



GUJARAT AMBUJA EXPORTS LIMITED

13th ANNUAL REPORT FOR THE YEAR 2003-04

23rd SEPTEMBER, 2004

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SCHEDULE OF ANNUAL GENERAL MEETING

Date : 23rd September, 2004
Day : Thursday
Time : 11.00 A.M.
Venue : GICEA (Gajjar Hall), Nirman Bhavan,
Opp. Law Garden, Ellisbridge,
Ahmedabad - 380 006.

LAST TEN YEARS AT A GLANCE

(Rs. in Crores)

Particulars	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
OPERATING RESULTS :										
Total Sales	1076.78	613.50	520.81	419.15	319.35	315.50	374.94	181.63	154.41	55.64
(Including Exports: FOB)	504.28	218.33	251.27	222.78	143.93	162.53	186.92	151.76	107.98	25.95
Other Incomes	0.97	1.94	0.66	0.31	0.26	1.71	3.35	1.39	0.59	1.08
TOTAL REVENUE	1077.75	615.44	521.47	419.46	319.61	317.21	378.29	183.02	155.00	56.72
OPERATING PROFIT (PBIDT)	57.42	35.52	20.65	21.78	15.72	10.24	21.17	10.38	6.78	3.07
Financial Expenses	5.11	5.64	7.71	8.36	4.34	2.04	7.25	4.02	0.51	0.00
Depreciation	19.75	16.39	8.54	8.14	8.21	8.04	8.30	1.96	0.23	0.19
Tax Provisions	7.19	2.43	1.59	0.01	0.00	0.00	0.00	0.57	0.00	0.13
Net Profit	25.37	11.06	2.81	4.28	3.17	0.16	5.62	3.83	6.04	2.75
NET WORTH:										
Share Capital	27.86	23.76	29.98	29.98	23.68	7.24	7.24	7.24	7.24	7.24
Share Capital Suspense	0.00	0.00	0.00	0.00	0.00	16.44	16.44	0.00	0.00	0.00
Reserves & Surplus	184.77	161.34	151.33	162.37	168.66	168.74	171.66	13.72	10.75	5.63
DTL	21.36	15.68	18.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Net Worth (Incl. DTL)	233.99	200.78	194.47	192.35	192.34	192.42	195.34	20.96	17.99	12.87
Gross Fixed Assets	237.90	237.04	229.88	222.14	230.28	193.80	192.20	13.46	12.81	10.09
Net Fixed Assets	144.25	164.10	173.31	173.80	188.90	159.61	165.67	10.92	12.22	9.72
Dividend per share (Rs.)	1.00	0.60	0.60	0.50	0.50	0.00	0.60	1.20	1.50	1.20

(Interim)

Note : (1) W.e.f. 1.4.97 Gujarat Ambuja Coatspin Ltd. & Gujarat Ambuja Proteins Ltd. were amalgamated with Gujarat Ambuja Exports Limited.
(2) W.e.f. 1.4.03 Jupiter Biotech Ltd. (Earlier known as Gujarat Vita Pharma Ltd.) was amalgamated with Gujarat Ambuja Exports Limited.

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

Phone: 26423316-20 , 26405535-37 & 39Fax: 079-26423079

E-mail : info@gujambexports.com Website: www.gujambexports.com**13TH 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
 Shri Chaitan M Maniar
 Shri Prakash G Ramrakhiani (Appointed on 08. 03. 2003)
 Shri Ashok C Gandhi (Appointed on 24. 07. 2003)

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shri Kaushik C. Khona

AUDITORS

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

BANKERS

Bank of India
 Punjab National Bank

SHARE TRANSFER AGENT (PHYSICAL & ELECTRONIC FORM)**Jupiter Corporate Services Limited**

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

SUBSIDIARY : Gujarat Ambuja International Pte. Ltd, Singapore**PLANTS**

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

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. The members may send their request in details to the Company. For format may write to the Company.
- 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 (R & T) M/ s. Jupiter Corporate Services Limited. In case of shares held in demat form, the nomination has to be lodged with members' Depository Participants.

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 scrip 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, P.O. Navjivan, Ahmedabad-380 014.

- Kindly note that from 29th September,2003 , Physical and Electronic work regarding shares is entrusted to the Registrar and Share Transfer Agent M/s. Jupiter Corporate Services Limited having its office at "Ambuja Tower" , Opp. Memnagar Fire Station, P.O. Navjivan, Ahmedabad 380014 and hence members/ beneficial owners of shares are requested to address all correspondence to M/s. Jupiter Corporate Services Limited and/or to the Company only.

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 REFFERRED 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 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.

D. FOR ATTENTION OF MEMBERS OF ERSTWHILE JUPITER BIOTECH LIMITED (JBL) (ALSO KNOWN AS GUJARAT VITA PHARMA LTD) (ALSO REFFERRED AS AMALGAMATING COMPANY).

- Members who have not yet exchanged their share certificates of Amalgamating Company are requested to send their holding as per our intimation dated 31.01.2004 to the Registered Office of the Company to get the shares of 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 1 Equity Shares of JBL = 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 Gujarat Vita Pharma Limited, as the name of the Company was changed to Jupiter Biotech Limited.

Notice

Notice is hereby given that the 13th Annual General Meeting of Members of GUJARAT AMBUJA EXPORTS LIMITED will be held on Thursday, the day of 23rd September, 2004 at 11.00 a.m. at GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2004, Profit & Loss Account for the year ended on that date, Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity Shares
3. To appoint a Director in place of Shri P G Makhija, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Smt. Sulochanaben Gupta, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint a Director in place of Shri Sandeep Agarwal, who retires by rotation and being eligible offers himself 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. **Revision in Terms of Remuneration of Shri Vijay Kumar Gupta, Chairman and Managing Director of the Company**

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

RESOLVED THAT in partial modification of earlier resolution passed by the members at the 11th Annual General Meeting held on 31st December, 2002 and in accordance with provisions of Section 198, 269, 309, 310, 311 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 variation in the terms of remuneration of Shri Vijay Kumar Gupta, Chairman and Managing Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) with effect from 1st April, 2004 for the remainder tenure of his contract i.e. upto 17th April, 2008 as set out in the draft Supplemental Agreement to be entered into between the Company and Shri Vijay Kumar Gupta, as submitted to this meeting and initialed by the Chairman of the meeting for the purpose of identification which supplemental agreement is approved with specific authority to Board of Directors of the Company to alter and vary the terms and conditions thereof including the remuneration so as not to exceed the limit set out in Section 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto and as may be agreed to between the Board of Directors and Shri Vijay Kumar Gupta."

"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 reminder of tenure of Shri Vijay Kumar Gupta, Chairman and 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 draft Supplemental 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."

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

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

RESOLVED THAT in partial modification of earlier resolution passed by the members at the 12th Annual General Meeting held on 30th September, 2003 and in accordance with provisions of Section 198, 269, 309, 310, 311 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 variation in the terms of remuneration of Shri Manish Gupta, Managing Director of the Company (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) with effect from 1st April, 2004 for the remainder tenure of his contract i.e. upto 27th December, 2008 as set out in the draft Supplemental Agreement to be entered into between the Company and Shri Manish Gupta, as submitted to this meeting and initialed by the Chairman of the meeting for the purpose of identification which supplemental agreement is approved with specific authority to Board of Directors of the Company to alter and vary the terms and conditions thereof including the remuneration so as not to exceed the limit set out in Section 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto and as may be agreed to between the Board of Directors and Shri Manish Gupta."

"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 reminder of tenure of Shri Manish Gupta, 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 draft Supplemental 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 Manish Gupta, 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."

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

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

RESOLVED THAT in accordance with 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 of Shri P G Makhija as an Executive Director for further period of 3 years with effect from 28th December, 2004 for overall supervision, management and administration of 100% EOU Cotspin Division (Himatnagar) on the terms and conditions, including that of remuneration as set out in the explanatory statement annexed to this notice (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year) with specific authority to Board of Directors of the Company to alter and vary the terms and conditions thereof including the remuneration so as not to exceed the limit set out in Section 198, 309 read with Schedule XIII of the Companies Act, 1956 or any amendments thereto and as may be agreed to between the Board of Directors and Shri P G Mahija"

"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 P G Makhija, Executive 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."

"RESOLVED FURTHER THAT the Executive 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 P G Makhija, Executive Director be and is hereby authorised, empowered and vested with the substantial powers of the Management of the Cotspin Division of the Company for carrying out the affairs and activities of the Company's said division 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 : 31st July, 2004

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 22nd September, 2004 to 23rd September, 2004 (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 23rd September, 2004. 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. Unclaimed dividend upto 1995-96 have been deposited with Central Government, and unclaimed dividend for the year 1996-97 & 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
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
Interim : Note:1					
2000-01	25.09.01	09.11.00	09.11.00	09.11.2007	09.11.2007
Interim : Note 2					
2001-02	25.02.03	26.03.03	02.04.03	25.02.2010	02.04.2010
2002-03	30.09.03	26.03.03	13.04.03	26.03.2010	13.04.2010
Interim : Note 3					

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.

Note: 3 For F.Y. 2002-03 Interim Dividend @6% p.a. was approved at the meeting of Board of Directors held on 8.3.2003 and the same had also been paid and the same was approved as Final Dividend for F.Y. 2002-03 by members of the Company at 12th Annual General Meeting held on 30th September, 2003.

5. 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.
6. 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.
7. 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.
8. Appointment/ Re-appointment of Directors (Pursuant to Clause 49 of Listing Agreement)

At the ensuing Annual General Meeting, Shri P G Makhija, Smt. Sulochanaben Gupta and Shri Sandeep Agarwal, retire by rotation and being eligible offer themselves for reappointment. The information or details to be provided for the aforesaid Directors under the Corporate Governance code are as under:

- (a) Shri P G Makhija aged 46 years with qualification of M.Com., LL.B., ACS, CAIIB-I, has an experience of 26 years in the field of finance, commerce, management and administration and as overall in charge of the Cotspin Division's manufacturing & marketing operations since last 8 years. He is also on the Board of Ekta Deviles Pvt. Ltd.
- (b) Smt. Sulochanaben Gupta aged 51 years is industrialist and promoter of the Company and possesses rich experience of 27 years. She supervises and monitors administrative functions of the Company. Her contribution to maintenance and up keeping of the assets of the Company is significant. She also actively contributes in the policy decisions

of the Company. She is on the Board of Maharashtra Ambuja Exports Limited and Maharashtra Ambuja Biotech Limited. She is also Chairman of Shareholders'/ Investors' Grievances Redressal Committee and Member of Remuneration Committee of the Company.

- (c) Shri Sandeep Agarwal, aged 33 years is a MBA and associated as Director with the Company since 1995. He is also member of Audit Committee, Remuneration Committee and Shareholders'/ Investors' Grievances Redressal Committee of the Company. He provides his valuable advice in the capacity of professional Director. He is not on the Board of any other company.

ANNEXURE TO NOTICE

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

ITEM NO. 7 & 8

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

Re-Appointment of Shri Vijay Kumar Gupta as Managing Director for a period of 5 years w.e.f. 18th April, 2003 was approved by the Remuneration Committee, Board of Directors and Members at the Annual General Meeting held on 19th October, 2002, 30th October, 2002 and 31st December, 2002 respectively at Salary of Rs. 1,00,000/- p.m. and perquisites, taxable value of which not exceeding Rs. 50,000 p.m.

Shri Vijay Kumar Gupta is aged 54 years with qualification of B.D.S. and managerial experience of 32 years. He is an industrialist and promoter Director and is main contributory to the growth and development of the Company and Gujarat Ambuja Exports group. He is also on the Director of three other companies namely Maharashtra Ambuja Exports Limited, Maharashtra Ambuja Biotech Limited and Gujarat Ambuja International (Pte) Limited, Singapore. He also holds Chairmanship of Share Transfer committee and member of Shareholders'/ Investors' Grievances Redressal Committee of the Company.

Re-Appointment of Shri Manish Gupta as Managing Director for a period of 5 years w.e.f. 28th December, 2003 was approved by the Remuneration Committee, Board of Directors and Members at the Annual General Meeting held on 24th July, 2003, 24th July, 2003 and 30th September, 2003 respectively at Salary of Rs. 1,00,000/- p.m. and perquisites, taxable value of which not exceeding Rs. 50,000 p.m.

Shri Manish Gupta is a young and dynamic entrepreneur and commerce graduate. is aged 33 years with graduation in commerce and managerial experience of 14 years. He is main contributory to the growth and development of the Company and Gujarat Ambuja Exports group. He is also Director of other Companies namely Maharashtra Ambuja Exports Limited, Maharashtra Ambuja Biotech Limited, Gujarat Ambuja International Pte. Ltd, incorporated at Singapore, Reliance Exports (Private) Ltd., Sri Lanka, The Soyabean Processing Association of India and The Solvent Extractors' Association of India. He also holds member of Share Transfer committee of the Company.

Considering the increased activities, responsibilities and contribution of Shri Vijay Kumar Gupta and Shri Manish Gupta in development and growth of the Company, Remuneration Committee and the Board of Directors, subject to approval of members at the General Meeting, have considered and approved the revision in terms of their Remuneration for reminder tenure of both the Managing Director w.e.f. 1st April, 2004 as per draft supplemental agreements placed before the meeting. All other terms and conditions of appointment as approved at the time of their respective re-appointment will remain unchanged.

The principal terms and conditions of revision in remuneration as contained in the respective draft Supplemental Agreements are as under:

1. Remuneration :

- I **Salary** : Rs. 1,50,000/- per month (Rupees One Lakh Fifty Thousand per month)

- II **Perquisites** : The Managing Director shall be entitled to following perquisites as under. For the value of perquisites the applicable rules under Income Tax Act, 1961 shall apply.

CATEGORY : A

- 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.

CATEGORY : B

- a) **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.
- b) **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.
- c) **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).

CATEGORY : C

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

CATEGORY : D

Commission: In addition to the salary, perquisites and allowances payable, commission as may be decided by the Board of Directors at the end of each Financial year

calculated with reference to the net profits of the Company in a particular Financial Year including for the year ended 31st March, 2004 and thereafter, subject to the overall ceiling stipulated in Section 198 and 309 of the Companies Act, 1956.

2. Minimum Remuneration :

The aforesaid Remuneration is subject to the limit of 5% of the Annual Net Profits of the Company and subject to the overall limit of 10% of the Annual Net Profits of the Company on the remuneration of Managing Directors and whole Time Director(s) of the Company taken together. Provided, however, that in event of absence or inadequacy of profit the Managing Director shall be paid remuneration excluding commission within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956.

All other terms and conditions of appointment of Shri Vijay Kumar Gupta and Shri Manish Gupta, as approved by the members at the Annual General Meetings of the Company held on 31st December, 2002 and 30th September, 2003 as contained in main Agreement remained unchanged for remainder of their respective tenure.

The draft Supplemental Agreements to be entered into by the Company with Shri Vijay Kumar Gupta and Shri Manish Gupta are available for inspection between 11.00 a.m. to 1.00 p.m. on all working days, except Sundays and Holidays at the Registered Office of the Company.

Shri Vijay Kumar Gupta and Shri Manish Gupta are interested in their respective resolutions and Shri Manish Gupta and Smt. Sulochanaben Gupta are interested as relatives for Item No. 7 and Shri Vijay Kumar Gupta and Smt. Sulochanaben Gupta are interested as relatives for Item No. 8 of the Notice. No other Director of the Company is anyway directly or indirectly concerned or interested in the said resolutions.

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

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

The Directors recommend the passing of the resolutions proposed at Item No. 7 and Item No. 8 of the Notice.

ITEM NO. 9

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

Shri P G Makhija was appointed as an Executive Director of the Company with effect from 28th December, 1998 for period of three years and subsequently re-appointed for the further period of three years with effect from 28th December, 2001 by the members of the Company at the 10th Annual General Meeting of the Company held on 25th September, 2001. Shri P G Makhija is working successfully as an Executive Director of the Company. With the dedicated efforts of Shri P G Makhija, the Cotspin Division has performed exceedingly well during last six years. The term of appointment of Shri P G Makhija will expire on 27th December, 2004.

Shri P G Makhija aged 46 years with qualification of M.Com., LL.B., ACS, CAIIB-I, has an experience of 26 years in the field of finance commerce, management and administration and as overall in charge of the Cotspin Division's manufacturing & marketing operations since last 8 years. He is also on the Board of Ekta Deviles Pvt. Ltd.

The Remuneration Committee and the Board of Directors, subject to approval of members at the General Meeting, have considered and approved re-appointment of Shri P G Makhija as an Executive Director w.e.f. 28th December, 2004 as per terms and conditions of remuneration as set out hereinunder :

The Terms of re-appointment and remuneration to be paid to Shri P G Makhija as Executive Director of the Company, inter alia, subject to the limit prescribed in Part II of Schedule XIII of

the Companies Act, 1956 are as under :

1. **Salary :** Rs. 70000-5000-80000 per month
2. **Commission on Profit :** Nil
3. **Perquisites :**
 - a) Medical Reimbursement: For self and family, as per rules of the Company, subject to a ceiling of Rs. 15000 per annum.
 - b) Leave Travel Concession : Once in a year as per the rules of the Company.
 - c) Club Fees : Fees of Clubs subject to a maximum of two clubs This will not include payment of admission and life membership fees
 - d) Personal Accident Insurance : Annual Premium on personal Accident shall not exceed Rs. 5000/- per annum.
 - e) Company's Contribution towards Provident Fund : As per the rules of the Company but not exceeding 12 percent of the salary as laid down under the Income Tax Rules, 1962.
 - f) Gratuity : Not exceeding half-a-month's salary for each completed year of services.
 - g) Chauffeur Driven Car : For use of Company's Business shall be provided.
 - h) Telephone : Two Telephones at residence & Mobile Phone will be provided which will not be treated as perquisite. The Company shall bill personal long distance calls.
 - i) Reimbursement of Expenses : He shall be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company.
 - j) Leave entitlement : As per rules of the Company.
 - k) Minimum Salary : In the absence or inadequacy of profits in any financial year the Executive Director shall get the salary and shall be entitled all other perquisites and benefits 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.
4. **Other Terms and conditions :**
 - a) In the event of cessation of office during any financial year, a rateable proportion of the aforesaid remuneration shall be payable by the company.
 - b) Executive Director may resign office, subject to three calendar month's notice.
 - c) Executive Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

Except Shri P G Makhija, none of the Directors of the Company is interested and or concerned any way directly or indirectly in the said resolution.

This may be treated as an abstract of the terms and conditions governing the appointment of the said Executive Director and memorandum of interest under section 302 of the Companies Act, 1956.

Your Directors are of the opinion that the re-appointment of Shri P G Makhija as an Executive Director of the Company would result in the better performance of the Company and accordingly recommend passing the resolution proposed at Item No. 9 of the Notice.

By order of the Board

Place : Ahmedabad

Date : 31st July, 2004

Vijay Kumar Gupta
Chairman and Managing Director

Directors' Report and Management Discussion

To,

The Members,

Gujarat Ambuja Exports Limited.

We have pleasure in presenting our 13th report together with the Audited Statements of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

The summary of the Financial results is given below:

(Rs in Crores)		
PARTICULARS	2003-2004	2002-2003
TOTAL TURNOVER	1086.48	621.35
INCLUDING EXPORTS(F.O.B.)	504.28	218.33
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXES	57.42	35.52
LESS:		
INTEREST	5.11	5.64
DEPRECIATION	19.75	16.39
PROVISION FOR TAXATION (INCL.DEFERED TAX)	7.19	2.43
NET PROFIT FOR THE YEAR	25.37	11.06
ADD :BALANCE OF THE PROFIT CARRIED FROM EARLIER YEAR	24.71	20.92
ADD: BALANCE OF PROFIT & LOSS ACCOUNT IN PURSUANCE OF SCHEME OF AMALGAMATION	0.02	Nil
TOTAL PROFIT AVAILABLE FOR APPROPRIATION	50.10	31.98
APPROPRIATED AS UNDER		
DIVIDEND(10% P.A.), PREVIOUS YEAR (INTERIM DIVIDEND PAID NET OF EXCESS PROVISION OF EARLIER YEAR 6%P.A ., SUBJECT TO TAX)	2.79	1.05
PROVISION FOR DIVIDEND DISTRIBUTION TAX	0.34	Nil
TRANSFERRED TO CAPITAL REDEMPTION RESERVE	Nil	6.22
TOTAL APPROPRIATION	3.13	7.27
NET BALANCE IN THE P & L ACCOUNT CARRIED TO BALANCE SHEET	46.97	24.71

DIVIDEND

During the year under report, performance and operations of the your Company as compared to the last year has improved. The directors are pleased to therefore recommend a higher dividend at 10% p.a. for the financial year 2003-04, which will be paid to the members whose names appear on the register of members on 23rd September, 2004, subject to the approval at the ensuing Annual General meeting.

PERFORMANCE REVIEW FOR THE YEAR 2003-04

The buoyancy in the Indian economy as a whole and the Agro processing sector in particular, gained momentum during the year under review. India's GDP is estimated to have doubled to 8.1% as compared to 4.0% in the previous year. The strong domestic economy, a resurgent capital market and the improved foreign exchange reserves have instilled confidence in the Indian corporate sector.

The general economic well-being, increased demand for Agro based commodities and the continuing efforts of the Company in improving capacity utilization at all plants, cost effectiveness, productivity, better product-mix and initiatives to add value to

its customer, resulted into another year of better and improved performance.

The Company's efforts in this direction have lead to better operational and financial performance reflected by increase in turnover from Rs. 621.35 Crores in the previous year to Rs. 1086.48 Crores during the F.Y. 2003-04 and the operating profits before interest, depreciation and taxation have improved substantially from Rs. 35.52 Crores last year to Rs. 57.52 Crores during F.Y. 2003-04. The Net Profit after Tax has also improved from Rs. 11.06 Crores in previous year to Rs. 25.37 Crores in F.Y. 2003-04.

CURRENT YEAR'S OUTLOOK

The year 2004-05 began with Election and post political uncertainty coupled with delayed monsoon, leading to unpredictable future for industrial development and sustainability of growth. As you are aware, the Agro processing industry is highly sensitive to monsoon and seasonal factor. However, considering the foundation established by the Company, and alternative available for imports of the raw materials, barring unforeseen circumstances, the Company is hopeful to sustain its growth path.

The Board is happy to report that even for the period of 3 months ended 30th June 2004 the company has been able to achieve a turnover of more than Rs.262 Crores, which depicts a growth of 25% of the turnover in the corresponding period of last year of Rs. 209 Crores. Further considering the turnover pattern in all the quarters for the financial year 2003-04 and also for the first quarter of this year, the company is able to sustain the operations through out the year and is out of the typical seasonality factor affecting the agro-processing industry. The company however has plans to improve the operations in the peak season with even more operations in the various agro processed commodities.

Further during the quarter ended 30th June, 2004 the company has reported a net profit of Rs. 7.39 Crores, which is high as compared to the profit of corresponding period in the last year of Rs. 6.11 Crores. Besides, the company has also set up a strong dealer /Distributor network particularly in the Northern, Central & Western India, where the company hopes to penetrate further. Thus the company has set up a strong base to look further towards achieving better growth during the current year.

JUPITER BIOTECH LIMITED-SCHEME OF AMALGAMATION

At the Court convened meetings held on 30th September, 2003, members had approved the Amalgamation of Jupiter Biotech Limited with the Company, subject to sanction of Hon'ble High Court of Gujarat under Section 391 and 394 of the Companies Act,1956. The Hon'ble High Court of Gujarat at Ahmedabad had, by its order dated 2.12.2003, certified copy of which received on 23.12.2003, sanctioned the Scheme of Amalgamation of Jupiter Biotech Limited with the Company. The order was filed with the Registrar of Companies, Gujarat at Ahmedabad on 24.12.2003. Consequent to the Scheme becoming effective, as per provisions of the Scheme 40,98,000 Equity Shares of Rs. 10/- each of the Company were issued by the Board of Directors at its meeting held on 31.01.2004 to members of Jupiter Biotech Limited, whose names appeared on the Register of Members/ as beneficial owner of the shares of Jupiter Biotech Limited as on record date of 30th January,2004.

CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

A. CORPORATE GOVERNANCE

The Company continues to comply with the requirements of the Listing Agreement with the Stock Exchanges where the Company's shares are listed. A separate report on Corporate Governance, along with a certificate from the Auditors

confirming the compliance is annexed and forms part of the Directors' Report.

B: MANAGEMENT DISCUSSION & ANALYSIS

OVERALL REVIEW

The year 2003-2004 recorded many land mark performances for the company.

1. The Company achieved the highest turnover at Rs.1086 Crores, surpassing the target set up by the Board. This is high by 75% over the turnover achieved last year.
2. The Exports for the year under consideration were at Rs.521 crores which were substantially high as compared to Rs.233 crores of the last year.
3. The company was highest exporter of the Ground Nut Oil during the year under consideration, exporting almost 40% of India's aggregate exports.
4. The company has further saved on the financial cost by getting cheaper funds and reduced the finance and interest charges by almost 27% as compared to last year inspite of increase in the utilized bank limits.

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.

The company is aware that from the dawn of 1.1.2005, the quota regime in textiles would go off as per the WTO and GATT agreement. The company sees this as a major opportunity for exports of quality yarn to the developed countries and is working out ambitious plan to increase the production capacity of Ring spun 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 recent budget presented by the Honourable Finance Minister also stresses the importance of the textile industry in the growth of India's exports and capability to compete internationally.

The company believes that with the increase in the capacity and the production together with focused efforts in modernizing its plants and improving the efficiencies would enable to reduce the operating cost and thereby improve profitability.

The Board is happy to report that the company has been able to optimize the production at new levels.

PERFORMANCE EVALUATION

Cotton Yarn division performed better than last year. The company has increased the production of Cotton Yarn by more than 37% during the year under consideration and even

turnover reached Rs. 140 Crores as compared to Rs. 102 Crores last year.

By optimizing operational cost as well as by deploying the cost effective means of operations, the company was able to improve its profitability. Cotton Yarn segment reported a segment profit of Rs. 16.89 Crores as compared to Rs. 11.48 Crores in the last year showing a growth of 47% in operational profitability.

The Cotton yarn is being sold to more than 35 countries all round the globe and we have been receiving repeat orders.

OTHER AGRO PROCESSING ACTIVITIES

The company is further engaged in agro processing of Oil seeds, refining of Oil, processing Maize and Wheat. The agro processing industry as always faces tough challenges from the competitors within India as well as from outside. The company has although been managing to withstand the competition as well as the fluctuations in the product prices by employing proper hedging policies to minimize the outstanding exposure in the stocks as well as the forex.

Through processing of Oil seeds the Company receives edible oil which is sold in domestic markets while the Deoiled cakes are mainly exported. While from Maize the company produces Starch, Liquid Glucose, Dextrose Monohydrate Powder, Malto Dextrine 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 activity of Agro Processing improved whereby it sold a total volume of 5.52 lakh tons of Agro Processed products as compared to 3.70 lakhs Tons last year. The company has been able to improve the turnover by focusing on better values and value addition and also by seizing the opportunities available due to better monsoon and improved market procurement strategies.

Agro Processing turnover witnessed an increase of around 74% and even the segment result of the Agro Processing Division was better at Rs. 26.90 Crores as compared to Rs. 10.06 Crores last year.

SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS

The statement under Section 212 of the Companies Act, 1956 in relation to the subsidiary company M/s. Gujarat Ambuja International Pte.Ltd, Singapore is enclosed herewith. The accounts of the Subsidiary company as redrafted in accordance with the provisions of the Companies Act, 1956 in Indian context are also enclosed. Further the Company has also prepared the Consolidated statement of accounts as required by the Accounting Standard 21 and the said statements as audited are also being published for the benefit of the shareholders.

CAUTIONARY STATEMENT

Statements in the management Discussion and Analysis and current year's outlook are management's perception at the time of drawing this report. Actual results may 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.

ACCREDITATION AND REMARKABLE ACHIEVEMENTS

The company continued its journey to growth as per its commitment.

ACCREDITATION AND AWARDS

The company's performance by recording the turnover at Rs.1086 crores has won itself a ranking of 129th as the top companies ranked by turnover of the Corporate India.

The company has been the highest exporter of the Ground Nut Oil for the exports made in the financial year 2003-04.

The company has also achieved various other awards including the 2nd best Manufacturer Exporter award for the Soyabean Solvent Extraction for the year 2002-03. Besides it also won the GLOBOL Bronze award-2003 for being the highest exporter of Oil-meals in the year 2002-03. It also won the Solvent Extractors' Association (SEA) award for being the second highest exporter of the Rapeseed Extraction for the performance in the year 2002-03. The company hopes to be recognized for similar efforts this year.

Besides it has also won award for the second largest exporter from ICD Sabarmati.

CAPITAL

The Company had proposed a Scheme of Amalgamation for the shareholders of the Jupiter Biotech Limited (formerly known as Gujarat Vita Pharma Limited) which after necessary approvals and/or sanctions from the members, creditors, appropriate authorities received approval of Hon'ble High Court of Gujarat vide its order dated 02.12.2003 certified copy which was received on 23.12.2003 and also registered with the office of Registrar of Companies, Gujarat on 24.12.2003. Pursuant to the said Scheme of Amalgamation, the Company issued 40,98,000 Equity Shares of Rs. 10/- aggregating to Rs. 4,09,80,000/- each to eligible members of erstwhile Jupiter Biotech Limited and after said allotment Issued, Subscribed and Paid up share capital of the Company increased from Rs. 23,76,56,980/- to Rs. 27,86,36,980/-

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. Due to increased volume of exposure, the Company has planned to increase Consortium strength by inducting new members.

The Company has given further requirement for the year 2004-2005 to Bank of India where projection to increase the funds & non fund based limits is being considered.

TERM LOANS

The company had availed a term loan under the Textile Up-gradation Scheme of the Ministry of Textiles which was prepaid in May, 2003 and accordingly as on 31-03-2004 the company had no outstanding term loan.

INSURANCE

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

PUBLIC DEPOSITS

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

OTHER DISCLOSURE OF INFORMATION AS PER LISTING AGREEMENT WITH STOCK EXCHANGES

Listing : At present, Equity Shares of the Company are listed on the Stock Exchange Ahmedabad, the Stock Exchange, Mumbai and National Stock Exchange of India Ltd. The Company has duly paid annual Listing fees due for the year 2004-2005 to respective Stock Exchanges.

Voluntary De-listing : Pursuant to approval of Members of the Company at 12th Annual General Meeting, the Company had applied for voluntary de-listing of its Equity Shares from Delhi Stock Exchange Association Limited (DSE) and Jaipur Stock Exchange Limited (JSE). In response to the Company's applications, de-listing approval from Delhi Stock Exchange w.e.f. 29.12.2003 vide its letter dt. 26.12.2003 and from Jaipur Stock Exchange w.e.f. 30.01.2003 vide its letter dt. 9.2.2004 were also received.

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 P G Makhija, Smt. Sulochjanben Gupta and Shri Sandeep Agarwal, the Directors of the Company are liable to retire by rotation and being eligible for re-appointment have offered themselves for re-appointment.

The Remuneration Committee and Board of Directors of the Company at their respective meetings held on 29th July, 2004, has recommended and approved, subject to approval of members at the ensuing Annual General Meeting, revision in terms and conditions of remuneration of Shri Vijay Kumar Gupta and Shri Manish Gupta, Managing Directors w.e.f. 1.4.2004 for remainder of their respective tenure and re-appointment of Shri P G Makhija as an Executive Director for further period of 3 years w.e.f. 28th December, 2004. The Board recommends approval for revision & re-appointment of above Directors 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 2004, 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, 2004 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.