the acquisition of the some of the said undertakings.

Section 293(1)(a) of the Companies Act, 1956 inter alia provides that the Board of Directors of a Public Company shall not except with the consent of the Company in General Meeting sell, lease or dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially the whole of any such undertakings.

Accordingly your Directors recommend the Ordinary Resolution as set out in Item No. 7 of accompanying notice, for your approval.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution.

By order of the Board
VIJAY KUMAR GUPTA

Place : Ahmedabad

Dated : 24th July, 2000

Chairman & Managing Director