

# Annual Reports Library

**Gujarat Ambuja Exports Ltd.**



**11th Annual Report  
2001-2002**

# Annual Reports Library

## ANNUAL REPORT 2001-2002

Regd. Office: "Ambuja Tower", Opp. Memnagar Fire Station, Navrangpura, P.O. Navjivan, Ahmedabad-380 014  
Phone : 6423316-20, 6405535-37 & 39 Fax: 079-6423079 E-mail : [info@gujambexports.com](mailto:info@gujambexports.com) Website : [www.gujambexports.com](http://www.gujambexports.com)

### BOARD OF DIRECTORS

Shri Vijay Kumar Gupta, *Chairman & Managing Director*  
Shri Manish Kumar Gupta, *Managing Director*  
Shri P.G. Makhija, *Executive Director*  
Smt. Sulochana Gupta  
Shri Sandeep Agarwal  
Shri Jagdish Sharan Varshneya  
Shri Chaitan M Maniar  
Dr. Mahasukhrat N Vora (Resigned on 19.10.2002)

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shri Kaushik C Khona

### COMPANY SECRETARY

Shri Sanjay S Maniar

### AUDITORS

M/s. Kantilal Patel & Co.,  
Chartered Accountants,  
(Member: IA International, USA).

### BANKERS

Bank of India  
Punjab National Bank

### SHARE TRANSFER AGENT (PHYSICAL FORM)

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

### SHARE TRANSFER AGENT : (ELECTRONIC FORM)

#### MCS LIMITED

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

(For sending shares through DPs, DPs and members are requested to send their physical shares for Dematerialisation to Jupiter Corporate Services Limited, i.e. Registrar for physical form only)

### SCHEDULE OF ANNUAL GENERAL MEETING

Day : Tuesday  
Date : 31st December, 2002  
Time : 10.30 a.m.  
Venue : Dinesh Hall  
Nr. Income Tax Circle,  
Off. Ashram Road,  
Ahmedabad - 380 009.

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### SUBSIDIARY : Gujarat Ambuja International Pte. Ltd., Singapore

#### PLANTS

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

### RECENT DEVELOPMENTS: SCHEME OF ARRANGEMENT FOR REPAYMENT OF CAPITAL TO SMALL SHAREHOLDERS AND CONSEQUENT REDUCTION OF CAPITAL

Considering the difficulties as regards to marketability of holding in small lots and dematerialisation cost faced by the shareholders holding shares in small lots in physical form, the Company has proposed a Scheme of Arrangement with its Equity Shareholders for repayment of capital to the small Resident Indian Shareholders holding up to 99 Equity Shares in a folio in physical form which is subject to approvals and/or sanctions from members, creditors, appropriate authorities and Hon'ble High Court of Gujarat. The Company has received necessary direction from the Hon'ble High Court of Gujarat for convening the meetings of eligible shareholders, other shareholders, unsecured creditors and secured creditors for the said purpose. Accordingly, the meetings of eligible shareholders, other shareholders, unsecured creditors and secured creditors are scheduled on Thursday, the 21st November, 2002 at 11.00 a.m., 12.00 noon, 2.00 p.m. and 3.00 p.m. respectively at Dinesh Hall, Nr. Income Tax Circle, Off. Ashram Road, Ahmedabad : 380 009.

The record date for above purpose was 25.10.2002. As per the provision of the Scheme, the small shareholders, as defined hereinabove, who desire to continue as shareholders of the Company have to execute, sign and send the option form, which is part of the Scheme, so as to reach the Company on or before 25.11.2002 i.e. last date for exercise of option. The Small shareholders who do not opt to continue as shareholder of the Company within aforesaid prescribed time, will be considered for repayment of capital at Rs. 10/- per Equity share without any further acts or deeds either on the part of shareholders or the Company and accordingly after the sanction of Scheme by the appropriate authorities and Hon'ble High Court of Gujarat the repayment warrants/ cheques will be sent to the said small shareholders and consequent reduction of the paid up share capital will be made. It is also proposed that the shareholders who would be eligible for capital repayment would not be eligible to receive dividend declared, if any, for the Financial year 2001-02.



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Gujarat Ambuja Exports Limited

FOR ATTENTION OF ALL MEMBERS

## A. GENERAL

- 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.
- Members holding shares of the Company under more than one Ledger Folio are requested to send to the Company details of all such folios together with the share certificates for consolidating the folios into one. The said formalities will help the members to get shares in marketable lot.
- Members holding shares in physical form are requested to quote their New Folio number in GAEL and members holding shares in electronic form are requested to quote their Client ID along with DP ID in all their future correspondence.
- At the time of intimating change of address members are requested to state 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).
- 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.
- As mandated by SEBI, the Company will be providing Electronic Clearing System (ECS) facility to the members whereby members will be able to receive their dividend by way of electronic credit directly to their bank account. In the absence of availing of this option by the members, the Company shall send warrants for distributing dividend. Members desiring to avail this ECS facility are requested to provide the particulars as per format given below and send it directly to the Company's Registrar and Transfer Agents (Physical form), M/s. Jupiter Corporate Services Limited or to the Registered Office of the Company in case of shares held in physical form and to the respective Depository Participants in case the shares are held in demat form:
    - Name of First Holder (In Block Letter): \_\_\_\_\_
    - Registered Folio No.: \_\_\_\_\_
    - Name of the Bank: \_\_\_\_\_
    - Branch Name and Address: \_\_\_\_\_
    - Account Number (As appearing on the Cheque Book): \_\_\_\_\_
    - Ledger Folio Number (As appearing on the Cheque Book): \_\_\_\_\_
    - Account Type (Saving Bank A/c, Current A/c, Cash Credit A/c): \_\_\_\_\_
    - 9 Digit Code Number of the Bank & Branch appearing on the MICR cheque Issued by the Bank (Please attach a Photocopy of the cheque for verifying the accuracy of the MICR Code): 

|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
    - Signature of First Holder: \_\_\_\_\_

(Members may please note that the Company shall not be liable for any loss or damage which may arise out of submission of any incorrect particulars by the members.)
  - With a view to provide protection against fraudulent encashment of dividend warrants, the members were requested in the past to provide their bank account numbers, names of the banks and addresses of the branches to enable the Company to incorporate the said details in the dividend warrants. Those members who have not yet provided such information are again requested to provide these details quoting their folio numbers to reach the Company latest by 15th December, 2002 to enable the Company to incorporate this information in the dividend warrants. Members will appreciate that the Company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrants.
  - Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on the dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change/deletion in such bank details. Such members may therefore give instructions regarding bank accounts to their Depository participants only.
- Members holding shares in physical form and desirous of making nomination may request for Form No.2B from the Company or Registrar and Share Transfer Agents (Physical Form) M/s. Jupiter Corporate Services Limited. In case of shares held in demat form, the nomination has to be lodged with members' Depository Participants.

## B. DEMATERIALISATION :

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

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

- Members who have not yet exchanged their share certificates of Amalgamating Companies are requested to send their holding as per our intimation dated 30.04.99 to the Registered Office of the Company to get the shares of GAEL in exchange. Kindly note that without getting the shares of GAEL in exchange, dematerialisation will not be possible. Further please note that exchange cum demat is not possible due to exchange ratio and other technical issues.
- Exchange ratio approved in the Scheme of Amalgamation :
 

for every 4 Equity Shares of GACL = 1 Equity share of GAEL  
for every 5 Equity Shares of GAPL = 1 Equity share of GAEL
- Members are further requested to note that against the shares surrendered by them proportionate shares of GAEL will be issued.
- Members are also requested to send share certificates in the name of Ambuja Foods Ltd. and/or Gujarat Ambuja Steel Ltd., as the name of the Company was changed to Gujarat Ambuja Cotspin Ltd. In case of GAPL also send Part-B of the debenture certificates for which shares in exchange have not yet been claimed.

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## NOTICE

Notice is hereby given that the 11<sup>th</sup> Annual General Meeting of Members of GUJARAT AMBUJA EXPORTS LIMITED will be held on Tuesday, the 31<sup>st</sup> December, 2002 at 10.30 a.m. at Dinesh Hall, Nr. Income Tax Circle, Off. Ashram Road, Ahmedabad - 380 009 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2002 Profit & Loss Account for the year ended on that date, Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity Shares (See Note 4)
3. To appoint a Director in place of Shri Jagdish Sharan Varshneya, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri P. G. Makhija, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Smt. Sulochana V. Gupta, who retires by rotation and being eligible offers herself for reappointment.
6. 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

7. **Appointment of Shri C. M. Maniar as Director of the Company.**  
To Consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri C. M. Maniar, who was appointed as an Additional Director by the Board of Directors of the Company under Section 250 of the Companies Act, 1956 (hereinafter referred to as "the Act") and Article 124 of the Articles of Association of the Company and who holds his office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member signifying his intention to propose Shri C. M. Maniar, as a candidate for the office of Director, be and is hereby appointed as Director of the Company subject to retirement by rotation under the Articles of Association of the Company."
8. **Re-appointment of Chairman Shri Vijay Kumar Gupta, as Managing Director of the Company.**  
To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the Provisions of Section 198, 269, 309 and all other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956, and/or any statutory modification or re-enactment thereof from time to time and in force, the consent of the Company be and is hereby accorded to the re-appointment and payment of remuneration to the Chairman Shri Vijay Kumar Gupta as Managing Director of the Company for a period of Five (5) years with effect from 18<sup>th</sup> April, 2003 on the terms and conditions as mentioned in the Agreement to be entered into between the Company and Shri Vijay Kumar Gupta, a draft whereof duly initialed by the Chairman for the purpose of identification has been placed before the meeting, which Agreement is hereby specifically approved with powers to the Board of Directors (which term shall be deemed to include any committee thereof for the time being and from time to time, to which all or any of the powers hereby conferred on the Board by this resolution may have been delegated) to alter, amend, vary and modify the terms and conditions of the said re-appointment and remuneration payable from time to time as they deem fit in such manner as may be agreed upon by the Board of Directors and Shri Vijay Kumar Gupta within the limits prescribed under Schedule XIII to the said Act or any statutory amendment(s) and/or modification(s) thereto."  
"RESOLVED FURTHER THAT notwithstanding to the above, in the event of any loss or inadequacy of profits in any financial year of the Company during the tenure of Shri Vijay Kumar Gupta as Managing Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in Section II Part II of Schedule XIII to the Companies Act, 1956 as amended from time to time subject to the compliance of provisions thereof but in any event shall not exceed the remuneration payable as provided in the Agreement aforesaid when the profits of the Company are adequate."  
"RESOLVED FURTHER THAT the Managing Director shall not be liable to retirement by rotation pursuant to Article 163 (1) of the Articles of Association of the Company."  
"RESOLVED FURTHER THAT Shri Vijay Kumar Gupta, Chairman and Managing Director of the Company be and is hereby authorised, empowered and vested, with the substantial powers of the Management of the Company for carrying out the affairs and activities of the Company subject to the superintendence, control and direction of the Board of Directors of the Company."  
"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to this resolution."

By order of the Board

Place : Ahmedabad  
Date : 30<sup>th</sup> October, 2002

Vijay Kumar Gupta  
Chairman and Managing Director

## NOTES

1. 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.
2. Register of Members and Share Transfer Books of the Company will remain closed from 30<sup>th</sup> December, 2002 to 31<sup>st</sup> December, 2002 (both days inclusive).
3. Dividend, if any, declared at the meeting will be payable to those members whose name appears in the Company's Register of Members on 31<sup>st</sup> December, 2002. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
4. The Company has proposed a Scheme of Arrangement with its Equity Shareholders for repayment of capital to small Resident Indian shareholders holding up to 99 Equity Shares in a folio in physical form subject to approvals/ sanctions of members, creditors, appropriate authorities and Hon'ble High Court of Gujarat. The record date for the above purpose was 25.10.2002. As per provision of the Scheme, small shareholders who do not opt to continue as shareholder of the Company on or before 25.11.2002 i.e. last date for exercise of option will be considered for repayment, subject to approval of Scheme by the members, creditors, appropriate authority and Hon'ble High Court of Gujarat.  
As per provision of the Scheme of Arrangement small shareholders who, are as above, considered for repayment of capital shall not be eligible for any dividend declared after the record date. Accordingly, though in books of accounts provision for dividend on present issued, Subscribed and Paid up Share Capital is made, only those shareholders who have not been considered for repayment of capital will be paid dividend for F.Y. 2001-02 and accordingly the actual payment will be less as per the eligible shareholders and eligible capital on the date of Annual General Meeting.
5. Dividend on Equity Shares shall be subject to deduction of applicable Income Tax at source as per provisions of Finance Act, 2002. In case of resident individual shareholders, income tax will not be deducted at source from dividend, where such dividend does not exceed Rs. 2500/- . The Income Tax will not be deducted, where such dividend exceeds Rs. 2500/-, if the shareholder furnishes appropriate certificate from the Income-tax Officers to the Registrar and Share Transfer Agents (Physical Form) M/s. Jupiter Corporate Services Limited or to the Company on or before 15<sup>th</sup> December, 2002.
6. The Company is required to issue TDS certificate, inter alia, quoting Permanent Account Number (PAN/ GIR No.) of the shareholders under Section 139 (5A) of the Income Tax Act, 1961. Obligation has been cast on the shareholders receiving dividend which is subject to TDS to intimate his/her/its PAN/GIR Number to the Company or their Registrar and Transfer Agents (Physical Form) M/s. Jupiter Corporate Services Limited.
7. Members may please note that the Dividend Warrant is payable a/c par at the designated branches of the Bank printed overleaf of the Dividend Warrant for an initial period of 6 months only. Thereafter, the Dividend Warrant on revalidation is payable at Ahmedabad Branch of the said bank only. The members, are, therefore, advised to encash Dividend Warrants within the initial validity period.
8. 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

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discharged to the company's Share Transfer agent to facilitate payment of the dividend.

| Financial year | Date of AGM           | Date of Dividend warrant | Due Date of Transfer to Unpaid Account | Due Date of accepting claim by Company | Due Date for Transfer to Investor Protection Fund |
|----------------|-----------------------|--------------------------|--|--|---|
| 1995-96        | 27.07.96              | 02.09.96                 | 13.09.96                               | 27.07.2003                             | 13.09.2003  |
| 1996-97        | 24.09.97              | 04.11.97                 | 11.11.97                               | 24.09.2004                             | 11.11.2004  |
| 1997-98        | 30.03.99              | 10.05.99                 | 17.05.99                               | 30.03.2006                             | 17.05.2006  |
| 1998-99        | No dividend declared. |                          |  |  |   |
| 1999-00        | 29.09.00              | 09.11.00                 | 16.11.00                               | 29.09.2007                             | 16.11.2007  |
| 2000-01        | Interim: Note: 1      |                          |  |  |   |
|                | 25.09.01              |                          |  |  |   |
| 2000-01        | Interim: Note: 2      |                          |  |  |   |
|                | 09.11.00              |                          |  |  |   |
| 2000-01        | 09.11.00              |                          |  |  |   |
|                | 09.11.2007            |                          |  |  |   |

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

Note : 2. For F.Y. 2000-01 Interim Dividend @5% p.a. was paid and the same was approved and confirmed by the members at 10th Annual General Meeting as Final Dividend.

9. 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.
10. All documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days, except Sundays and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
11. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
12. The Company has obtained the approval under sub section (1) of Section 166 of the Companies Act, 1956 read with Section 210 of the Companies Act, 1956 from the Registrar of Companies, Gujarat for extension of time for holding the Annual General Meeting of the Company upto 31st December, 2002.
13. Appointment/Re-appointment of Directors (Pursuant to Clause 49 of Listing Agreement)

At the ensuing Annual General Meeting, Shri Jagdish Sharan Varshneya, Shri P. G. Makhija and Smt. Sulochanaben Gupta retire by rotation and being eligible offer themselves for re-appointment. Shri C. M. Maniar will be appointed as a Director to retire by rotation. The information or details to be provided for the aforesaid Directors under the Corporate Governance code are as under:

- (a) Shri Jagdish Sharan Varshneya: aged 73 years is a M.Com. LL.B. He started his career as lecturer in Nagpur College of Commerce and Economics in 1950. In 1953 he joined State Bank of India and served on various position including Deputy Managing Director (Development and Planning). From 1965 to 1989 he was Chairman and Managing Director of Punjab National Bank. From 1990 to 1992 he served as Principal Advisor of Punjab National Bank. During his tenure as Banker he received over 20 awards for his individual excellence in various fields of Banking. He also acted as President, Chairman, member and Trustee of various Association, Institutions, Banks and other organisations.

He is Director of the Company since 1998. He is also Director in Alfa Ica India Ltd., Sulej Industries Limited, RPG Satellite Communications Limited, Subhash Projects & Mktg. Ltd., Universal Starch Chem Allied Ltd., India Toners & Developers Ltd., Dominant Offset Ltd., Shrivatsa International Ltd., Whyte Chemicals Ltd., Pashupati Fabrics Ltd., Ornate Estates Pvt. Ltd., Jagesh Commercial Pvt. Ltd., Dhan Holdings Pvt. Ltd., Maina Polysters Pvt. Ltd., Ganganjay Comtrade Pvt. Ltd., Kanchi Tie Up Pvt. Ltd. and Swan Securities Pvt. Ltd. He is also member of Audit Committee of Pasupati Fabrics Ltd., Subhash Projects & Mktg. Ltd, RPG Satellite Communication Ltd. He is Chairman of Audit Committee of the Company.

Shri P. G. Makhija: aged 44 years with qualification of M.Com., LL.B. ACS, CAIIB-I has an experience of 24 years in the field of finance, commerce, management and administration and as overall in charge of the manufacturing and marketing operations of Cotspin Division of the Company since last 6 years. He was appointed as an Executive Director w.e.f.

28th December, 1998 for 3 years. In 2001 he was re-appointed as Executive Director for further period of 3 years. He is not on the Board of any other Company.

- (c) Smt. Sulochana V. Gupta: aged 49 years, is industrialist and promoter of the Company and possesses rich experience of 25 years. She supervises and monitors administrative functions of the Company. Her contribution to maintenance and upkeeping of the assets of the Company is significant. She also actively contributes in the policy decisions of the Company. She is also on the Board of Jupiter Biotech Limited and Gee Tele Network Limited. She was also member of the Audit Committee of the Company upto 29.03.2002. She is the Chairman of Shareholders'/ Investors' Grievances Redressal Committee and member of the Remuneration Committee of the Company.
- (d) Shri C. M. Maniar: aged about 66 years is a M.A. (Economics & Politics), B.Com and LL.B. He is a Solicitor and Advocate and is a partner of Crawford Bayley & Co., a leading firm of Solicitors. He possesses vast and rich experience in the legal profession. He was appointed as an Additional Director on the Board of the Company on 30.03.2002. He is also member of Audit Committee and Chairman of Remuneration Committee, after reconstitution on 19.10.2002, of the Company. He is a Director in Agra India Pvt Ltd., Akzo Nobel Coatings India Pvt. Ltd., Amsar Pvt Ltd., Foods & Inns Ltd., Godfrey Phillips India Ltd., HGC Foundation Pvt. Ltd., Hindalco Industries Ltd., Indo-Euro Investment Company Ltd., Indian Card Clothing Company Ltd., Machine Tools (India) Ltd., Mas Consulting Group Pvt. Ltd., Mafatlal Dyes & Chemicals Ltd., Pennzoil Quaker State India Ltd., Pioneer Investcorp Ltd., Sudal Industries Ltd., Twenty-First Century Printers Ltd., Varun Shipping Company Ltd., Vadilal Industries Ltd. He is also alternate director of Chemtex Engineering of India Ltd. and Indian Match Financial Services Private Limited. He is also member of Audit Committee, Shareholders'/ Investors' Grievance Committee and Remuneration committee of various companies such as Hindalco Industries Ltd., Varun Shipping Company Ltd., Twenty-First Century Printers Ltd., Machine Tools (India) Ltd., Pioneer Investcorp Ltd., Gujarat Ambuja Exports Ltd. and Godfrey Philip India Ltd.

## ANNEXURE TO NOTICE

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

### ITEM NO. 7

#### APPOINTMENT OF SHRI C. M. MANIAR AS DIRECTOR OF THE COMPANY

The Directors of the Company have at its meeting held on 30th March, 2002 appointed Shri Chaitan M Maniar as Additional Director of the Company. Pursuant to the provisions of Article 124 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 he holds his office upto the date of ensuing Annual General Meeting. The Company has received a valid notice in writing from member proposing the candidature of Shri C. M. Maniar for the office of Director of the Company under provisions of Section 257 of the Companies Act, 1956. Shri C. M. Maniar is senior Solicitor and Advocate and Partner of Crawford Bayley & Co., a leading firm of solicitors. He possesses vast and rich experience in the legal profession. Keeping in view of his vast experience and knowledge, it will be in the interest of the Company that Shri C. M. Maniar is appointed as a Director of the Company.

Your Directors, therefore, recommend the resolution for your approval. Save and except Shri C. M. Maniar, none of the other Directors of the Company is, in any way, concerned or interested in this resolution.

### ITEM NO. 8

#### RE-APPOINTMENT OF CHAIRMAN SHRI VIJAY KUMAR GUPTA AS MANAGING DIRECTOR OF THE COMPANY

Shri Vijay Kumar Gupta was appointed as Managing Director of the Company w.e.f. from 18th April, 1998 for a period of 5 years at the Extra Ordinary General meeting held on 2nd June 1998 without any remuneration and subsequently the terms of appointment and remuneration was modified by passing an ordinary resolution at the Extra Ordinary General Meeting of the Company held on 30th March 1999 and at 10th Annual General Meeting held on 25th September, 2002 for remainder of the term of appointment.



Shri Vijay Kumar Gupta is aged 52 years with qualification of B.D.S. and managerial experience of 30 years. He is industrialist and promoter Director and is main contributory to the growth and development of the Company and Gujarat Ambuja Exports group. He is also Director of three other Companies namely Jupiter Biotech Limited, Gee Tele Network Limited and Gujarat Ambuja International Pte. Ltd., incorporated at Singapore. He also holds chairmanship of Share Transfer committee of the Company and member of Shareholders'/ Investors' Grievances Committee.

The Remuneration Committee and the Board of Directors, subject to approval of members at the General Meeting, have considered and approved the terms and conditions of re-appointment of Chairman Shri Vijay Kumar Gupta as Managing Director of the Company for further period of 5 years at its meeting held on 19th October, 2002 and 30th October, 2002 respectively.

The terms and conditions and remuneration relating to his re-appointment as Managing Director are set out in the draft Agreement, a copy whereof duly initiated by the Chairman is placed at the meeting for the purpose of identification and is subject to approval of Members of the Company, as required under Section 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956.

The principal terms and conditions as contained in the draft Agreement are as under:

## 1. Terms of Appointment:

5 (five) years with effect from 18th April, 2003 to 17th April, 2008

## 2. Remuneration:

I. **Salary:** Rs. 1,00,000/- per month (Rupees One Lakh per month)

II. **Perquisites:** The Managing Director shall be entitled to following perquisites as under, subject to overall ceiling of Rs.50,000/- per month. For the value of perquisites the applicable rules under Income Tax Act, 1961 shall apply.

a) **Gas, Electricity, Water and Furnishing:** The Expenditure incurred by the Managing Director on Gas, Electricity, Water and other furnishing at residence will be provided by the Company and shall be valued as per the Income Tax Rules, 1962.

b) **Medical:** Reimbursement of medical expenses incurred for the self and family. The taxable value of perquisite would be calculated as per the rules and provisions applicable from time to time under the Income Tax Act, 1961.

c) **LTA:** Leave Travel Concession for the self and family in a year in accordance with the rules specified by the Company provided that only actual expenditure shall be reimbursed for the traveling purpose. The taxable value of this perquisite will be calculated as per the Rules and provisions applicable from time to time under the Income Tax Act, 1961.

d) **Club Fees:** Fees of clubs subject to a maximum two clubs shall be paid/reimbursed by the Company. This will not include admission and life membership fees. Besides fees for obtaining credit card or its renewal from Clubs, would be paid in addition to the actual expenditure as company's business expenditure.

e) **Personal Accident Insurance & Life Insurance:** Annual Premium on personal Accident shall not exceed Rs. 5000/- per month. The Company may at any time take Life insurance policy under any scheme including the key man insurance policy for which the premiums would be paid by the Company.

f) **Chauffeur Driven Car:** He would be provided with chauffeur driven car whose valuation will be calculated as per the Income Tax Rules, 1962.

g) **Telephone:** Two Telephones at the residence and Mobile phone will be provided which will not be considered as perquisites.

Note: Use of Car for the purpose of the business of the Company will not be considered as perquisites. The Company shall bill personal long distance calls and use of Car for private purpose.

h) **Earned Leave:** Earned leave will be granted on full pay and allowance as per the Rules of the Company, but not exceeding one month's leave for every eleven months of services, subject to the further condition that leave accumulated but not availed will be allowed to be encashed. The Leave encashment subject to above entitlement will be subject to value as per Income Tax Rules, 1962, provided leave encashed on expiry of the terms of this agreement will be treated as Nil for valuation.

i) **Contribution to Provident Fund, Superannuation fund:** Contribution to Provident fund, superannuation fund etc. will not be included in the ceiling on perquisites to the extent these either singly or put together are not taxable under the Provisions of the Income Tax Act, 1961.

j) **Gratuity:** Gratuity payable shall not exceed Half Month's salary for each completed year of services subject to a ceiling of Rs. 5,00,000/- (Rupees Five Lacs only).

k) **Minimum Salary:** In the absence or inadequacy of profits in any financial year the Managing Director shall get the salary and shall be entitled all other perquisites and benefits of without any corresponding changes or alterations, subject to the ceiling as may be applicable to him and or to the Company, in view of provisions of Schedule XIII of the Companies Act, 1956.

## 3. Other Terms and Conditions:

(a) Shri Vijay Kumar Gupta, shall be vested with substantial powers of the management subject to the supervision, control and direction of the Board

(b) As long as Shri Vijay Kumar Gupta functions as Managing Director of the Company, no sitting fees will be paid to him for attending the meetings of the Board of Directors or Committee thereof.

(c) Shri Vijay Kumar Gupta shall not retire by rotation whilst he continues to hold office of Managing Director.

(d) Shri Vijay Kumar Gupta shall be entitled to the reimbursement of entertainment expenses actually and properly incurred by him, in the course of legitimate business of the Company and travelling, hotel and other expenses incurred by him in India and abroad, exclusively on the business of the Company.

(e) The Company or Shri Vijay Kumar Gupta shall be entitled to terminate the Agreement, by giving to the other party three months notice in writing or by the Company paying three months remuneration in lieu thereof.

(f) The terms and conditions of the said appointment and/or agreement may be altered, amended, varied and modified from time to time by the Board or Committee thereof as it may be permissible and if deem fit, within the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendments or modifications made thereto.

The Directors therefore recommend the passing of the Ordinary Resolution as set out at Item No. 8 of the accompanying Notice.

The draft Agreement referred to in the said Resolution is open for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company up to the date of the Annual General Meeting.

This explanatory statement together with the accompanying Notice is to be regarded as an abstract of the terms of the agreement and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

Shri Vijay Kumar Gupta may be considered to be concerned or interested in the said Resolution as also in the draft Agreement since it relates to his own appointment and remuneration. Shri Manish Gupta and Smt. Sulochanaben Gupta may also be considered as concerned or interested in the same, being relatives of Shri Vijay Kumar Gupta. Save as aforesaid, none of the other Directors are concerned or interested in the said Resolution.

By order of the Board

Place : Ahmedabad  
Date : 30th October, 2002

VIJAY KUMAR GUPTA  
Chairman and Managing Director

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Gujarat Ambuja Exports Limited

11th Annual Report

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION

To,  
The Members,  
Gujarat Ambuja Exports Limited.  
We have pleasure in presenting our 11th Report together with the Audited Statements of Accounts for the year ended 31st March, 2002.

### FINANCIAL RESULTS

The summary of the Financial results is given below (Rs in lakhs)

| PARTICULARS                                  | 2001-2002 | 2000-2001 |
|--|-----------|-----------|
| TOTAL TURNOVER                               | 52443.25  | 41915.49  |
| INCLUDING EXPORTS (F.O.B.)                   | 25126.50  | 22278.39  |
| PROFIT BEFORE INT., DEPRECIATION & TAXES     | 2064.82   | 2107.97   |
| LESS: INTEREST                               | 770.89    | 865.85    |
| DEPRECIATION                                 | 854.09    | 813.62    |
| PROVISION FOR TAXATION                       |           |           |
| (INCL. DEFERRED TAX)                         | 156.77    | 1.00      |
| NET PROFIT FOR THE YEAR                      | 281.07    | 427.50    |
| ADD: BALANCE OF THE PROFIT                   |           |           |
| CARRIED FROM EARLIER YEAR                    | 1990.03   | 1712.77   |
| ADD (+)/LESS (-) INCOME TAX OF EARLIER YEARS | 1.00      | (-) 18.80 |
| TOTAL PROFIT AVAILABLE FOR APPROPRIATION     | 2272.10   | 2121.47   |
| APPROPRIATED AS UNDER                        |           |           |
| PROPOSED DIVIDEND (SUBJECT TO TAX)           |           |           |
| 6% P.A. (P.Y. 5% P.A.)                       | 179.90    | 118.41    |
| DIVIDEND DISTRIBUTION TAX                    | N.A.      | 13.03     |
| TOTAL APPROPRIATION                          | 179.90    | 131.44    |
| NET BALANCE IN THE PROFIT & LOSS ACCOUNT     |           |           |
| CARRIED TO BALANCE SHEET                     | 2092.20   | 1990.03   |

### DIVIDEND

During the year under report your Company has performed reasonably well and has reported general improvement in overall performance as compared to the last year. The Board of Directors recommend dividend @ 6% p.a. for Financial Year 2001-02 as against 5% declared last year, which will be subject to deduction of income-tax at source.

### PERFORMANCE REVIEW FOR THE YEAR 2001-02

The Company performed well during the year under review and took various steps for further consolidation of its operations in Agro Processing and Cotton Yarn operations.

The Directors are pleased to inform that the Company's efforts to become global have achieved rich results and both the Exports and the Imports of the Company reached higher peaks during the year under review. The Exports was at all time high of Rs. 274 crores while the imports touched Rs. 74 crores. Thus the Company was able to take the benefit of its leverage in World trade by tapping cheaper sources of Raw Materials and Finished Goods which the Company operated in.

Further the company also took various steps to improve qualitatively to cope up with ever changing and challenging International Business environment. The Company has implemented the Corporate Governance Code in its letter and spirit and has also broad-based its board.

As made out from the financial results above, the company has been able to grow at above 30% growth rate, while the net profit was affected due to provisions of deferred tax in compliance with the newly introduced Accounting standard - AS22.

### CURRENT YEAR'S OUTLOOK

The Board is happy to report that in the period of first six months ended 30th September, 2002, there has been extraordinary growth in turnover with corresponding growth in profitability of the Company. According to the unaudited results the company has achieved a turnover of Rs. 227 crores which is 46% higher than that reported in corresponding period last year. Further the Net profits of Rs. 501 lakhs has been declared which is significantly higher than that of Rs. 85 lakhs in the corresponding period last year. The above increased operations and the operational profits are result of various factors including the increase in the capacity of the production for Cotton Yarn as well as edible oil refining. Considering the above, barring unforeseen circumstances the Board is hopeful of achieving better results for the financial year 2002-03.

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

#### A. CORPORATE GOVERNANCE

The Securities and Exchange Board of India (SEBI) has introduced a comprehensive code of Corporate Governance by amendment in the Clause 49 of Listing Agreement and the scheduled date of implementation was 31.03.2002 for the Company. The Company has implemented all mandatory recommendations by the scheduled date. 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.

### B. MANAGEMENT DISCUSSION & ANALYSIS

#### OVERALL REVIEW

The year 2001-02 was the year of achieving landmarks. For the first time the company surpassed the total turnover of Rs. 500 crores and exports of Rs 250 crores. This was possible only because of better productivity and higher capacity utilization at all manufacturing plants.

#### SEGMENT WISE PERFORMANCE

The Company's presence is in Cotton Yarn and other Agro processed products.

#### COTTON YARN- INDUSTRY STRUCTURE AND DEVELOPMENT

This unit is mainly engaged in manufacture of 100% Cotton Yarn by producing Ring Spun and Open End yarn. The average count spun by the Company is in the range of 20s to 40s in Ring spinning and of 4s in Open end. The market is dominated by around 12 major manufacturers with no single manufacturer having more than 10% share in the market. The Company has been facing tough competition from various players in the market but because of its focus on quality improvement, the company has been able to not only compete but also realise the prices normally realised by the Competitors in each product segment.

The 100% EOU status of the Company enables the company to focus on exports better. This year also the Company has imported substantial part of its requirements of Cotton. This has helped the company to provide a better, consistent quality Cotton Yarn. The outlook of this industry is quite positive and enthused by the better performance the company has acquired balancing equipments during the financial year to improve the production. The Company has also installed few more machines and has increased the production capacity to 25 Tonnes per day by implementing the expansion in two phases in the year 2002-03.

#### PERFORMANCE EVALUATION

The Cotton Yarn division performed better than the last year. The division has reported 6.7% increase in the turnover coupled with 24% increase in the production. The realisation rates per Kg. dropped during the year drastically and therefore the volume growth is more than the growth of sales.

The Cotton yarn is being sold to more than 30 countries all round the globe and we have been receiving repeat orders. The Company has focussed in producing and maintaining consistent quality by importing good quality Cotton from USA, Australia and other countries.

#### OTHER AGRO PROCESSING ACTIVITIES

The Company is further engaged in agro processing of Oil seeds, Maize and Wheat. The agro processing industry as always faces tough challenges from competitors within India as well as from outside.

Through processing of Oil seeds the Company receives edible oil which is sold in domestic markets while the Deodiled cakes are mainly exported. While from Maize the company produces Starch, Liquid Glucose, Dextrose Monohydrate Powder, Maltodextrine Powder and other by-products. The company also manufactures Wheat flour and other by-products from wheat. The products are being sold to MNCs, Institutions including Pharmaceutical and FMCG companies as also through well spread dealer and distributors' network throughout India.

#### PERFORMANCE EVALUATION

During the year under review the Company's value of activity of the Other Agro processed products improved by 23.25% while the total volume in quantity increased from 353723 MT to 390911 MT registering growth of 10.5%.

#### 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 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 differ materially from those expressed in the statement. Important factors that could influence the Company's operations include demand and supply conditions, availability of inputs and their prices both domestic and global, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

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## ACCREDITATION AND REMARKABLE ACHIEVEMENTS

The Company continued its journey to growth. The Soya DOC exports won the Company the coveted recognition of being Second Largest Manufacturer Exporter in India based on the performance of 2000-01.

## CAPITAL

The Company has envisaged a Scheme of Arrangement with its Equity Shareholders for repayment of capital to small Resident Indian shareholders holding upto 99 Equity Shares in a folio in physical form and consequent reduction of capital which is subject to necessary approvals and/or sanctions from the members, creditors, appropriate authorities and Hon'ble High Court of Gujarat. The Company had made application to the Hon'ble High Court U/s. 391 read with Section 100 of the Companies Act, 1956 and as per direction of Hon'ble High Court of Gujarat, meetings of eligible shareholders, other equity shareholders, unsecured and secured creditors are scheduled on 21st November, 2002 at 11.00 a.m., 12.00 noon, 2.00 p.m. and 3.00 p.m. respectively at Dinesh Hall, Nr. Income Tax Circle, Off. Ashram Road, Ahmedabad: 380 009.

The record date for the above purpose was 25.10.2002. As per the provision of the Scheme, the small shareholders, as defined hereinabove, who desire to continue as shareholders of the Company have to execute, sign and send the option form, which is part of the Scheme, so as to reach the Company on or before 25.11.2002 i.e. last date for exercise of option. The Small shareholders who do not opt to continue as shareholders of the Company within aforesaid prescribed time, will be considered for repayment of capital at Rs.10/- per Equity share without any further acts or deeds either on the part of shareholders or the Company, and accordingly after the sanction of Scheme by the appropriate authorities and Hon'ble High Court of Gujarat the repayment warrants/cheques will be sent to the said small shareholders and consequent reduction of the paid up share capital will be made.

## FINANCE AND INSURANCE WORKING CAPITAL

The Company has strong Financial Structure and leverage. The Company has received excellent support from its present bankers i.e. Bank of India and Punjab National Bank. During the period under report, the Company has also received the sanction for enhanced credit limits from Bank of India while the sanction from Punjab National Bank continued at the earlier levels. The proposal to Punjab National Bank for enhancement to the extent of its proportionate share is already sent to its head office and the approval is awaited.

## TERM LOANS

The Company availed the first disbursement of Rs.166 lakhs of the term loan sanctioned by Bank of India under the Textile Upgradation fund scheme in the month of February, 2002 while the subsequent disbursements aggregating to Rs.257 lakhs was availed in October, 2002.

## OCUD

During the year under review the Company had made repayment of the outstanding 720,000 10% Optionally Convertible Unsecured Debentures. (hereinafter also referred as "OCUDs") of Rs. 110/- each on maturity as per terms of issue.

## CP

During the period under report, the Company also raised resources through Commercial Paper of Rs. 5 Crores each on three occasions, one each after the earlier CP was repaid on maturity. The CP was assigned P1+ (plus) rating by CRISIL on the standby arrangement entered with Bank of India. This helped Company to explore newer avenues to raise resources. We are happy to announce that this practice of raising Working Capital through CP has resulted in substantial savings.

All the assets and insurable interests of the Company, including building, plant and machineries, stocks, stores and spares have been adequately insured against various risks and perils.

## PUBLIC DEPOSITS

The Company has not accepted any deposit by invitation to the public at large during the year under report. The Public Deposits mobilized from Directors and relatives are within the limits and as per the provisions of law.

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

Listing: Equity Shares of the Company are listed on The Stock Exchange Ahmedabad, The Stock Exchange, Mumbai, the Delhi Stock Exchange, The Jaipur Stock Exchange and National Stock Exchange. The Company has only paid annual Listing fees due for the year 2002-2003 to respective Stock Exchanges.

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

## THE DIRECTORS AND OTHER EXECUTIVES

The Company is well supported by the knowledge and experience of its Directors and Executives. Pursuant to the Provisions of the Companies Act and Articles of Association of the Company Shri Jagdish Sharan Varshneya, Shri P.G. Makhija and Smt. Sujoyana V. Gupta, the Directors of the Company are liable to retire by rotation and being eligible for re-appointment have offered themselves for re-appointment.

During the year under report the Board of Directors of the Company appointed Shri C.M. Maniar and Dr. M.N. Vora as an Additional Directors on the Board of the Company. Dr. M.N. Vora resigned due to his other pre-occupation and his resignation was accepted at the meeting of Board of Directors held on 19.10.2002. Shri C. M. Maniar, who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a valid notice in writing from a member of the Company proposing his candidature as Director of the Company is recommended for appointment.

The Terms of appointment of Chairman Shri Vijay Kumar Gupta as Managing Director of the Company expires on 17th April, 2002. The re-appointment of Shri Vijay Kumar Gupta as Managing Director of the Company for the further period of 5 years was considered and approved by the Remuneration Committee and the Board of Directors of the Company at its meeting held on 19th October, 2002 and 30th October, 2002 respectively which is subject to approval of members of the Company at this Annual General Meeting. The Board recommends the re-appointment of Shri Vijay Kumar Gupta as Managing Director of the Company.

## 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 2002, the applicable accounting standards have been followed;
- (2) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
- (3) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

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

The information regarding above particulars as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is attached as Annexure to this report and forms part of this report.

## PARTICULARS OF EMPLOYEES AND OTHER STATUTORY INFORMATION

There is no employee drawing more than Rs. 24,00,000 per annum, where employed for full year or Rs. 2,00,000 per month where employed for a part of the year and hence provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

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

## AUDITORS AND AUDITORS' REPORT

You are requested to appoint M/s. Karti & Patel & Company, Chartered Accountants and present Auditors of the Company to hold the office from conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting. They being eligible for re-appointment have furnished Certificate U/s. 224(1) B of the Companies Act, 1956.



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Supernut Ambuja Exports Limited

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that the appointment if made at the ensuing Annual General Meeting will be within the limits specified.

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

## HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

## ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place : Ahmedabad  
Date : 30th October, 2002

VIJAY KUMAR GUPTA  
Chairman & Managing Director

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Board of Directors Report) Rules, 1988 and forming part of the Directors' Report for the Financial Year Ended 31.03.2002

### CONSERVATION OF ENERGY

#### (1) Energy Conservation measures taken :-

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

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

##### FORM - "A"

#### A) POWER AND FUEL CONSUMPTION: 2001-2002 2000-2001

##### [a] AGRO PROCESSING :

#### 1) Electricity

##### a) Purchased :

|  |            |          |
|--|------------|----------|
| Unit   | 10467492   | 11855479 |
| Total Amount (Rs.)                               | 54990673   | 61285967 |
| Rate/Unit (Rs.)                                  | 5.25       | 5.17     |
| Cost of Consumption per unit of Production (M.T) | Rs. 250.76 | 247.69   |

##### b) Own Generation

#### i) Through Diesel Generator Unit

|   |           |         |
|---|-----------|---------|
| Ltrs. (Diesel)                                  | 1061877   | 757784  |
| Total Amount (Rs.)                              | 13586374  | 7624081 |
| Rate/Unit (Rs.)                                 | 12.79     | 10.06   |
| Cost of Consumption per Unit of Production (MT) | Rs. 62.28 | 36.95   |

#### ii) Through Steam Turbine

|  |     |     |
|--|-----|-----|
|  | Nil | Nil |
|--|-----|-----|

#### 2) Coal:

|                     |           |           |
|---------------------|-----------|-----------|
| Qty. (M.T.) Lignite | 34690.010 | 36654.077 |
| Total Cost (Rs.)    | 44460453  | 44887101  |
| Avg. Rate (Rs.)     | 1281.65   | 1224.61   |

|   |            |        |
|---|------------|--------|
| Cost of Consumption per Unit of Production (M.T.) | Rs. 203.90 | 181.42 |
|---|------------|--------|

#### 3) Furnace Oil

|                    |         |         |
|--------------------|---------|---------|
| Ltrs. (Diesel)     | 239236  | 319290  |
| Total Amount (Rs.) | 2547121 | 3960024 |
| Rate/Unit (Rs.)    | 10.65   | 12.40   |

|   |             |         |
|---|-------------|---------|
| Cost of Consumption per Unit of Production (MT) | Rs. 1243.11 | 2262.84 |
|---|-------------|---------|

#### 4) Others/Internal Generation

|   |      |           |
|---|------|-----------|
| Steam from Heat Recovery Boiler                   |      |           |
| Qty.  | N.A. | 33075 Kg. |
| Total Cost (Rs.)                                  | N.A. | 43090     |
| Rate/Unit Kg. (Rs.)                               | N.A. | 1.30      |
| Cost of Consumption per Unit of Production (M.T.) | N.A. | 0.21      |

#### [b] COTTON YARN UNIT :

##### 1) Electricity

##### a) Purchased :

|  |         |         |
|--|---------|---------|
| Unit   | 823168  | 1437224 |
| Total Amount (Rs.)                               | 4194025 | 7056988 |
| Rate/Unit (Rs.)                                  | 5.09    | 4.77    |
| Cost of Consumption per Unit of Production (Kg.) | 0.49    | 1.03    |

##### b) Own Generation :

#### i) Through Diesel Generator Unit

|                    |          |          |
|--------------------|----------|----------|
| Ltrs. (Diesel)     | 9647354  | 8517280  |
| Unit Generated     | 32328961 | 30485235 |
| Total Amount (Rs.) | 97149486 | 80486870 |
| Rate/Unit (Rs.)    | 3.01     | 2.64     |

|   |       |       |
|---|-------|-------|
| Cost of Consumption per Kg. of Production (Rs.) | 11.35 | 11.66 |
|---|-------|-------|

#### ii) Through Steam Turbine

|                  |     |     |
|------------------|-----|-----|
| Generation Units | Nil | Nil |
|------------------|-----|-----|

Units per Lt. Of Fuel/Oil/Gas Cost/Unit

|                 |     |     |
|-----------------|-----|-----|
| Coal (Not Used) | Nil | Nil |
|-----------------|-----|-----|

|                        |     |     |
|------------------------|-----|-----|
| Furnace Oil (Not Used) | Nil | Nil |
|------------------------|-----|-----|

|                                   |     |     |
|-----------------------------------|-----|-----|
| Others/Internal Generation (None) | Nil | Nil |
|-----------------------------------|-----|-----|

#### B) TECHNOLOGY ABSORPTION

##### a) Research & Development (R&D)

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

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

##### b) Technology Absorption, Adaptation and Innovation :

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

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

ii) Benefits derived as a result of the above efforts : The above efforts have improved the quality of the product. Besides it has also improved the productivity and reduced the wastages.

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

#### C) FOREIGN EXCHANGE EARNING/OUTGO 2001-2002 2000-2001

RS. RS.

|  |            |            |
|--|------------|------------|
| Foreign Exchange Earned :                        |            |            |
| FOB Value of Sales (Including Warehouse Charges) | 2512679845 | 2227833845 |
| Sales of Assets                                  | 3254875    | 55332788   |
|  | 2515934721 | 2233366633 |

#### Foreign Exchange Used :

|  |           |           |
|--|-----------|-----------|
| Capital Goods (CIF Value)                      | 23570166  | 23041271  |
| Trading Purchases (CIF Value)                  | 201854511 | 105663893 |
| RM, Stores & Consumables (CIF Value)           | 526860735 | 385561953 |
| Foreign Traveling, Interest, Bank Charges etc. | 9308733   | 5028668   |
| Exports Claims                                 | 3365876   | 4810892   |
| Overseas Commission                            | 12750228  | 22294535  |
| Port Charges                                   | 1791514   | 414040    |
| Membership & Subscription                      | 190882    | 152178    |
| Total  | 779692745 | 554367430 |

## CORPORATE GOVERNANCE REPORT

### 1. Company's philosophy on code of Corporate Governance

To meet the goal of better transparency & good corporate governance and to meet the requirements of Code of Corporate Governance introduced by the SEBI through Listing Agreement with Stock Exchanges, the Company had already implemented mandatory requirements long before 31st March, 2002, the last date of compliance for the Company. The Company had in fact started implementing the requirements of Corporate Governance in the Financial Year 2000-01 and had also published the same in the Annual Report of F.Y. 2000-01. The Company is committed to observe the best practices in the area of Corporate Governance and is conscious of its role towards its various contributors of growth viz. Investors, Employees, Consumers, Creditors and society at large. In tune with its commitment, the Company has broad based the Board of Directors and its committees.

The Company believes that a better Corporate Governance can be achieved through increased transparency in its operations and has taken and will continue to take various measures towards the fulfillment of the spirit enshrined in the amended provisions of the Listing Agreement.

### 2. Board of Directors

During the year under report, the Company had inducted on 30th March, 2002 two more Directors viz. Dr. Mahasukhrai N Vora and Shri Chaitan M Maniar on its Board of Directors as Additional Directors. Due to new pressing assignments, Dr. M N Vora submitted his resignation which was accepted by the Board of Directors at its meeting held on 19.10.2002. At Present, the Company's Board of Directors is comprised of seven (7) Directors. Of the said Directors, 4 (four) Directors (more than 50%) are Non-executive Directors. Likewise 4 (four) Directors (more than 50%) are independent Directors.

#### (A) The details as to Category of present Directors are furnished hereunder:

| Sr.No. | Name of Director         | Category of Director                      |
|--------|--------------------------|---|
| 1      | Vijay Kumar Gupta        | Executive Director & Promoter             |
| 2      | Manish V. Gupta          | Executive Director & Promoter             |
| 3      | Sulochanaaben Gupta      | Non-Executive Director & Promoter         |
| 4      | P.G. Makhija             | Executive Director & Independent Director |
| 5      | Sandeep Agarwal          | Non-Executive & Independent Director      |
| 6      | Jagdish Sharan Varshneya | Non-Executive & Independent Director      |
| 7      | Chaitan M Maniar         | Non-Executive & Independent Director      |

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

During the financial year 2001-02, nine (9) meetings of the Board of Directors were held on the following dates.

| Date of Meeting  | Date of Meeting (contd.) | Date of Meeting (contd.) |
|------------------|--------------------------|--------------------------|
| 30th April, 2001 | 31st July, 2001          | 15th December, 2001      |
| 25th June, 2001  | 25th September, 2001     | 31st January, 2002       |
| 16th July, 2001  | 31st October, 2001       | 30th March, 2002         |

#### (C) Attendance of Each Director at the meeting the Board of Directors held during the Financial Year 2001-02, attendance at the last AGM of the Company and particulars of Directorship in other companies as on 31.3.2002 are given below

| Name of Director | Attendance Particulars |          | No. of Directorships and Committee membership/ Chairmanship |                      |                         |
|------------------|------------------------|----------|---|----------------------|-------------------------|
|                  | Board Meeting          | Last AGM | Other Directorship  | Committee Membership | Committee Chairmanships |
| V.K. Gupta       | 9                      | Yes      | 3   | 2                    | 1                       |
| Manish Gupta     | 9                      | Yes      | 3   | 1                    | None                    |
| Sulochana Gupta  | 9                      | No       | 2   | 2                    | 1                       |
| P.G. Makhija     | 9                      | Yes      | None  | None                 | None                    |
| Sandeep Agarwal  | 8                      | Yes      | None  | 2                    | None                    |
| J.S. Varshneya   | 8                      | Yes      | 17 (Incl: 7 Pvt. Ltd.)                                      | 4                    | 1                       |
| Chaitan M Maniar | Nil                    | N.A.     | 20 (incl: 5 Pvt.Ltd. & 2 Alternate Directorship)            | 10                   | 1                       |
| M N Vora         | Nil                    | N.A.     | 2   | 2                    | 2                       |

Shri Chaitan M Maniar and Dr. M N Vora were appointed as Additional Director on 30.3.2002 only. Dr. M N Vora has subsequently resigned due to his other pre-occupation and his resignation was accepted by the Board of Directors at its meeting held on 19.10.2002.

#### (D) Information placed before the Board of Directors:

All such matters as are statutorily required as also matters relating to Corporate Plans, Mobilisation of Funds, Investment/ Loans, 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.

### 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 following Directors were appointed as the Members of the Audit Committee:

Shri Sandeep Agarwal : Chairman  
Shri Jagdish Sharan Varshneya : Member  
Smt Sulochana Gupta : Member

Shri Kaushik C Khona, Chief Financial Officer and Company Secretary is secretary of the committee.

On 30th March, 2002 after the reconstitution of the Board, the Committee was reconstituted as under:

Shri Jagdish Sharan Varshneya : Chairman  
Shri Chaitan M Maniar : Member  
Shri Sandeep Agarwal : Member

Shri Kaushik C Khona continues to be the secretary of the Committee.

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

During the F.Y. 2001-02, 3 (three) meetings of the Audit Committee were held and all the then members of the committee attended the same. After 31.3.2002 also the meetings are held at regular intervals.