



GUJARAT AMBUJA EXPORTS LIMITED

**14th ANNUAL REPORT
FOR THE YEAR 2004-05**

22nd September, 2005

ANNUAL REPORT 2004-2005

Regd. Office: "Ambuja Tower", Opp. Memnagar Fire Station, Navrangpura, PO. Navjivan, Ahmedabad-380 014
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14TH 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 Jagdish Sharan Varshneya
Shri Chaitan M Maniar
Shri Prakash G Ramrakhiani
Shri Ashok C Gandhi
Shri Sandeep Agarwal
Shri Rohit J. Patel (Appointed as an Additional Director on 30-7-05)
Shri Mohit V. Gupta (Appointed as an Additional Director on 30-7-05)

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Shri Kaushik C. Khona

AUDITORS

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

BANKERS

- | | |
|---------------------|------------------------------|
| 1. Bank of India | 6. Jammu & Kashmir Bank Ltd. |
| 2. Bank of Baroda | 7. Punjab National Bank |
| 3. Corporation Bank | 8. State Bank of Indore |
| 4. Dena Bank | 9. Uco Bank |
| 5. Indian Bank | 10. UTI Bank Ltd. |

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. VII. Dalpur, Dist. Sabarkantha, Gujarat. | 2. Bio-Chemical Division VII. 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 | 10. Solvent Extraction Unit-VI Village Kanheri Gawali, Ta. Balapur, Dist : Akola, Maharashtra. |
| 11. Wheat Processing Plant Pithampur, Dist. Dhar (M.P) | |

Notice

Notice is hereby given that the 14th Annual General Meeting of Members of **GUJARAT AMBUJA EXPORTS LIMITED** will be held on **Thursday, the 22nd day of September, 2005 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

- To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2005, Profit & Loss Account for the year ended on that date, Directors' Report and Auditors' Report thereon.
- To declare dividend on Equity Shares
- To appoint a Director in place of Shri Chaitan M Maniar, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint a Director in place of Shri Jagdish Sharan Varshneya, who retires by rotation and being eligible, offers herself for reappointment.
- To appoint a Director in place of Shri Prakash G Ramrakhiani, who retires by rotation and being eligible offers himself for reappointment.
- To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

- Revision in Terms of Remuneration in the form of sitting fees to Non-Executive Directors of the Company**

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

HAVE YOU EXCHANGED YOUR PHYSICAL SHARES IN GUJARAT AMBUJA COTSPIN LTD. (ALSO KNOWN AS AMBUJA FOODS LTD., GUJARAT AMBUJA STEEL LTD.), GUJARAT AMBUJA PROTEINS LTD. & JUPITER BIOTECH LTD. (ALSO KNOWN AS GUJARAT VITA PHARMA LTD.) FOR GAEL.

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SCHEDULE OF ANNUAL GENERAL MEETING

Date : 22nd September, 2005
Day : Thursday
Time : 11.00 A.M.
Venue : GICEA (Gajjar Hall), Nirman Bhavan,
Opp. Law Garden, Ellisbridge,
Ahmedabad - 380 006.

"RESOLVED THAT pursuant to the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges, the consent of the Company be and is hereby accorded for payment of Rs.20,000 (Rupees Twenty Thousand only) or such other amount as may be approved by the Board of Directors, subject to the ceiling as may be prescribed under the Companies Act, 1956 or any statutory modifications or enactment thereof and / or any rules or regulations framed thereunder, as amended from time to time, or by the Central Government, as sitting fees for each Meeting of the Board of Directors or the Committee(s) thereof, attended by the non-Executive Directors of the Company."

8. Appointment of Shri Rohit J Patel 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 Rohit J Patel, who was appointed as an Additional Director by the Board of Directors of the Company under Section 260 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 upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Act from a member signifying his intention to propose Shri Rohit J Patel, 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."

9. Appointment of Shri Mohit V Gupta 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 Mohit V Gupta, who was appointed as an Additional Director by the Board of Directors of the Company under Section 260 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 upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing under Section 257 of the Act from a member signifying his intention to propose Shri Mohit V Gupta, 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."

By order of the Board

Place : Ahmedabad **Vijay Kumar Gupta**
Date : 30th July, 2005 **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.

- Register of Members and Share Transfer Books of the Company will remain closed from 16th September,2005 to 22nd September,2005 (both days inclusive).
- Dividend, if any, declared at the meeting will be payable to those members whose name appears in the Company's Register of Members on 22nd September,2005. 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.
- Unclaimed dividend upto 1996-97 have been deposited with Central Government, and unclaimed dividend for the year 1997-98 & 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
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				
2003-04	23.09.04	28.09.04	29.10.04	23.09.2011	29.10.2011

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.

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

At the ensuing Annual General Meeting, Shri Chaitan M Maniar, Shri Jagdish Sharan Varshneya and Shri Prakash G Ramrakhiani, retire by rotation and being eligible offer themselves for reappointment. Shri Rohit Patel and Shri Mohit Gupta were appointed as an Additional Directors by the Board of Directors at its meeting held on 30.07.2005 who being eligible and as their candidature as Director is proposed, their appointment is also recommended. The information or details to be provided for the aforesaid Directors under the Corporate Governance code are as under :

- Shri Chaitan M Maniar, aged about 69 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 is on the Board of the Company since 30th March,2002. He is Director in Chemtex Engineering of India Limited, Foods & Inns Limited, Godfrey Phillips India Limited, Hindalco Industries Limited, Indo-Euro Investment Company Limited, Indian Card Clothing Company Limited, Machine Tools (India) Limited, Multi Commodity Exchange of India Limited, Pioneer Investcorp Limited, Sudal Industries Limited, Twenty First Century Printers Limited, Varun Shipping Company Limited, Vadilal Industries Limited, Agfa India Pvt Limited, Akzo Nobel Coatings India Pvt. Ltd., Amsar Private Limited, HGC Foundation Private Limited, Indian Match Financial Services Private Limited, Lintas India Private Limited, MAS consulting Group Private Limited and Northpoint Centre of Learning Pvt. Ltd. He also holds Membership of various committees of the companies such as member of Audit Committee of Hindalco Industries Limited, Varun Shipping Company Limited, Twenty First Century Printers Limited, Machine Tools (India) Limited, Pioneer Investcorp Limited, membership of Shareholders'/ Investors' Grievance Committee of Hindalco Industries Limited, Varun Shipping Company Limited, Pioneer Investcorp Limited, Godfrey Phillips India Limited and membership of Share Transfer Committee of Godfrey Phillips India Limited. He does not hold any shares of Gujarat Ambuja Exports Limited.
- Shri Jagdish Sharan Varshneya, aged 76 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 1985 to 1989 he was Chairman and Managing Director of Punjab National bank. During his tenure as Banker he received

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

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 India Toners & Developers Ltd., Pasupati Fabrics Limited, Shrivatsa International Ltd., Sutlej Industries Limited, Universal Starch Chem Allied Ltd., Ganganjay Commotrade Pvt Limited, Jagdish Commercial Pvt Limited, Kanch Tie Up Pvt. Limited, Maina Polysters Pvt Limited, Ornate Estates Pvt. Ltd. and Swan Securities Pvt. Ltd. He is also chairman of the Audit Committee of the Company, Pashupati Fabrics Limited, Sutlej Industries Limited and member of Audit Committee of Universal Starch Chem Allied Limited. He holds 300 shares of Gujarat Ambuja Exports Limited.

- (c) Shri Prakash G Ramrakhiani, aged 64 years is retired IAS officer and is on the Board of the Company since 8.3.2003 . He had joined Indian Administrative Services in 1964 and he has worked in various Government Department including as Collector, District Development Officer, Deputy Secretary, Joint Secretary and Director. He had also headed Public Sector Corporations as Managing Director. He served as managing Director of Private Sector Power Utility Company for 2 years. Thus, he has rich experience in the Industrial Management and functions at executive level. He is also Director in Cement Corporation of India Limited, Estern Medikit Pvt Limited and Spcial Director (BIFR) in Gujarat Dairy Development Corporation and Mafatral Industries Limited. He is also member of Audit Committee of Eastern Medikit Pvt Limited and member of Assets Sales Committee of Mafatral Industries Limited. He does not hold any shares in Gujarat Ambuja Exports Limited.
- (d) Shri Rohit J Patel, aged 59 years is B.E. II (Electrical) and consultant on Management and Human Resources management. He is visiting faculty to various organizations, institutions, associations and universities. He is writer of 15 books on personality development and management. He has established Symcom Corporation in the year 1971, the first private organization to impart training in computers, sales, TOEFL and practical job oriented courses. He is also on the Board of Vadilal Industries Limited and Marck Parenterials Limited. He is member of Education Committee of Ahmedabad Management Association. He does not hold any shares of Gujarat Ambuja Exports Limited.
- (e) Shri Mohit V Gupta, aged 24 years is young and dynamic industrialist with B.com., Deploma in International Business Management and Human Resource Management, Family Business Management from S.P. Jain Institute of Management and Research and Diploma in Computer Information System from University of South Alabama, U.S.A. He is not on the Board of any other company. He holds 1803419 Equity Shares of Gujarat Ambuja Exports Limited.

ANNEXURE TO NOTICE

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

ITEM NO. 7

Clause 49 of the Listing Agreement relating to Corporate Governance requirements to be fulfilled by Companies had been amended by the Stock Exchanges pursuant to a directive of the Securities and Exchange Board of India (SEBI) . The requirements stipulated in the revised Clause 49 were to be implemented by 31st March 2005. SEBI has announced, on 23rd March 2005, that the implementation of the revised Clause 49 has been deferred till 31st December 2005. Under the revised clause it has been stipulated that all fees/commissions payable to non-Executive Directors, including Independent Directors,

shall be fixed by the Board of Directors and shall require previous approval of the Members in General Meeting.

Pursuant to the Company's Articles of Association, the Company is presently paying to all the Directors excluding Executive Directors sitting fees of Rs. 2500/- for each Meeting of the Board of Directors or Committee thereof attended by them. By Notification issued on 24th July 2003, the Central Government had fixed Rs. 20,000 as the maximum amount which could be paid to a Director for attending a Meeting of the Board of Directors or a Committee thereof. Hence, it is proposed to authorize Board of Directors to make payment of sitting fees to Non Executive Directors of the Company for attending each meeting of Board of Directors and Committees thereof subject to ceiling of Rs. 20,000/- per meeting or as may be amended by the Central Government from time to time.

In view of the revised Clause 49 of the Listing Agreement, the approval of the Members is required for payment of sitting fees to all the Directors of the Company excluding Executive Directors and the Board recommends the acceptance of the resolution set out in Item No. 7 of the Notice convening the Meeting.

All non executive Directors of the Company to the extent of payment of sitting fees for attending the meeting of Board of Director and/or Committees thereof and Shri Vijay Kumar Gupta and Shri Manish Gupta being relative of non executive Director Smt. Sulochanaben Gupta may be treated as concerned or interested in the proposed resolution.

ITEM NO. 8 & 9

APPOINTMENT OF SHRI ROHIT PATEL AND SHRI MOHIT GUPTA AS DIRECTORS OF THE COMPANY

The Directors of the Company have, at its meeting held on 30th July, 2005 appointed Shri Rohit J Patel and Shri Mohit V Gupta as an Additional Directors 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 they hold their offices upto the date of ensuing Annual General Meeting. The Company has received a valid notices in writing from members proposing the candidatures of Shri Rohit J Patel and Mohit V Gupta for the office of Directors of the Company under provisions of Section 257 of the Companies Act, 1956. Shri Rohit J Patel, aged 59 years is B.E. II (Electrical) and consultant on Management and Human Resources management. He is visiting faculty to various organizations, institutions, associations and universities. He is writer of 15 books on personality development and management. He has established Symcom Corporation in the year 1971, the first private organization to impart training in computers, sales, TOEFL and practical job oriented courses. He is also on the Board of Vadilal Industries Limited and Marck Parenterials Limited. He is member of Education Committee of Ahmedabad Management Association. He does not hold any shares of Gujarat Ambuja Exports Limited.

Shri Mohit V Gupta, aged 24 years is young and dynamic industrialist with B.com., Deploma in International Business Management and Human Resource Management, Family Business Management from S.P. Jain Institute of Management and Research and Diploma in Computer Information System from University of South Alabama, U.S.A. He is not on the Board of any other company. He holds 1803419 Equity Shares of Gujarat Ambuja Exports Limited.

Your Directors, therefore recommend the resolutions at item No. 8 & 9 for your approval. Shri Rohit J Patel may be considered as concerned or interested in the resolution set out at Item No. 8 and Shri Mohit V Gupta himself and Shri Vijay Kumar Gupta, Smt. Sulochanaben Gupta and Shri Manish Gupta, being relatives may be considered as concerned or interested in the resolution set out at Item No.9 of the Notice. None of other Directors of the Company is, in any way, concerned or interested in the resolution.

By order of the Board

Place : Ahmedabad **Vijay Kumar Gupta**
Date : 30th July, 2005 **Chairman and Managing Director**

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

Directors' Report and Management Discussion

To,
The Members,
Gujarat Ambuja Exports Limited.

We have pleasure in presenting our 14th report together with the Audited Statements of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

The summary of the Financial results is given below:

PARTICULARS	2004-2005	2003-2004
TOTAL TURNOVER	1128.31	1086.48
INCLUDING EXPORTS(F.O.B.)	405.40	504.28
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXES	60.62	57.42
LESS:		
INTEREST	6.06	5.11
DEPRECIATION	23.58	19.75
PROVISION FOR TAXATION (INCL.DEFERRED TAX)	4.07	7.19
NET PROFIT FOR THE YEAR	26.91	25.37
ADD :BALANCE OF THE PROFIT CARRIED FROM EARLIER YEAR	46.97	24.71
ADD: BALANCE OF PROFIT & LOSS ACCOUNT IN PURSUANCE OF SCHEME OF AMALGAMATION	NIL	0.02
TOTAL PROFIT AVAILABLE FOR APPROPRIATION	73.88	50.10
APPROPRIATED AS UNDER		
DIVIDEND(11% P.A.), (P.Y. 10% P.A.)	3.07	2.79
PROVISION FOR DIVIDEND		
DISTRIBUTION TAX	0.43	0.34
TRANSFER TO GENERAL RESERVE	3.00	Nil
TOTAL APPROPRIATION	6.50	3.13
NET BALANCE IN THE P & L ACCOUNT CARRIED TO BALANCE SHEET	67.38	46.97
DIVIDEND		

The year under review was challenging as the raw material availability was not to the satisfaction, still the Company was able to perform at the reasonable level. The Directors are pleased to therefore recommend a dividend at 11% p.a. for the financial year 2004-05, which will be paid to the members whose names appear on the register of members on 22nd September, 2005 and for shares held in dematerialized form, as per data of beneficiary shareholders for the said purpose provided by Depositories, subject to the approval at the ensuing Annual General meeting.

PERFORMANCE REVIEW FOR THE YEAR 2004-05

During the year under review, the Company implemented various capital expansion projects and the Board is happy to announce about successful installation of 1500 TPD soyaseed solvent extraction plant integrated with 300 TPD Edible oil refinery at Akola, Maharashtra. The Company's sorbitol plant also became operational at the Maize processing plant at Himatnagar. The co-generation plant at the above site has also been successfully implemented.

The Company has been able to develop market for its Atta Chakki-wheat flour- produced at the state of the art plant at Pithampur, Madhya Pradesh.

The Operations of Cotton Yarn, Maize Starch and other products and Edible Oil continued to improve during the year under consideration. In overall analysis, the turnover, the PBIDT and the Net Profit for the year under consideration have been better than that of the last year.

CURRENT YEAR'S OUTLOOK

The Company is fully geared up to achieve greater heights during the year 2005-06. Presently the forecast for the monsoon is not very encouraging but the Company has developed its product mix and the market in a manner that reliance on monsoon is minimized.

The Company is focusing to improve its topline and bottom line in the Cotton Yarn segment also.

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 2004-2005 has been a satisfying year as:

1. The Company achieved the highest turnover at Rs.1128 Crores, surpassing the turnover of last year.
2. The Exports for the year under consideration were at Rs.405 crores.
3. New projects were set up whereby the capacities of production have increased substantially.

The Board is not complacent and is eager and keen to perform even better.

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 compete.

The 100% EOU status of the Company enables the company to focus on exports better.

From 01.01.2005, the quota regime in textiles is 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.

PERFORMANCE EVALUATION

The profitability of Cotton Yarn division was affected because of higher fuel cost. To offset the rising cost, the Company has converted its Diesel Generating Set to FO based Generating Set.

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. The Company has also started manufacturing sorbitol.

PERFORMANCE EVALUATION

During the year under review the company's activity of Agro Processing was under pressure because of lack of availability of oil seeds at the right price. The company has been able to improve the turnover by focusing on better values and value addition.

SUBSIDIARY COMPANY AND CONSOLIDATED ACCOUNTS

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

CAUTIONARY STATEMENT

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

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.1128 crores has been worth a mention.

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 received various awards including the highest Manufacturer Exporter award for the Soyabean Solvent Extraction for the year 2003-04. Besides Mr. Manish Gupta, the Managing Director was recognized as Globeoil Man of the year 2004. 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 2003-04. Besides it has also won award for the largest exporter from ICD Sabarmati.

The company hopes to be recognized for similar efforts this year.

FINANCE AND INSURANCE

WORKING CAPITAL

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

TERM LOANS

The company had availed two short term Foreign Currency loans of US 1 Million each of which one is already paid and the second will be paid on maturity.

INSURANCE

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

PUBLIC DEPOSITS

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

OTHER DISCLOSURE OF INFORMATION AS PER LISTING AGREEMENT WITH STOCK EXCHANGES

Listing : At present, Equity Shares of the Company are listed on the Stock Exchange Ahmedabad, the Stock Exchange, Mumbai and National Stock Exchange of India Limited. The Company has duly paid annual Listing fees due for the year 2005-2006 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 Chaitan M Maniar, Shri Jagdish Sharan Varshneya and Shri Prakash G. Ramrakhiani, the Directors of the Company are liable to retire by rotation and being eligible for re-appointment have offered themselves for re-appointment.

The Board of Directors of the Company appointed Shri Rohit J Patel and Shri Mohit V Gupta as Additional Directors at its meeting held on 30th July, 2005. Shri Rohit J Patel and Shri Mohit Gupta, who hold office upto the date of this Annual General Meeting and in respect of whom the Company has received valid notices in writing from members of the Company proposing their candidatures as Directors of the Company are recommended for appointment.

Considering the increased responsibilities and contribution of Non Executive Directors in growth of the Company and pursuant to revised Clause 49 of the Listing Agreement scheduled to be implemented before 31st December, 2005, it is proposed to increase sitting fees for attending the meeting of Board of Directors and Committee thereof upto Rs. 20,000/- for each meeting or such other amount as may be approved by the Board of Directors, subject to the ceiling as may be prescribed under the Companies Act, 1956 or any statutory modifications or enactment thereof and / or any rules or regulations framed thereunder, as amended from time to time, by the Central Government. The Board recommends approval for payment of revised sitting fees to Non Executive 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 2005, 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, 2005 on a 'going concern' basis.

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

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

PARTICULARS OF EMPLOYEES AND OTHER STATUTORY INFORMATION

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

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

AUDITORS AND AUDITORS' REPORT

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

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Ahmedabad

Vijay Kumar Gupta

Date : 30th July, 2005

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 31.03.2005

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 : 2004-2005 2003-2004

(a) AGRO PROCESSING :

1) Electricity			
a) Purchased :			
Unit		12917168	5395840
Total Amount	Rs.	64438835	29265706
Rate/Unit	Rs.	4.99	5.42
Cost of Consumption per unit of Production (M.T.)	Rs.	195.79	55.95
b) Own Generation			
i) Through Diesel Generator Unit			
Ltrs. (Diesel)		3011994	6806777
Total Amount	Rs.	27027322	87745133
Rate/Unit	Rs.	8.97	12.89
Cost of Consumption per Unit of Production (MT)	Rs.	82.12	167.74
ii) Through Steam Turbine		Nil	Nil
2) Coal :			
Qty. (M.T.) Lignite		65279.036	44532.310
Total Cost	Rs.	103899387	67929965
Avg. Rate	Rs.	1591.62	1525.41
Cost of Consumption per Unit of Production (M.T.)	Rs.	315.69	129.86
3) Furnace Oil (Not used)		Nil	Nil
4) Others/Internal Generation			
Steam from Heat Recovery Boiler			
Qty.		N.A	N.A.
Total Cost	Rs.	N.A	N.A.
Rate/Unit	Rs.	N.A	N.A.
Cost of Consumption per Unit of Production (M.T.)	Rs.	N.A	N.A.

(b) COTTON YARN UNIT :

1) Electricity			
a) Purchased :			
Unit		Nil	656752
Total Amount	Rs.	Nil	3185716
Rate/Unit	Rs.	Nil	4.85
Cost of Consumption per Unit of Production (Kg.)	Rs.	Nil	0.27
b) Own Generation :			
i) Through Diesel Generator Unit			
Ltrs. (Diesel)		12905809	10925363
Unit Generated		41649945	40186380
Total Amount	Rs.	192517134	106535567
Rate/Unit	Rs.	14.92	2.65
Cost of Consumption per Unit of Production (Kg.)	Rs.	15.86	8.98
ii) Through Steam Turbine		Nil	Nil
Generation Units			
Units per Lt. Of Fuel/Oil/ Gas Cost/Unit			
2) Coal (Not Used)		Nil	Nil
3) Furnace Oil (Not Used)		Nil	Nil
4) 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 :

	2004-2005 RS.	2003-2004 RS.
Foreign Exchange Earned :		
FOB Value of Sales	405399888	5042813593
(Including Warehouse Charges)	Nil	Nil
Sales of Assets	405399888	5042813593
Foreign Exchange Used :		
Capital Goods (CIF Value)	13391280	18797715
Trading Purchases (CIF Value)	1746093889	1944112528
RM,Stores & Consumables (CIF Value)	356553119	381095616
Foreign Traveling,		
Interest,Bank Charges etc.	47408563	29419310
Exports Claims	24526508	2190932
Overseas Commission	32330388	23681196
Port Charges	Nil	Nil
Membership & Subscription	297546	238690
Total.....	2220601293	2399535987

CORPORATE GOVERNANCE

1. Company's philosophy on code of Corporate Governance

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

Corporate Governance is not merely compliance and not simply a matter of creating checks and balances, which we indeed do- it is an ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to consumer need, shareholder value creation and employee growth, thereby satisfying all its stakeholders while minimizing risks. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness; and to develop capabilities and identify opportunities that best serve the goal of value creation, thereby creating an outperforming organization.

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

The Company believes that a better Corporate Governance can be achieved through increased transparency in its operations and has taken active steps to implement amended provisions of Clause 49 of the Listing Agreement by extended due date of 31st December,2005 by SEBI.

2. Board of Directors

After appointment of Shri Rohit J patel and Shri Mohit V Gupta as Additional Directors at the meeting of Board of Directors held on 30th July,2005, the Company's Board of Directors is comprised of Eleven (11) Directors. Of the said Directors, 8 (Eight) Directors (more than 50%) are Non-executive Directors. Likewise 6 (six) 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	Sulochanaben Gupta	Non-Executive Director & Promoter
4	P.G. Makhija - Director	Executive Director & Non-Independent
5	Sandeep Agarwal	Non-Executive & Independent Director
6	Jagdish Sharan Varshneya	Non-Executive & Independent Director
7	Chaitan MManiar	Non-Executive & Independent Director
8	Prakash G Ramrakhiani	Non-Executive & Independent Director
9	Ashok C Gandhi	Non-Executive & Independent Director
10	Rohit J Patel (Additional Director)	Non-Executive & Independent Director
11	Mohit V Gupta (Additional Director)	Non-Executive and Non Independent Director

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

During the financial year 2003-04, eight (8) meetings of the Board of Directors were held on the following dates.

Sr.No	Date of Meeting	Sr.No.	Date of Meeting (contd.)
1	23 rd April,2004	4	23 rd September,2004
2	19 th May, 2004	5	30 th October, 2004
3	29 th July, 2004	6	25 th January, 2005

(C) Attendance of Each Director at the meeting of the Board of Directors held during the Financial Year 2004-05, attendance at the last AGM of the Company and particulars of Directorship in other companies are given below;

Name of Director	Attendance Particulars		No. of Directorships and Committee membership/ chairmanship		
	Board Meeting	Last AGM	Other Directorship	Committee Member-ships	Committee Chairmanships
V.K. Gupta	5	Yes	3	2	1
Manish Gupta	6	Yes	6	1	Nil
Sulochana Gupta	6	No	2	1	1
P.G. Makhija	6	Yes	1 (Pvt. Ltd.)	Nil	Nil
Sandeep Agarwal	6	Yes	None	2	Nil
J.S. Varshneya	6	Yes	11 (Incl: 6 Pvt. Ltd.)	4	3
Chaitan M Maniar	5	No	21 (incl:8 Pvt.Ltd.)	10	Nil
Prakash G Ramrakhiani	6	Yes	4 (Incl: 1 Pvt. Ltd)	2	Nil
Ashok C Gandhi	6	Yes	9 (Incl: 1 Pvt. Ltd.)	8	Nil
Rohit J Patel	N.A.	N.A.	2	Nil	Nil
Mohit V Gupta	N.A.	N.A.	Nil	Nil	Nil

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

(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, Risk Management Policy, Capital Expenditure etc. are considered by the Board. Besides, the following information is also regularly placed before the Board for its consideration:

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

3. Audit Committee:

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

Shri Jagdish Sharna Varshneya : Chairman
Shri Sandeep Agarwal : Member
Shri Ashok C Gandhi : Member

Shri Kaushik C Khona, Chief Financial Officer and Company Secretary is 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 the Annual Financial Statements.
- Reviewing the Internal Audit Systems, the adequacy of Internal Control Systems, and
- Reviewing the Company's Financial and Risk Management Policies.

During the F.Y. 2004-05, 5 (five) meetings of the Audit Committee on 23.4.2004, 19.05.2004, 29.07.2004, 30.10.2004 and 28.01.2005 were held and all the members of the committee attended each meeting.

4. Remuneration Committee

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

Shri Ashok C Gandhi : Chairman
Shri Sandeep Agarwal : Member
Smt. Sulochanaben Gupta : Member

Meeting of Remuneration Committee was held on 29.07.2004 which considered the revision in terms of remuneration of Shri Vijaykumar Gupta, Chairman and Managing Director, Shri Manish Gupta, Managing Director w.e.f. 1.4.2004 to remainder of their respective tenure i.e. upto 17th April,2003 and 28th December,2003 respectively and re-appointment of Shri P. G. Makhija as an Executive Director for further period of 3 years w.e.f. 28th December,2004 and the same was attended by all members of Committee. The Meeting of Remuneration committee was also held on 23.09.2004 to note approval to revision in terms of remuneration of Shri Vijay Kumar Gupta, Chairman and Managing Director, Shri Manish Gupta, Managing Director and re-appointment of Shri P. G. Makhija as an Executive Director by members of the Company at 13th Annual General Meeting and the same was also attended by all members of the Committee.

The details of remuneration (Including taxable value of perquisites)and sitting fees paid for attending meetings of Board of Directors and Committees thereof during the year 2004-05 to all the Directors are furnished hereunder:

Sr. No.	Name of Director	Salary & Allowances (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)	Notice Period (In months) & Severance fees in (Rs.)
1	Vijay Kumar Gupta Chairman & Managing Director	1809360	26400	Nil	Nil	1835760	3months Nil
2	Manish V. Gupta Managing Director	1809360	26400	Nil	Nil	1835760	3months Nil
3	Sulochanaben Gupta	Nil	Nil	Nil	20000	20000	Nil
4	P.G. Makhija Executive Director	932638	Nil	Nil	Nil	932638	3months Nil
5	Sandeep Agarwal	Nil	Nil	Nil	32500	32500	Nil
6	Jagdish Sharan Varshneya	Nil	Nil	Nil	27500	27500	Nil
7	Chaitan M Maniar	Nil	Nil	Nil	12500	12500	Nil
8	Prakash G Ramrakhiani	Nil	Nil	Nil	15000	15000	Nil
9	Ashok C Gandhi	Nil	Nil	Nil	32500	32500	Nil
10	Rohit J Patel	Nil	Nil	Nil	Nil	Nil	Nil
11	Mohit V Gupta	Nil	Nil	Nil	Nil	Nil	Nil

There is no stock options issued by the Company. The Non Executive Directors are paid sitting fees of Rs. 2500/- per meeting for attending each meeting of Board of Directors and Committees thereof.

5. Board Sub-Committee for Shareholders

(a) Constitution and Objectives

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

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

(b) Appointment of Compliance Officer

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

(c) Share Transfer Details

The number of shares transferred / transmitted, split request entertained, duplicate shares issued, Folio consolidation, demat and remat request approved during the last financial year 2004-05 are as under:

Sr.No.	Particulars	No.of cases	No.of Shares
1	Transfer	1914	285340
2	Transmission	78	13091
3	Split	103	195779
4	Duplicate	27	4176
5	Demat request approved-NSDL	5158	847748
6	Demat request approved-CDSL	805	127086
7	Remat request approved-NSDL	6	505
8	Remat request approved- CDSL	Nil	Nil

As on 31st March, 2005, out of the total 2,78,63,698 Issued, Subscribed and Paid up Equity shares of the Company, 32.80% have been demated (net of remat) through NSDL and CDSL. There were six (6) remat request for 505 shares during the year. With a view to expedite the process of transfer, the committee normally meets twice a month to approve transfer, transmission, split, duplicate etc. There was no instrument pending for transfer as on 31.03.2005.

(d) Details of Complaints received and redressed during the year 2004-05 :

Sr. No	Particulars	Opening Balance as on 1.4.2004	Received During the year	Redressed During the year	Pending as on 31.03.2005
1	Non-receipt of Dividend/ Interest, Revalidation etc	Nil	2680	2680	Nil
2	Non receipt of Share Certificate etc.	Nil	1450	1450	Nil
3	Non receipt of Annual Report, Int. on delayed refund, dividend, int.	Nil	16	16	Nil
4	Others including inquiries and information sought for	Nil	2042	2042	Nil
	Total	Nil	6188	6188	Nil

(e) Investors' Grievances and Shareholders'/ Investors' Grievances Redressal Committee :

The Company has constituted "Shareholders'/ Investors' Grievances Redressal Committee" and during the year under report constitution of the Committee was as under:

Smt. Sulochanaben Gupta : Chairman
Shri Vijay Kumar Gupta : Member
Shri Sandeep Agarwal : Member

To expedite the process and for effective resolution grievances/ complaints, the Committee has delegated powers to the Share Transfer Agent/ Registrar and its officials to redress all complaints/ grievances / inquires of the shareholders'/ Investors' who redress the grievances/ complaints of shareholders'/ Investors' under the supervision of Shri Kaushik C Khona, CFO & Company Secretary and Compliance Officer of the Company. The Committee meets at regular intervals to review the status of redressal of Shareholders'/ Investors' Grievances.

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

Year	Date	Time	Venue
2001-02	31.12.2002 & 25.02.2003 Adjourned AGM	10.30 a.m. 10.30 a.m.	Dinesh Hall, Nr. Income Tax Circle, Off. Ashram Road, Ahmedabad-380009
2002-03	30.09.2003	12.30 p.m.	Do
2003-04	23.09.2004	11.00 a.m.	GICEA, (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006.

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

Special Business	Type of Resolution passed	Date of Meeting
Authority for reduction of Issued, Subscribed and Paid up Share Capital to small shareholders holding upto 99 Equity Shares in physical form in each folio pursuant to Scheme of Arrangement U/s.391 & 100 of the Companies Act,1956	Special Resolution	21.11.2002
Alteration in the Articles of Association by insertion of provision of postal ballot under Article 104(A) and alteration of Article 4 to incorporate provisions for buy back of shares	Special Resolution	21.11.2002
Appointment of Shri C M Maniar as Director of the Company	Ordinary Resolution	31.12.2002
Re-appointment of Chairman Shri Vijay Kumar Gupta as Managing Director of the Company for further period of 5 years from 18 th April,2003	Ordinary Resolution	31.12.2002
Appointment of Shri P G Ramrakhiani as Director of the Company	Ordinary Resolution	30.09.2003
Appointment of Shri Ashok C Gandhi as Director of the Company	Ordinary Resolution	30.09.2003
Re-appointment of Shri Manish Gupta as Managing Director	Ordinary Resolution	30.09.2003
Authority to issue and allot 41,40,000 Equity Shares of Rs.10/- each	Special Resolution	30.09.2003
Authority to delist Equity Shares from Delhi and Jaipur Stock Exchanges	Special Resolution	30.09.2003
Revision in terms of remuneration of Shri Vijay kumar Gupta, Chairman and Managing Director	Ordinary Resolution	23.09.2004
Revision in terms of remuneration of Shri Manish Kumar Gupta, Managing Director	Ordinary Resolution	23.09.2004
Re-appointment of Shri P G Makhija as an Executive Director	Ordinary Resolution	23.09.2004

c) Postal Ballot

Though the Companies Amendment Act, 2000 provides for postal ballot for certain business to be transacted, which is effective from 15th June, 2001, no such resolution requiring postal ballot was proposed in past.

7. Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

No material, financial and commercial transactions were entered into where Directors have personal interest, that may have a potential conflict with the interest of the Company at large. Related Party transactions have been included in the Notes to the Annual Accounts of the Company for the year ended 31st March,2005.

8. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to Capital market during the last three years.

No penalties or strictures have been passed against the Company by SEBI, Stock Exchanges or any statutory authority on any matter related to Capital market during the year under report or in last three years.

9. Means of Communication

The Board of Directors of the Company takes on the record the Unaudited Quarterly and half yearly Financial Results in the prescribed form within prescribed time limit. The Company submits information about quarterly, half yearly and annual results etc. to the Stock Exchanges within prescribed time limits. The Company also publishes quarterly financial results in Gujarati and English Newspaper having substantial circulation in local vicinity.

The quarterly results are put on the Company's website "www.gujambexports.com" and same are also available on www.sebi.gov.in under EDIFAR System. The Company also puts monthly news and updates on the website.

Press briefings are held to brief important corporate actions.

10. Shareholders' Information**1. Annual General Meeting**

Day, Date & Time : Thursday, 22nd September, 2005 at 11.00 a.m.

Venue : GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad : 380006

2. Financial Calendar : (2005-2006) (Tentative)

Financial year : April-March
 Annual General Meeting : 22nd September, 2005
 Results for Quarter Ending on :
 30th June, 2005 : End of July, 2005
 30th September, 2005 : End of October, 2005
 30th December, 2005 : End of January, 2006
 31st March, 2006 : End of April, 2006

3. Book Closure Dates

Closure of Register of Members : 16th September, 2005 to
 And Share Transfer Books : 22nd September, 2005

4. Dividend Payment Date

The Board of Directors at its meeting held on 9th June, 2005, recommended dividend @ 11% p.a. for F.Y. 2004-05, which if approved at the ensuing Annual General Meeting by the members of the Company will be paid to eligible shareholder/ beneficial owner after 22nd September, 2005 within prescribed time.

5. Listing of Securities on the Stock Exchanges

The Equity Shares of the Company are listed on Ahmedabad, Mumbai and National Stock Exchange and listing fees for the Financial year 2005-06 has been paid to all the above stock exchanges. Addresses of the Stock Exchanges where security of the Company is presently listed are given below:

- The Stock Exchange, Ahmedabad
 Kamdhenu Complex, Opp. Sahajanand College,
 Panjara Pole, Ahmedabad-380015
 E-mail : ase@satyam.net.in
- The Stock Exchange, Mumbai
 P.J. Towers, Dalal Street, Mumbai-400 001
 E-mail : isc@bseindia.com
- National Stock Exchange of India Limited
 Tradeworld, Senapati Bapat Marg,
 Lower Parel, Mumbai-400013
 E-mail : postmaster@nse.co.in

6. Stock Code

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

7. Stock Market Price Data

Month	Mumbai Stock Exchange (BSE)		National Stock Exchange (NSE)	
	Highest	Lowest	Highest	Lowest
April, 2004	41.50	27.00	41.00	26.35
May, 2004	40.00	31.50	40.00	32.00
June, 2004	35.50	32.50	35.90	31.00
July, 2004	38.40	34.20	39.50	34.35
August, 2004	38.50	30.25	41.00	30.00
September, 2004	39.00	34.00	39.20	33.25
October, 2004	39.60	34.50	40.00	34.25
November, 2004	48.40	33.25	48.70	33.95
December, 2004	45.00	36.00	47.30	38.50
January, 2005	43.40	34.05	42.25	34.00
February, 2005	40.00	33.50	39.00	34.00
March, 2005	39.15	28.00	38.40	28.30

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

8. Registrar and Transfer Agent

Since September, 2003 Jupiter Corporate Services Limited, Registrar and Share Transfer Agent of the Company acts as Physical & Electronic Registrar and Share Transfer Agent of the Company.

Jupiter Corporate Services Limited, which is acting as sole Registrar and Share Transfer Agent (Physical and Electronic), is situated at :

Share Transfer Agent (Physical & Electronic Form)

Jupiter Corporate Services Limited
 "Ambuja Tower", Opp. Memnagar Fire Station,
 Navrangpura, PO. Navjivan, Ahmedabad-380 014
 Email: jayvijay@ambujagroup.com
 Phone: 079-26423316-20, Fax: 079-26423079

9. Share Transfer System

The Company has conducted 30 meetings of the sub-committee of the Board of Directors of the Company during the last Financial year 2004-05. Even though the shares of the Company are under compulsory demat from 24.7.2000, shareholders holding less than 500 shares can still sell the shares in physical form. Trading of shares directly from seller to buyer not routed through Stock Exchanges is also permissible. The Share Transfer committee usually meets once in a fortnight. Shares in physical form are registered within an average period of 15 days.

10 (a) Distribution of Shareholding as on 31st March, 2005 (including demat)

No. of Equity Shares held	No. of Share holders	% of share holders	No. of Shares held	% of Share-holding
001 to 500	67385	99.920	9255375	33.217
501 to 1000	28	0.042	202850	0.728
1001 to 2000	9	0.013	123236	0.442
2001 to 3000	1	0.001	21500	0.077
3001 to 4000	2	0.003	67877	0.244
4001 to 5000	1	0.001	43667	0.157
5001 to 10000	3	0.004	173171	0.621
10001 & above	11	0.016	17976022	64.514
Total	67440	100.000	27863698	100.000

(b) Shareholding Pattern of the Company as on 31.03.2005 (including Demat)

Category of Holders	No. of Shares	% to total shares
Promoters/Directors & Relatives	17637710	63.300
Financial Insti./Mutual Fund/Banks	22379	0.080
Non-Residents/FIIs/OCBs	137418	0.493
Other Corporate Bodies	821351	2.948
Indian Public	9244840	33.179
Total	27863698	100.00

(c) Shareholding of Non Executive Directors as on 31.03.2005.

Name of Non Executive Directors	No. of Shares	% to total Shares
Smt. Sulochana Gupta	897077	3.220
Shri Jagdish Sharan Varshneya	300	0.001
Shri C M Maniar	Nil	Nil
Shri P G Ramrakhiani	Nil	Nil
Shri Ashok C Gandhi	Nil	Nil
Shri Sandeep Agrawal	Nil	Nil
Shri Rohit J Patel	Nil	Nil
Shri Mohit V Gupta	1803419	6.47

There were no convertible instruments pending conversion into Equity Shares as on 31.03.2005.

11. Dematerialisation of Shares and Liquidity

On 31st March 2005 out of present Issued, Subscribed and Paid Up Capital, 32.80% Equity Shares (net of remat) have been dematerialised. As per notification issued by SEBI with effect from 24/7/2000 the trading in the equity shares of the Company is permitted only in dematerialised form. The Company has entered into agreements, with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through JUPITER CORPORATE SERVICES LIMITED to facilitate the shareholders to demat their share with any of the depositories.

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

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

13. Plant Locations

Sr.	Plant	Sr.	Plant
1.	100% EOU Cotton Spinning Division. Vil. Dalpur, Dist. Sabarkantha, Gujarat	7.	Edible Oil Refineries & Vanaspati Ghee Unit, Kadi, Dist. Mehsana, Gujarat
2.	Bio-Chemical Division Vil. Dalpur, Dist. Sabarkantha Gujarat	8.	Wheat Processing Unit Kadi, North Gujarat
3.	Solvent Extraction Unit-I Nani Kadi, Dist. Mehsana, Gujarat	9.	Solvent Extraction Unit-V Jaipur, Rajasthan
4.	100% EOU Solvent Extraction Unit-II Kadi, Dist. Mehsana Gujarat	10.	Solvent Extraction Unit-VI Village Kanheri Gawali, Ta. Balapur, Dist. Akola, Maharashtra
5.	Solvent Extraction Unit-III Kadi, Dist. Mehsana, Gujarat	11.	Wheat Processing Plant Pithampur, Dist. Dhar (M.P)
6.	Solvent Extraction Unit-IV Pithampur, Dist. Dhar (M.P)		

14. Investors' Correspondence

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

Gujarat Ambuja Exports Limited
 "Ambuja Tower", Opp. Memnagar Fire Station,
 PO. Navjivan, Navrangpura,
 Ahmedabad-380 014
 Phone: 079-26423316-20, 26405535-37 & 39
 Fax : 079-26423079 • E-mail: jayvijay@ambujagroup.com

For & On behalf of Board of Directors

Place : Ahmedabad
 Date : 30th July, 2005

(Vijay Kumar Gupta)
 Chairman and Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Gujarat Ambuja Exports Limited,

We have examined the compliance of conditions of Corporate Governance by GUJARAT AMBUJA EXPORTS LIMITED for the year ended on 31st March, 2005, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state, as per the records maintained by the Company, that in respect of investor grievances received during the year ended 31st March, 2005, there were no investor grievances remaining unattended/ pending for a period extending one month against the Company.

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

FOR KANTILAL PATEL & CO.,
Chartered Accountants

[Ashwin Amin]

Partner

Membership No. 35070

Place: Ahmedabad
Date : 30th July, 2005

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

Name of the subsidiary Company : GUJARAT AMBUJA INTERNATIONAL PTE LTD.
(Incorporated at Singapore)

1. Financial year of the subsidiary ended on	31.03.2005 (Period 01.04.2004 to 31.03.2005)
2. The Company's interest in the Subsidiaries as on 31st March 2005:	
a. Number of Equity Shares	854212
b. Face Value (Each of)	Sing. Dollar 1
c. Extent of holding	100.00%
3. Net aggregate Profit/(Loss) of the Subsidiary company so far as it concerns the Members of the Company.	
A) For the Financial Year ended on 31.03.2005	
i) Not dealt within the books of Accounts of the Company	Loss(-) 122125 (Sing. Dollar)
ii) Dealt within the books of Accounts of the Company	Nil
B) For the Subsidiary Company's Previous Financial Years since it become a subsidiary:	
i) Not dealt within the books of Accounts of the Company	Loss (-) 43661 (Sing. Dollar)
ii) Dealt within the books of Accounts of the Company	Nil

For and on behalf of the Board

VJAYKUMAR GUPTA
(CHAIRMAN & MANAGING DIRECTOR)

MANISH GUPTA
(MANAGING DIRECTOR)

PLACE: AHMEDABAD
DATE : 9th June, 2005

KAUSHIK C. KHONA
(CFO & COMPANY SECRETARY)

AUDITORS' REPORT

To,
**The Members of
Gujarat Ambuja Exports Limited**

We have audited the attached Balance Sheet of **Gujarat Ambuja Exports Limited** as at **March 31, 2005** and also the related Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies [Auditors' Report] Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section 4(A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that :

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of the written representations received from directors, as on 31st March 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005.
- (b) In the case of the Profit & Loss Account, of the 'Profit' of the Company for the year ended on that date.
and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **KANTILAL PATEL & CO.**
Chartered Accountants

ASHWIN AMIN

Place : Ahmedabad
Date : June 9, 2005
Partner
Membership No. : 35070

**ANNEXURE REFERRED TO IN PARAGRAPH (1) OF THE
AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF
GUJARAT AMBUJA EXPORTS LIMITED, ON THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005.**

- 1.(a) The company has generally maintained proper records to showing full particulars including quantitative details and situation of fixed assets.
- (b) The company's management has provided us with a representation that it has a phased programme of verification of fixed assets (i.e. once in a two years) and in accordance with such programme, the company has carried out a physical

verification of certain fixed assets during the year and no material discrepancies were noticed on such verification.

- (c) Some of the fixed assets not utilised in manufacturing activities have been disposed off during the year, which in our opinion and according to the information and explanations given to us, has not affected the ability of the Company to continue as a going concern.
- 2.(a) Physical verification at reasonable intervals has been carried out by the management in respect of inventory except for the stocks in transit and stocks lying with the clearing agents, which have been confirmed by the parties. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company has maintained proper records of inventory and the discrepancies noticed on such physical verification as compared to book records were not material and have been adequately dealt with in the books of accounts.
3. The Company has not granted or taken any loan secured or unsecured to or from companies firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, except the trade advance received from the subsidiary company. And hence, paragraphs 4 (iii) (b) to (g) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us during the course of the audit, the company has a generally adequate internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of inventory and fixed assets and with regard to the sale of goods and services. On the basis of our examination of the books of accounts & other records, we are of the opinion that there is no major weakness in the internal control system in respect of these areas.
5. As far as we have been able to ascertain from the books of accounts and according to the information and explanations given to us,
- (a) In our opinion the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been entered as required by the provisions of the said section.
- (b) According to the information and explanations given to us where each such transaction made in pursuance of such contracts or arrangements in excess of Rs.5 lakhs in respect of any party, the transactions have been made at the prices which are prima facie, reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted deposits from public during the year under audit hence the directives issued by Reserve Bank of India and provisions of section 58A & 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed there under are not applicable.
7. The company has an Internal Audit System, commensurate with the size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, in respect of "Textile" products and are of the opinion that prima facie the prescribed records have been maintained. We have however not made a detailed examination of records. We are informed that Central Government has issued order for audit of cost records under section 233B of the Companies Act, 1956, in respect of "textile" products.
- 9.(a) The Company is generally regular in depositing Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and Other statutory dues to appropriate authorities. According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding as at 31st March, 2005 for the period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the record of the Company, we report that there are no disputed dues in respect of Income Tax / Wealth Tax & Service Tax. The details of disputed dues which have not been deposited are as follow :

Sr. No.	Nature of the statute	Nature of dues	Amount	Period to which amount relates	Forum where the dispute is pending
1.	Motor Sprit Tax	Exemptions	1,71,732	1997-98	Tribunal
2.	The Central Excise Act, 1944	Classification	3,27,41,199	2000 to 2004	Commissioner of Central Excise
		Classification	1,15,34,689	2001 to 2002	Commissioner of Central Excise
		Classification	12,22,26,177	1999 to 2004	Directorate General of Central Excise
3.	The Custom Act, 1962	Additional Custom Duty	1,08,90,000	2004 to 2005	Assistant Commissioner of Customs
		Differential Duty	3,59,056	2003 to 2004	Assistant Commissioner of Customs
		Differential Duty	1,17,289	2004 to 2005	Assistant Commissioner of Customs
		Differential Duty/Cess	19,99,172	2002 to 2003 & 2004 to 2005	Assistant Commissioner of Customs
4.	The Central Sales Tax Act, 1956	Sales Tax	5,28,19,045	2002 to 2003	Assistant Commissioner of Sales Tax (Appeals)

[Refer note no.:1 of schedule no.S]

- The company has no accumulated losses as at the end of the financial year and it has not incurred cash losses during the current year and immediately preceding financial year.
- The company has not defaulted in repayment of dues to the banks. The company has not obtained any borrowing from any financial institution or by way of debentures.
- The company has not granted loans & advances on the basis of security by way of pledge of shares and debentures and other securities.
- The company is not a chit fund/ nidhi / mutual benefit fund/ society to which the provisions of special statute relating to chit fund are applicable and hence paragraph 4 (xiii) of the order is not applicable.
- The Company is not dealing in or trading in shares, securities, debentures, and other investments and hence paragraph 4(xiv) of the order is not applicable.
- The Company has given guarantee for loans taken by subsidiary company, however, the terms and conditions are not prejudicial to the interests of the company.
- On the basis of our examination of documents and records and according to the information and explanations given to us we are of the opinion that the company has deployed the term loan funds for the purpose for which they were obtained.
- According to the cash flow statement and other records examined by us and the information and explanations given to us, on over all basis, funds raised on short term basis, prima facie has not been used during the year for long term investments (fixed assets etc.).
- During the year, the company has not made preferential allotment of shares to parties and companies covered in register maintained under section 301 of the companies Act 1956 and hence paragraph 4(XVIII) of the order is not applicable.
- During the year, the company has not issued any debentures and hence paragraph 4 (xix) of the order is not applicable.
- During the year, the company has not raised any money by way of public issue and hence paragraph 4 (xx) of the order is not applicable.
- To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

For **KANTILAL PATEL & CO.**
Chartered Accountants

ASHWIN AMIN

Partner

Membership No. : 35070

Place : Ahmedabad
Date : June 9, 2005

BALANCE SHEET AS AT 31st MARCH 2005

(Rupees in Crores)

	SCHEDULE	AS AT	
		31.03.2005	31.03.2004
		AMOUNT	AMOUNT
(A) SOURCE OF FUNDS			
SHARE HOLDERS' FUND			
Share Capital	A	27.86	27.86
Reserves & Surplus	B	208.19	184.77
			<u>212.63</u>
LOAN FUNDS			236.05
Secured Loans	C	117.28	203.58
Unsecured Loans	D	0.96	0.81
			<u>204.39</u>
DEFERRED TAX LIABILITY			118.24
Deferred tax liability		26.20	24.05
Deferred tax assets		1.10	2.69
			<u>21.36</u>
TOTAL			25.10
			<u>379.39</u>
(B) APPLICATION OF FUNDS			438.38
FIXED ASSETS	E		
Gross Block		286.64	223.23
Less : Depreciation		115.80	93.66
			<u>129.57</u>
Net Block		170.84	14.68
Add : Capital work in Progress		0.15	
			<u>144.25</u>
			170.99
INVESTMENTS	F		7.23
CURRENT ASSETS, LOANS & ADVANCES	G		7.88
Inventories		128.47	212.85
Sundry Debtors		60.94	77.37
Cash & Bank Balances		68.45	13.37
Loans & Advances		6.91	11.26
			<u>314.85</u>
		264.77	
LESS : CURRENT LIABILITIES & PROVISIONS			
a. Current Liabilities	H	58.17	23.24
b. Provisions	I	5.43	5.36
			<u>28.60</u>
Net Current Assets			63.60
			<u>201.17</u>
TOTAL			286.25
			<u>379.39</u>
Significant Accounting Policies	R		
Notes on Accounts	S		

This is the Balance Sheet referred to in our report of even date

FOR, KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS

ASHWIN AMIN
PARTNER
Membership No.: 35070

PLACE : AHMEDABAD
Date : 9th June, 2005

For and on behalf of the Board

VIJAYKUMAR GUPTA
(CHAIRMAN & MANAGING DIRECTOR)

MANISH V. GUPTA
(MANAGING DIRECTOR)

KAUSHIK C. KHONA
(CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY)

PLACE: AHMEDABAD
Date : 9th June, 2005

EXCELLENT CREDENTIALS | BREAK UP VALUE : Rs. 84.72 | NO LONG TERM DEBT.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2005

(Rupees in Crores)

	SCHEDULE	FOR THE YEAR ENDED 31.03.2005 AMOUNT	FOR THE YEAR ENDED 31.03.2004 AMOUNT
(A) INCOME			
Sales	J	1128.31	1086.48
Less : Excise Duty		11.60	9.70
Net Sales		1116.71	1076.78
Other Income	K	0.13	0.97
TOTAL - "A"		1116.84	1077.75
(B) EXPENDITURE			
Cost of Goods Sold	L	916.34	904.29
Manufacturing Expenses	M	56.77	44.40
Employees' Cost	N	16.56	14.29
Administrative Expenses	O	6.36	6.13
Sales Expenses	P	59.75	51.18
Loss on Sale of Fixed Assets		0.44	0.04
Finance & Other Charges	Q	6.06	5.11
Depreciation		23.58	19.75
TOTAL - "B"		1085.86	1045.19
Profit before Tax (A-B)		30.98	32.56
Provision for Taxation			
- Current tax		1.15	1.51
- Deferred tax		3.74	5.68
- Less : Excess Provision of Earlier Years Written Back		(-) 0.82	0.00
Profit after Tax		26.91	25.37
Add : Balance of Profit from Previous Year		46.97	24.71
Add : Balance of Profit & Loss Account in Pursuance of Scheme of Amalgamation		0.00	0.02
Profit available for appropriation		73.88	50.10
APPROPRIATION			
Transferred to General Reserve		3.00	0.00
Proposed Dividend (11% p.a.) (P.Y. 10% p.a.)		3.06	2.79
Provision for Dividend Distribution Tax.		0.43	0.34
Balance carried to Balance Sheet		67.39	46.97
TOTAL		73.88	50.10
Significant Accounting Policies	R		
Notes on Accounts	S		
Earning per Equity Share of Rs.10/- each (Basic & Diluted)		9.659	9.105

This is the Profit & Loss Account referred to in our report of even date

FOR, KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS

ASHWIN AMIN
PARTNER
Membership No.: 35070

PLACE : AHMEDABAD
Date : 9th June, 2005

For and on behalf of the Board

VIJAYKUMAR GUPTA
(CHAIRMAN & MANAGING DIRECTOR)

MANISH V.GUPTA
(MANAGING DIRECTOR)

KAUSHIK C.KHONA
(CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY)

PLACE: AHMEDABAD
Date : 9th June, 2005

TURNOVER Rs. 1117 CRORES | EPS : Rs. 9.659

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2005

Rs. in Crores

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "A" SHARE CAPITAL		
AUTHORISED		
30000000(P.Y.30000000) Equity shares of Rs 10/- each	30.00	30.00
	<u>30.00</u>	<u>30.00</u>
ISSUED,SUBSCRIBED AND PAID UP CAPITAL :		
27863698 (P.Y.27863698) Equity Shares of Rs 10/- each fully paid	27.86	27.86
a Includes 6300000 (P.Y.6300000) Equity shares of Rs.10/- each issued at a premium of Rs.1 per share on conversion of Optionally Convertible Unsecured debentures		
b. Includes 16437782 (P.Y.16437782) Equity shares of Rs.10/- each fully paid allotted on 30.4.99 in exchange of shares on amalgamation for consideration other than cash.		
c. 6217084 (P.Y.6217084) Equity shares of Rs.10/- each reduced as per Scheme of arrangement approved by Honourable Gujarat High Court order dated 17th February 2003.		
d. Includes 4098000 (P.Y. 4098000) Equity Shares of Rs.10/- each fully paid, allotted on 31.1.2004 in exchange of shares on amalgamation for consideration other than cash.		
	<u>27.86</u>	<u>27.86</u>
SCHEDULE "B" RESERVES & SURPLUS		
General Reserve :		
Balance as per last Balance Sheet	130.02	129.63
Add : Transfer from Profit & Loss Account	3.00	0.00
Add : On Amalgamation	0.00	0.39
	<u>133.02</u>	<u>130.02</u>
Capital Subsidy :		
Balance as per last Balance Sheet	0.65	0.15
Add : Additions during the year (refer accounting policy G of Schedule R)	0.00	0.50
	<u>0.65</u>	<u>0.65</u>

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "B" RESERVES & SURPLUS (Cont.)		
Amalgamation Reserve Account		
Balance as per last Balance Sheet	0.02	0.00
Add : On Amalgamation	0.00	0.02
	<u>0.02</u>	<u>0.02</u>
Securities Premium Account		
Balance as per last Balance Sheet	0.89	0.63
Add : On Amalgamation	0.00	0.26
	<u>0.89</u>	<u>0.89</u>
Capital Redemption Reserve		
Balance as per last Balance Sheet	6.22	6.22
	<u>6.22</u>	<u>6.22</u>
Surplus as per Profit and Loss Account		
	<u>67.39</u>	<u>46.97</u>
	<u>208.19</u>	<u>184.77</u>
SCHEDULE "C" SECURED LOANS		
(A) Term Loans		
Secured by 100% cash collateral security (P.Y. Secured by a first charge / mortgage on all movable fixed assets, other than at Jaipur and personal guarantee of three promoter Directors (Repayable within 1 year Rs.50720711/- P.Y. Rs. Nil)		
- From Banks	5.07	0.10
- Interest accrued and due on above	0.01	0.01
	<u>5.08</u>	<u>0.11</u>
(B) Other Loans (Working Capital)		
Secured by a hypothecation on current assets and Mortgage on certain movable/ immovable fixed assets (other than at Jaipur) and personal guarantee of three Promoter Directors & against lien on Fixed Deposits.		
- From Banks	112.20	203.47
	<u>117.28</u>	<u>203.58</u>
SCHEDULE "D" UNSECURED LOANS		
Dealers' & Distributors' Deposits		
	0.96	0.81
	<u>0.96</u>	<u>0.81</u>

SCHEDULE "E" FIXED ASSETS

SR No.	PARTICULARS	Gross Block				Depreciation				Net Block		
		As at 01.04.2004	Assets added on Amalgamation	Additions (Deductions) During the year	Total as at 31-03-05	As at 01-04-04	On Assets added on Amalgamation	For the year	Deduction during the year	Total as at 31-3-05	As at 31-3-05	As at 31-3-04
1	Land & Land Development	2.92	0.00	0.65	3.57	0.00	0.00	0.00	0.00	0.00	3.57	2.92
2	Factory Building	44.47	0.00	7.65	52.12	14.68	0.00	1.52	0.00	16.20	35.92	29.79
3	Non-Factory Building & Colony	5.97	0.00	0.74	6.71	1.36	0.00	0.11	0.00	1.47	5.24	4.61
4	Plant & Machinery	141.24	0.00	49.50 (1.71)	189.03	63.77	0.00	16.71	1.06	79.42	109.61	77.47
5	Electric Supply System	5.94	0.00	1.19	7.13	3.38	0.00	0.64	0.00	4.02	3.11	2.56
6	Vehicles	2.89	0.00	0.45 (0.43)	2.91	1.40	0.00	0.32	0.38	1.34	1.57	1.49
7	Furniture & Fixtures	1.56	0.00	0.14	1.70	0.84	0.00	0.20	0.00	1.04	0.66	0.72
8	Office Equipments	1.68	0.00	0.60	2.28	0.56	0.00	0.25	0.00	0.81	1.47	1.12
9	D.G.Set	14.38	0.00	4.43	18.81	6.82	0.00	3.65	0.00	10.47	8.34	7.56
10	Temple	0.19	0.00	0.05	0.24	0.02	0.00	0.01	0.00	0.03	0.21	0.17
11	Factory Road	0.40	0.00	0.15	0.55	0.05	0.00	0.01	0.00	0.06	0.49	0.35
12	Effluent Treatment Plant	1.09	0.00	0.00	1.09	0.58	0.00	0.11	0.00	0.69	0.40	0.51
13	Trade Mark	0.50	0.00	0.00	0.50	0.20	0.00	0.05	0.00	0.25	0.25	0.30
	TOTAL :	223.23	0.00	63.41	286.64	93.66	0.00	23.58	1.44	115.80	170.84	129.57
	CAPITAL WORK IN PROGRESS	12.37	0.00	(12.33)	0.04	0.00	0.00	0.00	0.00	0.00	0.04	12.37
	CAPITAL ADVANCE	2.31	0.00	(2.20)	0.11	0.00	0.00	0.00	0.00	0.00	0.11	2.31
	TOTAL :	237.91	0.00	48.88	286.79	93.66	0.00	23.58	1.44	115.80	170.99	144.25
	Previous year	237.04	2.69	(1.82)	237.91	72.94	1.06	19.75	0.09	93.66	144.25	164.10

INCREASE IN FIXED ASSETS : Rs. 63.41 CRORES

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "F" INVESTMENTS (AT COST)		
(LONG TERM INVESTMENTS)		
QUOTED (EQUITY SHARES)		
83793 [P.Y.Nil] Equity shares National Thermal Power Corpo. Ltd of Rs. 10/- each fully paid up [Market value Rs. 7181060/- P.Y. Rs. Nil]	0.52	0.00
3677 [P.Y. Nil] Equity shares Punjab National Bank Ltd of Rs. 10/-each fully paid up [Market Value Rs. 1446164/- P.Y. Rs. Nil]	0.14	0.00
8232 [P.Y.Nil] Equity Shares Gateway Distriparks Ltd. of Rs. 10/- each fully paid up [Market value Rs. 922396/- P.Y. Rs. Nil]	0.06	0.00
10 [P.Y. 1] Equity shares of Adani Exports Ltd. of Rs. 1/- each (P.Y.10/- each) fully paid up [Market value Rs. 597.50 P.Y. Rs. 400/-]	0.00	0.00
25 [P.Y. 25] Equity shares of Arvind Mills Ltd.of Rs.10/- each fully paid up. [Market value Rs.2876/- P.Y.Rs.1139/-]	0.00	0.00
5 [P.Y. 5] Equity shares of Maral Overseas Ltd.of Rs.10/- each fully paid up. [Market value Rs.169/- P.Y.Rs. 78/-]	0.00	0.00
100 [P.Y. 100] Equity shares of Riddhi Siddhi Starch Ltd.of Rs.10/- each fully paid up. [Market value Rs. 2345/- P.Y.Rs. 950/-]	0.00	0.00
UNQUOTED (EQUITY SHARES)		
10000 [P.Y. 10000] Equity shares of Kalupur Com. Co-Op Bank Ltd. of Rs 25/- each fully paid up.	0.02	0.02
IN SUBSIDIARY COMPANY :		
854212 [P.Y. 854212] Ordinary Shares of One Singapore Dollar each,fully paid in Gujarat Ambuja International Pte.Ltd	2.06	2.06
IN OTHERS :		
2083580 [P.Y. Nil] Equity shares of Reliance Exports Ltd, Srilanka each of Rs. 10/- of Srilankan Rupees (P.Y. as Share Application Money / Pending allotment)	0.98	2.31
689490 [P.Y. 724324] Equity Shares of Jupiter Corporate Services Ltd. of Rs 10/- each fully paid up.	3.43	3.47
GOVERNMENT SECURITY :		
National Saving Certificates [Lodged with Sales tax & Other Government authorities]	0.02	0.02
	7.23	7.88
MARKET VALUE OF QUOTED INVESTMENTS (in Rs.)	9555607	2567
AGGREGATE COST OF QUOTED INVESTMENTS (in Rs.)	7223946	2046
AGGREGATE COST OF UNQUOTED INVESTMENTS (in Rs.)	65076405	78775831
TOTAL COST (in Rs.)	72300351	78777877

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "G" CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
1 Inventories		
(As taken,Valued & Certified by the management)		
Finished Goods	45.50	73.55
Work in Process	1.87	2.01
Raw Materials	74.24	128.54
Packing Materials	0.89	1.09
Stores & Spares,Coal,Diesel	5.97	7.66
	128.47	212.85
2 Sundry Debtors		
(Unsecured,Considered Good)		
Outstanding for a period exceeding six months	0.22	Nil
Others	60.72	77.37
	60.94	77.37
3 Cash & Bank Balances		
Cash on Hand	0.33	0.25
Balance with Banks with Scheduled Banks		
(a) on Current account	7.61	7.82
(b) on Fixed Deposit account (with Lien as margin money for line of credit)	60.51	5.30
With Other Banks		
(a) on Current account	0.00	0.00
Shri Kadi Nagrik Sahakari Bank Ltd Rs.24359/- (P.Y. Rs 21069/- Maximum balance outstanding during the year Rs. 2019878/- P.Y Rs. 1761179/-)		
	68.45	13.37
4 Loans & Advance (Unsecured,Considered Good)		
Advances recoverable in cash or in kind or for value to be received	4.04	8.44
Advances for Goods & Expenses	0.97	1.57
Excise Balances	1.63	1.25
Tax Balances (Current Tax-Advance Tax Less Provisions)	0.27	0.00
	6.91	11.26
SCHEDULE "H" CURRENT LIABILITIES		
Creditors for Capital goods	2.64	0.99
Creditors for Goods & Expenses & other Liabilities	53.68	19.60
Bank Overdraft as per Books	1.30	2.37
Unclaimed Dividend	0.55	0.28
	58.17	23.24
SCHEDULE "I" PROVISIONS		
Proposed Dividend	3.49	3.13
(Including Dividend Distribution Tax Rs. 3907884/-P.Y.Rs.3482963/-)		
Tax Balances : Current Tax-Provisions Less Advance Tax	0.00	0.43
Provision for Retirement Benefits		
Gratuity	1.54	1.44
Leave Encashment	0.40	0.36
	5.43	5.36

CURRENT RATIO : 1.456

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005 Rs. in Crores

	YR. ENDED 31.03.2005	YR. ENDED 31.03.2004		YR. ENDED 31.03.2005	YR. ENDED 31.03.2004
SCHEDULE "J" SALES			SCHEDULE "O" ADMINISTRATIVE EXPENSES		
Export Sales [FOB Value Rs.4053599888 (P.Y.Rs 5042813593)	427.02	520.83	Conveyance & Travelling Expenses [Including Directors Travelling Rs.663496/- (P.Y.Rs 3298341/-)	0.79	1.03
Domestic Sales	701.29	565.65	Electric Expenses	0.41	0.39
	<u>1128.31</u>	<u>1086.48</u>	Vehicle Maintenance Expenses	0.61	0.46
SCHEDULE "K" OTHER INCOME			Insurance Expenses	0.19	0.12
Dividend (Gross Rs 48336/- (TDS Rs.Nil)) (P.Y. Rs 52601/- TDS Rs.Nil)	0.01	0.01	Printing,Stationery,Postage & Telephone	1.39	1.29
Miscellaneous Income	0.06	0.31	Legal & Professional Expenses	0.97	1.10
Profit on Sale of Investments	0.06	0.47	Rent	0.26	0.24
Foreign Exchange Fluctuation (Net)(Rs.14969 (P.Y.Rs. Nil))	0.00	0.00	Rates & Taxes	0.16	0.11
Export Incentives	0.00	0.18	Donations	0.03	0.05
	<u>0.13</u>	<u>0.97</u>	Payment to Auditors :		
SCHEDULE "L" COST OF GOODS SOLD			For Audit	0.06	0.06
Opening Stock			For Tax Audit	0.02	0.02
Raw Materials	128.54	35.03	For Certification	0.00	0.01
Work-in-Process	2.02	1.55	General Administrative Charges	1.47	1.25
Finished Goods	73.55	31.71		<u>6.36</u>	<u>6.13</u>
Packing Material	1.08	1.13	SCHEDULE "P" SALES EXPENSES		
Add : Material Purchased / acquired (in pursuance of scheme of Amalgamation Rs. Nil- P.Y.21778855/-)	853.54	1045.17	For Domestic Sales		
	<u>1058.73</u>	<u>1114.59</u>	Local Sales Expenses	7.49	3.55
Less : Sale of Raw Materials	19.89	5.11	Sales Tax,C.S.T & Octroi	8.31	4.77
	<u>1038.84</u>	<u>1109.48</u>		<u>15.80</u>	<u>8.32</u>
Less : Closing Stock			For Export Sales		
Raw Materials	74.24	129.69	Exports Sales Expenses	43.94	42.86
Work-in-Process	1.87	2.02	Insurance (Rs. 40002 (P.Y. Rs. 12594))	0.01	0.00
Finished Goods	45.50	72.40		<u>43.95</u>	<u>42.86</u>
Packing Material	0.89	1.08		<u>59.75</u>	<u>51.18</u>
	<u>122.50</u>	<u>205.19</u>	SCHEDULE "Q" FINANCE & OTHER CHARGES		
Total Cost of Goods Sold	<u>916.34</u>	<u>904.29</u>	Interest on Fixed Loans	0.21	0.05
SCHEDULE "M" MANUFACTURING EXPENDITURE			Interest on Working Capital Loans	3.00	5.00
Stores & Spares Consumed	8.18	6.85	Other Interest	0.05	0.05
Power,Electricity,Diesel,LDO & Fuel Expenses	29.17	22.67	Bank and Other Financial Charges	5.09	4.71
Coal ,Castor DOC & Fuel Consumed	10.37	6.79	Swaping , Forex & Other Expenses	0.03	0.14
Repairs : Plant & Machinery	1.02	0.90		<u>8.38</u>	<u>9.95</u>
Building	0.91	1.12	LESS : INCOME		
Others	0.28	0.19	Interest on Bank Deposits (Gross)	2.27	4.82
Insurance [Net of Claims]	0.79	0.83	[TDS: Rs 4796452/-(P.Y.TDS Rs 7577903/-)]		
Other Manufacturing Expenses	6.05	5.05	Interest on Others (Gross) (TDS Rs Nil) (P.Y.TDS Rs Nil)	0.05	0.02
	<u>56.77</u>	<u>44.40</u>		<u>2.32</u>	<u>4.84</u>
SCHEDULE "N" EMPLOYEES COST			Net Expenditure	<u>6.06</u>	<u>5.11</u>
Salary,Wages & Bonus	14.31	12.67			
Gratuity	0.24	0.29			
Contribution to Provident Fund & Other Funds	0.92	0.77			
Employees Welfare	1.09	0.56			
	<u>16.56</u>	<u>14.29</u>			
REDUCTION IN GROSS FINANCE COST					

SCHEDULE "R" SIGNIFICANT ACCOUNTING POLICIES

(A) Accounting Convention

The financial statements have been prepared under the historical cost convention. The Company consistently follows System of accounting as required under the provisions of the Companies Act, 1956.

Accounting Policies not specifically referred to otherwise, are consistent and in consonance with generally accepted Accounting Principles. In applying the accounting policies, consideration has been given to Prudence, Substance over Form and Materiality.

(B) Use of Estimates

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

(C) Revenue Recognition : Sales

Sales includes Sales of goods, Sales tax, Excise Duty and is net of Returns, Discount and Quality rebates.

(D) Fixed Assets

- Fixed assets are stated at cost of acquisition or construction inclusive of incidental expenses and interest on the qualifying assets as per the requirements of the Accounting Standard on Borrowing costs vide Accounting Standard 16 issued by the Institute of Chartered Accountants of India, till the Fixed Assets are ready for use less accumulated depreciation.
- Pre operative expenses, being all direct and indirect expenses incurred for the fixed assets are capitalised and apportioned to the various assets in the respective cost ratios.
- In the case of new projects and substantial modernisation / expansions at existing units of the company, all pre-operative expenditure, initial spares acquired with machines, interest on all the borrowings, whether specific or general, for the purpose are capitalised up to the date of installation to the cost of qualifying Fixed Assets. Till such time the expenditure is carried as Capital work in progress.

(E) Depreciation

- Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in, Schedule-XIV of the Companies Act, 1956, for all its assets during the year under consideration.
- Assets costing less than Rs 5000/- are charged off as depreciation during the year of purchase/installation.
- In case of trademarks, which are acquired, the cost is amortised over the period of estimated life i.e.10 years.
- In Case of Co generation power plant at Biochemical Division, depreciation on Straight Line Method rate at 25% is applied.

(F) Investments

Investments are classified as Long Term Investments and are stated at cost. A provision for diminution in the value of Long Term investment is made only if such decline is other than temporary in the opinion of the management.

(G) Government Grants

The grants received in the nature of promoters' contribution are treated as Capital Reserve.

(H) Inventories

Inventories are valued as under :

	Method of Valuation Of Stocks	Mode of Ascertaining Cost
Raw Material	At Lower of Cost or Net Realisable Value	FIFO
Packing Materials	At Lower of Cost or Net Realisable Value	FIFO
Stores & Spares, Coal & Chemicals	At Lower of Cost or Net Realisable Value	Weighted Average
Work in Progress	At Lower of Cost or Net Realisable Value net of Incremental Cost	Material and Direct Cost
Finished Goods	At Lower of Cost or Net Realisable Value	Material, Labour & Overheads on Absorption Costing in case of Manufactured goods and Costs And Related Direct and Indirect Cost in case of Traded Goods
By Products	Net Realisable Value	-----

(I) Foreign Currency Transaction

- Transaction in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities related to foreign currency transaction, remaining unsettled at the year end are stated at the contracted rates, when converted under forward foreign exchange contracts and at year end rates in other cases. The premium payable on forward foreign exchange contracts is amortised over the period of the contract. Exchange gain/losses are recognized in the Profit and Loss Account except in respect of liabilities incurred to acquire fixed assets in which case, they are adjusted to the carrying amount of such fixed assets.
- The balance in the Exchange Earners Foreign Currency bank account in US Dollars at the year end has been converted into Indian Rupees at the rate prevailing on that date. Any Exchange difference arising resultantly has been dealt in the Profit & Loss Account.

(J) Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

(K) Retirement Benefits

A : Gratuity

For the purpose of the Gratuity, the company has the following accounting policy.

- Solvent (Kadi-old) Division** : The Company has made appropriate provision for gratuity for the employees by taking a policy with Life Insurance Corporation under the Cash Accumulation gratuity scheme. The premium paid to L.I.C.is charged to the Profit & Loss Account in the year of payment. The shortfall in the gratuity payment to the employee is payable by the company and expenditure is debited in the year of such shortfall.
- Other Divisions** : The Accrued liability of gratuity payable to employees has been fully provided on actuarial basis.

B : Leave encashment

The Privilege Leave outstanding against each employee as at the year end are valued in terms of contractual liability for the provision of liability.

C : Provident fund

The Contribution of employer's share to the provident fund is charged to the Profit & Loss account on accrual basis.

(L) Provisions

Provisions are recognized when the company has present legal or constructive obligation, as a result of past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation.

(M) Export Benefits/Incentives

The benefits are accounted on the accrual basis.

(N) Excise Duty

Finished Goods lying at factories have been valued at inclusive of Excise Duty. The Claim of Cenvat for Excise Duty paid on inputs is accounted on the basis of claim. The Cenvat claim for Excise paid on capital goods is accounted when the claim is allowed.

(O) Research and Development

Research and Development expenditure of capital nature are capitalized and those of Revenue nature are charged to Profit and Loss account.

(P) Borrowing Costs

Borrowing Costs that are directly attributed to the acquisition /construction of qualifying assets are capitalized. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(Q) Contingent Liabilities

Contingent liabilities not provided for are stated by way of Notes on Accounts.

SCHEDULE "S" NOTES ON ACCOUNTS : [RS.IN CRORES]

1. Contingent liabilities not provided for in respect of:

PARTICULARS	2004-05	2003-04
(a) Claims against the Company /disputed liabilities not acknowledge as debts	6.54	7.52
(b) Disputed Excise duty, Sales Tax, Motor Spirit Tax Claims	23.28	0.73
(c) Estimated Amount of Contract Pending execution on Capital Account [Net of Advances of Rs 0.11 Crores (P.Y.Rs 2.23 Crores)]	0.86	7.90
(d) Letter of Credit & Bank Guarantee [Net of Margin Money Rs 60.34 Crores (P.Y.Rs 2.44 Crores) & discharged since then]	80.91	21.94
(e) Corporate guarantee in favour of Bank on behalf of wholly owned subsidiary Gujarat Ambuja International Pte.Ltd	13.09 (USD 3 Mn)	13.09 (USD 3 Mn)

2. In the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. The balance in Sundry Debtors, Sundry Creditors and Loans and advances are however, subject to confirmations and adjustments, if any.

3. a) Tax liability calculated U/s. 115 JB of the Income Tax Act, 1961 is provided in the Accounts. No Income Tax liability is ascertained under normal provisions of the Income Tax, in view of available carried forward unabsorbed depreciation & other allowances.

b) **Deferred Tax** : Major Components of Deferred tax liabilities and Deferred tax assets.

PARTICULARS	As At 31st March 2005	As At 31st March 2004
A Deferred tax liabilities		
(i) Depreciation	26.20	23.94
(ii) Other Provisions	0.00	0.11
Total	26.20	24.05
B Deferred tax Assets		
(i) Provisions - 43 B items	0.00	1.59
(ii) Unabsorbed Depreciation	1.10	1.10
Total	1.10	2.69
Net Deferred tax liability	25.10	21.36

4. Sales include realised gain of exchange on forward exchange contracts (Net of Settlements) entered into primarily for hedging purpose : Rs 8.47 Crores (net) (P.Y.Rs 10.09 Crores (net)).

II. (a) QUANTITATIVE INFORMATION:

(Rupees in Crores)

ITEM	Unit	Opening Stock		Production/ Receipts	Sales		Transfer for captive consumption	Closing Stock	
		QTY.	RS.		QTY.	RS.		QTY.	RS.
(A) AGRO PROCESSING DIVISION									
1. Food Products	M.T	14584.560 (5746.723)	59.38 (18.64)	196397.896 (199762.633)	198396.200 (190036.561)	620.69 (616.45)	906.000 (888.235)	11680.256 (14584.560)	36.88 (59.38)
2. Chemicals & Allied Products	M.T	2033.650 (806.575)	1.44 (0.81)	53182.740 (44803.000)	32679.625 (24339.325)	33.93 (23.96)	21799.790 (19236.600)	736.975 (2033.650)	0.62 (1.44)
3. Extractions & Derivatives		14645.657 (18797.337)	11.78 (10.37)	406104.278 (334125.584)	405787.998 (337631.359)	339.45 (305.78)	3097.522 (645.905)	11842.625 (14645.657)	6.25 (11.78)
(B) COTTON YARN DIVISION									
1. Cotton Yarn	M.T	123.998 (228.574)	0.92 (1.82)	12139.080 (11863.510)	12093.514 (11968.086)	127.12 (134.22)	Nil (Nil)	169.564 (123.998)	1.58 (0.92)
2. Others			0.04 (0.07)			7.12 (6.06)			0.17 (0.04)

Note: 1. The figures of previous year are shown in brackets.

2. Actual production includes quantities for captive consumption.

5. The expenditure on account of exchange difference on outstanding forward exchange contracts to be recognised in the Profit and Loss Account of subsequent accounting period aggregate to Rs Nil (P.Y.Rs Nil)

6. Borrowing costs capitalised during the year: Rs.Nil (P.Y.Rs. Nil)

7. Managerial Remuneration : (Rupees in Crores)

PARTICULARS	2004-05	2003-04
Salary	0.45	0.32
Contribution to PF & Other Funds (Rs 28080/- P.Y. Rs 28080/-)	0.00	0.00
Value of Perquisite (As per I.T. Valuation) (Rs 52800/- P.Y. Rs 52800/-)	0.00	0.00

8. As per the information available with the company there are no small scale industrial undertakings to whom the company owed any sum as at 31st March, 2005 and hence there is no balance outstanding for more than 30 days as at 31st March, 2005.

9. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

10. Loan to subsidiary is as follows : (Rupees in Crores)

	2004-05	2003-04
Subsidiary Company : Gujarat Ambuja International Pte. Ltd Maximum amount due during the year :	Nil	Nil

11. Additional Information pursuant to provisions of paragraph 3,4C & 4D of the part II of schedule VI to the Companies Act,1956

I. CAPACITY WITH REGARD TO CLASS OF GOODS MANUFACTURED (Installed capacity is certified by management)

PARTICULARS	Unit	2004-05	2003-04
(A) Solvent Extraction Unit	TPA	990000	450000
(B) Vanaspati Unit	TPA	30000	15000
(C) Refining of any kind of oil	TPA	360000	105000
(D) Maize based Starch, Seed Crushing	TPA	105000	90000
(E) Wheat Products	TPA	112500	45000
(F) 100 % E.O.U. Cotton Spinning Unit Ring Spun Yarn	TPD	30	30

Note : Licenced capacity not indicated due to the abolition of industrial licences as per notification No.S.O.477CE dated 25th July,1991 & capacity registered with SIA & DGTD not being Licence is not indicated.

Note : The above Capacity is as at the last date of the Accounting year.

II.(b) MATERIAL CONSUMED : (Rs. in Crores)

ITEMS	2004-2005		2003-2004	
	QTY. (M.T.)	AMOUNT (RS.)	QTY. (M.T.)	AMOUNT (RS.)
Agro Products	629609.786	793.53	554585.426	856.21
Cotton & Cotton Yarn	14880.365	79.61	16750.94	80.17
Chemicals & Others	N.A.	15.01	N.A.	10.21
Total	644490.151	888.15	571336.366	946.59

12. Value of Imported and Indigenous Raw Material, Stores & Spares consumed. (Rs. in Crores)

PARTICULARS	2004-2005		2003-2004	
	AMOUNT	%	AMOUNT	%
(A) RAW MATERIALS :				
Imported	271.53	30.57	205.84	21.75
Indigenous	616.62	69.43	740.75	78.25
Total	888.15	100.00	946.59	100.00

(B) STORES, SPARES & COMPONENTS :

PARTICULARS	2004-2005		2003-2004	
	AMOUNT	%	AMOUNT	%
Imported	0.36	4.40	0.15	2.19
Indigenous	7.82	95.60	6.70	97.81
Total	8.18	100.00	6.85	100.00

13. Value of Imports on CIF basis during the year : (Rs. in Crores)

PARTICULARS	2004-05	2003-04
	Amount	Amount
Capital Goods	1.78	1.88
Goods	220.19	199.53
Stores & Components	0.36	0.15

14. Earning in Foreign currency during the year : (Rs. in Crores)

PARTICULARS	2004-05	2003-04
	Amount	Amount
FOB Value of Export Sales	405.36	504.28

15. Expenditure in foreign currency during the year : (Rs. in Crores)

PARTICULARS	2004-05	2003-04
	Amount	Amount
Consumables	19.02	18.75
Bank Charges, Foreign Travelling etc.	4.12	3.06
Export Claims	2.47	0.22
Overseas Commission	3.13	2.84
Market Development	0.00	4.78
Membership fees, Books & Periodicals	0.03	0.02
Others	0.64	0.00

16. Earning per Share (EPS) : (Rs. in Crores)

PARTICULARS	2004-05	2003-04
	Amount	Amount
Net Profit as per Profit & Loss Account	26.91	25.37
No. of Equity Shares as at year end.	27863698	27863698
Earning per Equity Shares of Rs 10/- each (Basic & Diluted)	9.659	9.105

17. Segment Information for the year ended 31st March, 2005

(Rs. in Crores)

	2004-05				2003-04			
	Cotton Yarn	Agro Processing	Elimination	Total	Cotton Yarn	Agro Processing	Elimination	Total
(A) Revenue :								
External Sales	133.51	983.20	Nil	1116.71	139.08	937.70	Nil	1076.78
(B) Result :								
(Profit before Interest & tax)								
Segment Result	0.17	43.23	Nil	43.40	16.89	26.90	Nil	43.79
Unallocated Corporate (Expenses/Income)				6.36				6.13
Operating Profit				37.04				37.67
Interest Expenses				6.06				5.11
Interest /Dividend Income				Nil				Nil
Current Tax (Dr.)				1.15				1.51
Deferred Tax (Dr.)				3.74				5.68
Add: Excess Provision of Earlier Years Written Back				0.82				0.00
Net Profit				26.91				25.37
(C) Other Information								
Segment Assets	125.96	309.81		435.77	126.19	332.91		459.10
Unallocated Corporate Assets			7.23	7.23			7.88	7.88
Total Assets	125.96	309.81	7.23	443.00	126.19	332.91	7.88	466.98
Segment Liabilities	21.34	151.39		172.73	32.43	196.71		229.14
Unallocated Corporate liabilities			34.22	34.22		25.20		25.20
Total Liabilities	21.34	151.39	34.22	206.95	32.43	196.71	25.20	254.34
Net Assets	104.62	158.42	26.99	236.05	93.76	136.20	17.32	212.64
Capital Expenditure (Net) Capitalised	9.24	41.80		51.04	4.39	22.11		26.50
Depreciation	12.76	10.82		23.58	9.90	9.85		19.75
Non-cash Expenses other than depreciation/amortisation	0.48	Nil		0.48	0.03	Nil		0.03

18. Related Party Disclosure

The disclosure in pursuance to Accounting Standard-18 on "Related Party disclosures" is as under :

(a) Name of Related Parties & Relationship

Name	Relationship	Manner
(1) Gujarat Ambuja International Pte.Ltd. Singapore	Subsidiary Company	100% Holding of Equity shares of the subsidiary
(2) Vijaykumar Gupta	Managing Director (Key Managerial person)	Key Managerial person & person exercising more than 20% voting power.
(3) Manishkumar Gupta	Managing Director (Key Managerial person)	Key Managerial person & Relative as Son of Mr.Vijaykumar Gupta
(4) Sulochana Gupta	Relative	Relative as wife of Mr.Vijaykumar Gupta & mother of Manish Gupta
(5) Shilpa Gupta	Relative	Relative as wife of Mr.Manish Gupta
(6) Mohit Gupta	Relative	Relative as son of Mr.Vijaykumar Gupta & Brother of Mr.Manish Gupta
(7) P.G.Makhija	Executive Director (Key Managerial Person)	Key Managerial Person

(b) Transactions during the year & Balances outstanding as at the year end with the Related Parties: (Rs. in Crores)

Transaction	Total	Subsidiary	Enterprise significantly influenced by Key Managerial Person	Key Managerial Person	Relative of Key Managerial Person
(a) Sale of Goods	1.37	1.37	0.00		
P.Y.	(20.17)	(20.47)	(Nil)		
(b) Managerial Remuneration	0.45			0.45	
P.Y.	(0.32)			(0.32)	
(c) Services : Sitting Fees (Rs 20000/-P.Y. Rs 25000/-)	Nil			Nil	Nil
(d) Dividend paid	1.75			1.45	0.30
P.Y.	(Nil)			(Nil)	(Nil)
Balance Outstanding as at 31.03.2005					
Amount Payable	0.89	0.89	Nil		
P.Y.	(0.89)	(0.89)	(Nil)		

19. Disclosure as per AS 29 :

a. Summary of Changes in Contingent Liabilities : (Rs. In Crores)

Class	As At 31.03.04	Materialised as Liability	Reversals	Estimated additions	As at 31.03.05
(a) Claims against the Company / disputed liabilities not acknowledged as debts.	7.52	0.00	1.01	0.03	6.54
(b) Disputed Excise duty, Sales Tax, Motor Spirit Tax Claim	0.73	0.00	0.71	23.26	23.28
(c) Estimated Amount of contracts Pending execution on Capital Account [Net of Advances of Rs. 0.11 Crores (P.Y. Rs. 2.23 Crores)]	7.90	0.00	7.90	0.86	0.86
(d) Letter of Credit & Bank Guarantee [Net of Margin Money Rs. 60.34 Crores (P.Y. Rs. 2.44 Crores) & discharged since then]	21.94	0.00	21.94	80.99	80.91
(e) Corporate guarantee in favour of Bank on behalf of wholly owned subsidiary Gujarat Ambuja International Pte. Ltd	13.09	0.00	0.00	0.00	13.09

b. Summary of Provisions : (Rs. In Crores)

Class	As At 31.03.04	Paid	Reversal	Estimated additions	As At 31.03.05
(a) Proposed Dividend	3.14	3.14	0.00	3.49	3.49
(b) Tax Balances [Net of current Assets]	0.43	0.00	0.43	0.00	0.00
(c) Retirement Benefits	1.79	0.00	0.00	0.15	1.94

**20. BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE :**

I. REGISTRATION DETAILS :			
Regn.No16151 of 1991-92	State Code : 04	Balance Sheet Date : 31.03.2005	
II. CAPITAL RAISED DURING THE YEAR			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS			
Total Liabilities	379.39	Total Assets	379.39
SOURCES OF FUNDS :			
Paid up Capital	27.86	Reserves & Surplus	208.19
Secured Loans	117.28	Unsecured Loans	0.96
Deferred tax Liability(Net)	25.10		
APPLICATION OF FUNDS :			
Net Fixed Assets	170.99	Investment	7.23
Net Current Assets	201.17	Misc.Expenditure	Nil
Accumulated Losses	Nil		
IV. PERFORMANCE OF THE COMPANY			
Turnover	1128.31	Total Expenditure	1097.33
Profit/Loss before tax	30.98	Profit/Loss after Tax	26.91
Earning per share in Rs.	9.659	Dividend Rate	11%
		(Proposed)	
V. GENERIC NAMES OF THREE PRINCIPLE PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)			
Item Code No. (ITC CODE)	Product Description		
150710.00	SOYABEAN OIL AND ITS FRACTIONS		
110812.00	MAIZE STARCH		
110100.00	WHEAT FLOUR		
520534.09	COTTON YARN		

**21. Previous years figures are regrouped / rearranged wherever
considered necessary.**

For **KANTILAL PATEL & CO** **For and on behalf of Board**
CHARTERED ACCOUNTANTS

VIJAYKUMAR GUPTA
(CHAIRMAN & MANAGING DIRECTOR)

ASHWIN AMIN
PARTNER
Membership No.: 35070

MANISH GUPTA
MANAGING DIRECTOR

KAUSHIK C. KHONA
(CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY)

Date : 9th June, 2005
Place : Ahmedabad

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005
[Rupees in Crores]

S. No	PARTICULARS	YEAR 2004-05		YEAR 2003-04	
		RS.	RS.	RS.	RS.
A. CASH FLOW FROM OPERATING ACTIVITIES:-					
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS,			30.98		32.56
ADJUSTMENTS FOR					
Depreciation		23.58		19.75	
Interest Paid		8.38		9.95	
Interest Received		-2.32		-4.84	
Dividend Received [(Rs. 48336/- (P.Y. 52601/-)]		Nil		Nil	
Profit/Loss on Sales of Investment		-0.06		-0.47	
Profit/Loss on Sales of Assets		0.44		0.04	
			30.02		24.43
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			61.00		56.99
ADJUSTMENTS FOR					
Trade and other Receivables		20.78		-44.80	
Inventories		84.38		-137.10	
Trade Payables		35.01		5.79	
			140.17		-176.11
CASH GENERATED FROM OPERATIONS			201.17		-119.12
CASH FLOW BEFORE EXTRAORDINARY ITEMS					
EXTRAORDINARY ITEMS :					
Dividend & Tax on Distribution		-3.50		-3.13	
Tax Provision		-0.33		-1.51	
			-3.83		-4.64
NET CASH FROM OPERATING ACTIVITIES[A]			197.34		-123.76
B. CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets		-51.03		-26.51	
Sales of Fixed Assets		0.27		25.52	
Purchase of Investments		-3.67		-17.90	
Sales/Share reduction of Investments [P.Y:Rs 12090]		4.38		13.63	
Interest Received		2.32		4.84	
Dividend Received[(Rs48336/- (P.Y.52601/-)]		Nil		Nil	
NET CASH GENERATED IN INVESTING ACTIVITIES [B]			-47.73		-0.42
			149.61		-124.18
C. CASH FLOW FROM FINANCING ACTIVITIES					
Surplus on Amalgamation		Nil		5.86	
Repayment/Proceeds from Bank Borrowings		-86.30		136.71	
Capital Subsidy received		Nil		0.50	
Proceeds from Unsecured Loans		0.15		0.52	
Interest Paid		-8.38		-9.95	
NET CASH USED IN FINANCING ACTIVITIES [C]			-94.53		133.64
NET INCREASE IN CASH & CASH EQUIVALENTS[A+B-C]			55.08		9.46
Cash & Cash Equivalents as at (Opening Balance) 01/04/2004		13.37		3.91	
Cash & Cash Equivalents as at (Closing Balance) 31/03/2005		68.45		13.37	
			55.08		9.46

- The Cash flow statement has been prepared by the indirect method as set out in the accounting standard-3 on Cash Flow statement issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents include

	As at	As at
	31.03.2005	31.03.2004
Cash in hand(including cheques on hand)	0.33	0.25
With Scheduled Banks on		
Current Accounts	7.50	7.80
Bank-Dividend Account	0.11	0.36
Short term Deposits	60.51	4.96
	68.45	13.37
- The above Cash Flow statement has been prepared under the "indirect Method" as set out in Accounting Standard -3 on Cash Flow statements issued by the Institute of Chartered Accountants of India.
- Corresponding figures of the previous year have been regrouped wherever necessary to confirm to current year's figures.

This is the Cashflow Statement referred to **For and on behalf of the Board**
in our report of even date

For **KANTILAL PATEL & CO** **VIJAYKUMAR GUPTA**
CHARTERED ACCOUNTANTS (CHAIRMAN & MANAGING DIRECTOR)

ASHWIN AMIN
PARTNER
Membership No.: 35070

MANISH GUPTA
MANAGING DIRECTOR

KAUSHIK C. KHONA
(CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY)

Date : 9th June, 2005
Place : Ahmedabad

**REPORT OF GUJARAT AMBUJA INTERNATIONAL PTE LTD
(Incorporated in the Republic of Singapore)**

DIRECTORS' REPORT

The Directors present their report to the members together with the audited financial statements of the company for the year ended 31st March, 2005.

1. Directors

The directors of the Company in office at the date of this report are:-
MANISH VIJAY KUMAR GUPTA
VIJAY KUMAR GUPTA
GUPTA SHILPA

2. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures of the company or any other body corporate.

3. Directors' Interest in Shares and Debentures

According to the Register of Directors' Shareholdings kept by the company under Section 164 of the Companies Act, Cap. 50, the following directors who held office at the end of the financial year were interested in shares of the company and its related corporations as follows.

**Shares of IRS. 10/- each in
GUJARAT AMBUJA EXPORTS LTD.**

Names of the Director	At the beginning of the year	At the end of the year
MANISH VIJAYKUMAR GUPTA	3,240,894	3,240,894
VIJAYKUMAR GUPTA	10,181,494	11,375,020

4. Directors' contractual benefits

During the year, no director has received or become entitled to receive a benefit by reason of a contract made by the company or by a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest other than those disclosed in the financial statements.

5. Auditors

The Auditors, M/S. MGI N Rajan Associates have expressed their willingness to accept re-appointment

**On behalf of the Board of Directors
(MANISH VIJAY KUMAR GUPTA)**

Director

India (VIJAY KUMAR GUPTA)

Date : 8th June, 2005 Director

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes thereon, are drawn up in accordance with and comply with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31st March 2005 and of the results of the business, changes in equity and cash flows of the company for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

**On behalf of the Board of Directors
(MANISH VIJAY KUMAR GUPTA)**

Director

India (VIJAY KUMAR GUPTA)

Date : 8th June, 2005 Director

AUDITORS' REPORT

To the members of

Gujarat Ambuja International Pte. Ltd.

The financial statements of Gujarat Ambuja International Pte. Ltd. for the accounting year 31st March, 2005 being a company registered in the republic of Singapore, are audited by MGI N RAJAN Associates, Certified Public Accountants, Singapore, and we have been furnished with their audit report dated 8th June, 2005.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with the requirements of Section 212 of the Companies Act, 1956. We give our report hereunder:

1 We have audited the attached Balance Sheet of Gujarat Ambuja International Pte. Ltd. as at 31st March 2005 and the Profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion of these financial statements based on our audit.

2 Gujarat Ambuja International Pte. Ltd. incorporated in Republic of Singapore is the wholly owned subsidiary of Gujarat Ambuja Exports Ltd.

3 Our audit is limited to the extent of verifying whether the financial statements have been converted in Indian Rupees and that the accounting standards as envisaged under Section 211(3C) of Companies Act, 1956 have been complied with and whether the accounts are presented in accordance with Schedule VI of the Companies Act, 1956.

4 Further to above & relying upon the above referred financial statements and auditors report dated 8th June, 2005, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- The balance sheet and profit & loss account dealt with by this report are in agreement with the books of account;
- In our opinion, the balance sheet and profit & loss account deal with this report comply with the Accounting Standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors, as on 31st March 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- In our opinion, on the basis of information and explanations given to us and relying upon the above referred financial statements and auditors' report thereon, the accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- In the case of the balance sheet, of the state of affairs of the Company as at 31st March 2005; and
- In the case of profit & loss account, of the "loss" for the year ended on that date; and
- In the case of cash flow statement, of the cash flows of the company for the year ended on that date.

**For KANTILAL PATEL & CO.
Chartered Accountants**

**ASHWIN AMIN
Partner**

**Place : Ahmedabad
Date : 9th June, 2005**

Membership No.: 35070

Gujarat Ambuja International Pte. Ltd. (Incorporated in Singapore)
BALANCE SHEET AS AT 31st MARCH 2005

(Rs. In Crores)

PARTICULARS	SCHE- DULE	AS AT 31.03.05 AMT.	AS AT 31.03.04 AMT.
(A) SOURCES OF FUND			
SHARE HOLDERS' FUND			
Share Capital	A	1.99	1.99
Reserves & Surplus	B	-0.16	0.11
		<u>1.83</u>	<u>2.10</u>
LOAN FUNDS			
Secured Loans	C	0.00	0.00
Unsecured Loans	D	0.00	0.00
		<u>0.00</u>	<u>0.00</u>
DEFERRED TAX LIABILITY			
Deferred tax liability		0.00	0.00
Deferred tax assets		0.12	0.07
		<u>-0.12</u>	<u>-0.07</u>
TOTAL-		<u>1.71</u>	<u>2.03</u>
(B) APPLICATION OF FUNDS			
FIXED ASSETS	E		
Gross Block		0.08	0.08
Less : Depreciation		0.08	0.08
Net Block		<u>0.00</u>	<u>0.00</u>
Add : Capital work in Progress		0.00	0.00
		<u>0.00</u>	<u>0.00</u>
INVESTMENTS	F	0.00	0.00
CURRENT ASSETS, LOANS & ADVANCES	G		
Inventories		0.75	0.73
Sundry Debtors		0.00	0.00
Cash & Bank Balances		0.42	0.56
Loans & Advances		0.93	0.89
		<u>2.10</u>	<u>2.18</u>
Less : Current Liabilities	H	0.39	0.15
Provisions	I	0.00	0.00
		<u>0.39</u>	<u>0.15</u>
Net Current Assets		<u>1.71</u>	<u>2.03</u>
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		NIL	NIL
TOTAL-		<u>1.71</u>	<u>2.03</u>
Significant Accounting Policies	R		
Notes forming part of the Accounts	S		

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2005

(Rs. In Crores)

PARTICULARS	SCHE- DULE	FOR THE YR. ENDED 31.03.2005	FOR THE YR. ENDED 31.03.2004
		AMOUNT	AMOUNT
(A) INCOME			
Sales	J	5.42	29.25
Less : Excise Duty		0.00	0.00
Net Sales		<u>5.42</u>	<u>29.25</u>
Other Income	K	0.00	0.02
TOTAL - "A"		<u>5.42</u>	<u>29.27</u>
(B) EXPENDITURE			
Cost of Goods Sold	L	5.25	28.10
Manufacturing Expenses	M	0.00	0.00
Employees' Cost	N	0.34	0.23
Administrative Expenses	O	0.09	0.11
Sales Expenses	P	0.00	0.00
Loss on Sale of Fixed Assets		0.00	0.00
Finance & Other Charges	Q	0.09	0.18
Depreciation [Rs.17035/- (P.Y. Rs.20230/-)]		0.00	0.00
TOTAL - "B"		<u>5.77</u>	<u>28.62</u>
Profit before Tax (A-B)		<u>-0.35</u>	<u>0.65</u>
Provision for Taxation			
- Current tax		0.00	0.00
- Deferred tax		-0.05	-0.07
Profit after Tax		<u>-0.30</u>	<u>0.72</u>
Add: Balance of Profit from Previous Year		-0.15	-0.87
Profit available for appropriation		<u>-0.45</u>	<u>-0.15</u>
APPROPRIATION			
Balance carried to Balance Sheet		-0.45	-0.15
TOTAL		<u>-0.45</u>	<u>-0.15</u>
Earning per Ordinary Share of S\$ 1/- each (Basic & Diluted) (in Rs.)		-3.566	8.330
Significant Accounting Policies	R		
Notes forming part of the Accounts	S		

This is the Balance Sheet referred to in our report of the date
For KANTILAL PATEL & CO
CHARTERED ACCOUNTANTS

ASHWIN AMIN
PARTNER
MEMBERSHIP NO. : 35070

Date : 9th June, 2005
Place : Ahmedabad

For and on behalf of Board
VIJAYKUMAR GUPTA
(DIRECTOR)

MANISH GUPTA
(DIRECTOR)

Date : 9th June, 2005
Place : Ahmedabad

This is the Profit & Loss Account referred to in our report of the date
For KANTILAL PATEL & CO
CHARTERED ACCOUNTANTS

ASHWIN AMIN
PARTNER
MEMBERSHIP NO. : 35070

Date : 9th June, 2005
Place : Ahmedabad

For and on behalf of Board
VIJAYKUMAR GUPTA
(DIRECTOR)

MANISH GUPTA
(DIRECTOR)

Date : 9th June, 2005
Place : Ahmedabad

Gujarat Ambuja International Pte. Ltd. (Incorporated in Singapore)
SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2005

Rs. in Crores

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "A" SHARE CAPITAL		
Authorised		
1000000 (P.Y. 1000000) Ordinary shares of S\$ 1/- each converted in Indian Rupee at the Balance Sheet Date	2.33	2.33
	<u>2.33</u>	<u>2.33</u>
Issued,Subscribed and Paid Up Capital :		
854212 (P.Y.854212) Ordinary Shares of S \$ 1/- each fully paid converted in Indian Rupees	1.99	1.99
	<u>1.99</u>	<u>1.99</u>
SCHEDULE "B" RESERVE & SERPLUS		
Translation Reserve		
As per last account	0.22	0.31
Add : Additions / Adjustments during the year	0.05	-0.09
	<u>0.27</u>	<u>0.22</u>

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "B" RESERVE & SERPLUS (Cont.)		
Exchange Reserve		
As per last account	0.04	0.01
Add : Additions / Adjustments during the year	-0.02	0.03
	<u>0.02</u>	<u>0.04</u>
Profit and Loss Account		
	-0.45	-0.15
	<u>-0.16</u>	<u>0.11</u>
SCHEDULE "C" SECURED LOANS		
(A) Term Loans	0.00	0.00
(B) Other Loans (Working Capital)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
SCHEDULE "D" UNSECURED LOANS		
	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
SCHEDULE "F" INVESTMENTS (AT COST)		
	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

SCHEDULE "E" FIXED ASSETS

Sr. No.	Particulars	Gross Block			Depreciation			Net Block		
		As At 01.04.04	Additions/ (Deductions) during the year	Total As At 31.03.05	As At 01.04.04	For the year	Deductions during the year	Total as at 31.03.05	As At 31.03.05	As At 31.03.04
1	Furniture & Fixtures	0.04	0.00	0.04	0.04	0.00	0.00	0.04	0.00 (Rs.26/-)	0.00 (Rs.26/-)
2	Office Equipments	0.04	0.00	0.04	0.04	0.00	0.00	0.04	0.00 (Rs.220/-)	0.00 (Rs.17255/-)
	TOTAL :	0.08	0.00	0.08	0.08	0.00	0.00	0.08	0.00 (Rs.246/-)	0.00 (Rs.17281/-)
	Previous year	0.08	0.00	0.08	0.08	0.00	0.00	0.08	0.00 (Rs.17605/-)	0.00 (Rs.37835/-)

Note : Figures in bracket are amount in Rupees.

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "G" CURRENT ASSETS, LOANS AND ADVANCES		
(A) Current Assets		
1 Inventories (As taken,Valued & Certified by the management)		
Finished Goods	0.75	0.73
	<u>0.75</u>	<u>0.73</u>
2 Sundry Debtors (Unsecured,Considered Good) Others	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
3 Cash & Bank Balances Cash on Hand [Rs.185/(P.Y.Rs.Nil)] Balance with Banks (a) on Current account	0.00	0.00
	<u>0.01</u>	<u>0.13</u>

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "G" CURRENT ASSETS, LOANS AND ADVANCES (Cont.)		
3 Cash & Bank Balances (Cont.) (b) on Fixed Deposit account	0.41	0.43
	<u>0.42</u>	<u>0.56</u>
4 Loans & Advance (Unsecured,Considered Good) Advances recoverable in cash or in kind or for value to be received Advances for Goods & Expenses	0.01	0.01
	0.92	0.88
	<u>0.93</u>	<u>0.89</u>
SCHEDULE "H" CURRENT LIABILITIES		
Creditors for Goods & Expenses & other Liabilities	0.39	0.15
	<u>0.39</u>	<u>0.15</u>
SCHEDULE "I" PROVISIONS		
	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005 Rs. in Crores

	YR. ENDED 31.03.2005	YR. ENDED 31.03.2004
SCHEDULE "J" SALES		
Sales	5.42	29.25
	<u>5.42</u>	<u>29.25</u>
SCHEDULE "K" OTHER INCOME		
Miscellaneous Income	0.00	0.02
	<u>0.00</u>	<u>0.02</u>
SCHEDULE "L" COST OF GOODS SOLD		
Opening Stock		
Finished Goods	0.73	0.97
Add : Material Purchased / acquired	5.27	27.86
	<u>6.00</u>	<u>28.83</u>
Less : Closing Stock - Finished Goods	0.75	0.73
Total Cost of Goods Sold	5.25	28.10
SCHEDULE "M" MANUFACTURING EXPENDITURE		
	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
SCHEDULE "N" EMPLOYEES COST		
Salary,Wages & Bonus	0.33	0.22
Contribution to Provident Fund & Other Funds	0.01	0.01
Employees Welfare [Rs.16197/- (P.Y.Rs.3621/-)]	0.00	0.00
	<u>0.34</u>	<u>0.23</u>

	YR. ENDED 31.03.2005	YR. ENDED 31.03.2004
SCHEDULE "O" ADMINISTRATIVE EXPENSES		
Electric Expenses [Rs.5181/- (P.Y.Rs.9037/-)]	0.00	0.00
Printing,Stationery,Postage & Telephone	0.02	0.02
Legal & Professional Expenses	0.01	0.01
Rent	0.04	0.05
Payment to Auditors :		
For Audit	0.01	0.01
General Administrative Charges	0.01	0.02
	<u>0.09</u>	<u>0.11</u>
SCHEDULE "P" SALES EXPENSES		
	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
SCHEDULE "Q" FINANCE & OTHER CHARGES		
Interest on Working Capital Loans	0.02	0.06
Bank and Other Financial Charges	0.04	0.11
Swaping , Forex & Other Expenses	0.04	0.01
	<u>0.10</u>	<u>0.18</u>
LESS : INCOME		
Interest on Bank Deposits	0.01	0.00
	<u>0.01</u>	<u>0.00</u>
Net Expenditure	0.09	0.18

Gujarat Ambuja International Pte. Ltd. (Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2005

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1) GENERAL INFORMATION

The financial statements of the company for the year ended 31 March 2005 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The company is incorporated as a limited liability company and domiciled in the Republic of Singapore.

The principal activities of the company are to carry on the business of importers & exporters, Purchasing agents and representative for all general merchandise.

The company's registered office & principal place of business address is at **101 Cecil Street, # 11-11, Tong Eng Building, Singapore 069533.**

The Company had employed "2" (2004: 1) employees as at 31 March 2005.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) SYSTEM OF ACCOUNTING

- i) The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.
- iii) All expenditure and income to the extent considered payable and receivable respectively are accounted for on accrual basis except those with significant uncertainties.

b) Property, plant & equipment & depreciation

All items of property, plant and equipment are initially recorded at cost. All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off or revealed amount of other property, plant and equipment over their useful lives. The estimated rates have been taken as follows: -

Computers & accessories	33 1/3 %
Furniture and Fittings	33 1/3 %
Office Equipment	33 1/3 %

Repairs and maintenance are taken to the profit and loss account during the financial period in which they are incurred. Interest on borrowings to finance the property, plant and equipment is capitalised during the period of time that is required to complete and prepare each asset for its intended use. All other borrowing costs are expensed. Full depreciation is provided in the year of the purchase and no depreciation is provided in the year of disposal.

c) Revenue recognition

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

Revenue from interest on fixed deposit is recognised on accrual basis.

d) Deferred income taxes

The company adopts the liability method of tax effect accounting. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset relating to the deductible temporary differences arises from goodwill or the initial recognition of an asset or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.)

The statutory tax rates enacted the balance sheet date are used to determine deferred income tax.

e) Impairment of assets

The carrying amounts of the assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or cash-generating unit recoverable amount. All impairment losses are recognised in the profit and loss account. Recoverable amount is defined as the higher of value in use and net selling price.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

f) CONVERSION TO INDIAN RUPEES

For the purpose of accounts, all income and expense items are converted at the average rate of exchange applicable for the year. All assets and Liabilities are translated at the closing rate as on the balance sheet date. The exchange difference arising out of the year-end translation is debited or credited to "Exchange reserve".

The share capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the year end are transferred to "Translation Reserve" account and the said account is being treated as " Reserve and Surplus"

3. TAXATION

	2005	2004
	Rupees	Rupees
Current year provision	0.00	0.00
Deferred Assets	(0.12)	(0.07)
	<u>(0.12)</u>	<u>(0.07)</u>

No provision for current period taxation is required, as the Company has incurred a tax loss under review, subject to finalisation by the Inland Revenue Authority of Singapore.

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on company's profits as a result of the following:

	2005	2004
	Rupees	Rupees
Profit before taxation	(0.35)	0.64
Tax at statutory rate of 20% (2004: 20%)	(0.07)	0.13
Tax effect on no-deductible expenses	0.00	0.00
Deferred tax asset on losses not recognized	0.00	0.00
In previous year	(0.05)	(0.13)
Singapore statutory stepped income Exemption	0.00	0.00
	<u>(0.12)</u>	<u>0.00</u>

The company has appealed for the disallowances with regard to disallowed items by the IRAS (Inland Revenue Authority of Singapore) and the Company's deferred tax asset in the financial statements has been arrived based on the company's accumulated loss as per Company's books. The ultimate outcome of the matter cannot presently be determined and should the appeal be not successful the deferred tax benefit will reduce accordingly by S\$27,823.

4. DEFERRED TAXATION

	2005	2004
	Rupees	Rupees
Balance b/f	(0.07)	0.00
Deferred tax assets on losses	(0.05)	(0.07)
Deferred tax liability on temporary Differences	0.00	0.00
Balance carried forward	<u>(0.12)</u>	<u>(0.07)</u>

5. FINANCIAL INSTRUMENTS

Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the balance sheet approximate to their fair value.

6. RELATED PARTY DISCLOSURES

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the company with related parties at negotiated rates.

During the year the company has entered into transaction with a related party as shown below: -

	2005	2004
	Rupees	Rupees
Purchases from holding company	1.37	19.66
Amount Receivable as at 31st March 2005	0.89	0.88

7. CONTINGENT LIABILITIES

There are contingent liabilities outstanding against the company in the form of: -

	2005	2004
	Rupees	Rupees
Disputed Income Tax	0.07	0.00

8. HOLDING ULTIMATE & HOLDING COMPANY

The company's holding and ultimate company is Gujarat Ambuja Export Ltd, a company incorporated in India.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation and/or changes and updates in the Singapore Financial Reporting Standard.

For **KANTILAL PATEL & CO.**
CHARTERED ACCOUNTANTS

ASHWIN AMIN
PARTNER
Membership No : 35070

Date : 9 th June'2005
Place: Ahmedabad

For and on behalf of Board

VIJAYKUMAR GUPTA
(DIRECTOR)

MANISH GUPTA
(DIRECTOR)

Date : 9 th June'2005
Place: Ahmedabad

Gujarat Ambuja International Pte. Ltd. (Incorporated in Singapore)

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rupees in Crores)

	YEAR 2004-05		YEAR 2003-04	
	RS.	RS.	RS.	RS.
A. CASH FLOW FROM OPERATING ACTIVITIES:-				
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS,		(0.35)		0.65
ADJUSTMENTS FOR				
Depreciation	0.00		0.01	
Interest Paid	0.10		0.19	
Interest Received	(0.01)		(0.01)	
		<u>0.09</u>		<u>0.19</u>
OPERATING PROFIT BEFORE WORKING		(0.26)		0.84
CAPITAL CHANGES, ADJUSTMENTS FOR				
Trade and other Receivables	(0.04)		(0.88)	
Inventories	(0.02)		0.26	
Trade Payables	0.24		0.13	
		<u>0.18</u>		<u>(0.49)</u>
CASH GENERATED FROM OPERATIONS		(0.08)		0.35
CASH FLOW BEFORE EXTRAORDINARY ITEMS				
EXTRAORDINARY ITEMS :				
Dividend & Tax on Distribution	0.00		0.00	
Tax Provision	0.00		0.00	
NET CASH FROM OPERATING ACTIVITIES		<u>0.00</u>		<u>0.00</u>
		(0.08)		0.35
B. CASH FLOW FROM INVESTING ACTIVITIES				
Interest Received	0.01		0.01	
NET CASH GENERATED IN INVESTING ACTIVITIES		<u>0.01</u>		<u>0.01</u>
		(0.07)		0.36
C. CASH FLOW FROM FINANCING ACTIVITIES				
Interest Paid	(0.10)		(0.19)	
NET CASH USED IN FINANCING ACTIVITIES		(0.10)		(0.19)
D. OTHERS				
Adjustments - Reserves		0.03		(0.06)
NET INCREASE IN CASH & CASH EQUIVALENTS		(0.14)		0.11
Cash & Cash Equivalents as at (Opening Balance) 01/04/2004	0.56		0.45	
Cash & Cash Equivalents as at (Closing Balance) 31/03/2005	0.42		0.56	
		<u>(0.14)</u>		<u>0.11</u>

1 The Cash flow statement has been prepared by the Standard - 3 on Cash Flow statement issued by the Institute of Chartered Accountants of India.

	As at	As at
	31.03.05	31.03.04
Cash and cash equivalents include :	0.00	0.00
Cash in hand(including cheques on hand)		
With Scheduled Banks on :		
Current Accounts	0.01	0.13
Short term Deposits	0.41	0.43
	<u>0.42</u>	<u>0.56</u>

This is the Cashflow Statement referred to in our report of even date

For **KANTILAL PATEL & CO**
CHARTERED ACCOUNTANTS

VIJAYKUMAR GUPTA
(DIRECTOR)

ASHWIN AMIN
PARTNER
MEMBERSHIP NO. : 35070

MANISH GUPTA
(DIRECTOR)

Date : 9th June, 2005
Place : Ahmedabad

Date : 9th June, 2005
Place : Ahmedabad

Consolidated Financial Statements

Gujarat Ambuja Exports Ltd. : Holding Company
Gujarat Ambuja International Pte. Ltd. : Subsidiary Company

AUDITORS' REPORT

To the Board of Directors of Gujarat Amubja Exports Ltd.

On the Consolidated financial statements of Gujarat Ambuja Exports Ltd. and its subsidiary.

1. We have audited the attached Consolidated Balance Sheet of Gujarat Ambuja Exports Ltd. (the Company) and its subsidiary as at 31st March 2005, the Consolidated Profit & Loss and the consolidated Cash Flow statement for the year ended on that date.

These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

3. We did not audit the financial statements of a subsidiary, Gujarat Amubja International Pte. Ltd., Singapore, whose financial statements reflect total assets of Rs. 2,09,27,499/- as at 31st March, 2005 and total revenues of Rs.5,41,59,044/- for the year ended on that date as considered in the consolidated financial statements. These financial statements and other financial information of the subsidiary have been audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of subsidiary, is based solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by The Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiary, we are of the opinion that the said consolidated financial statements together with notes thereon, give true and fair view in conformity with the accounting principles generally accepted in India,

(a) In the case of Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31st March 2005.

(b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the company and its subsidiary for the year ended on that date

and

(c) In the case of consolidated Cash Flow Statement, of the consolidated cash flows of the company and its subsidiary for the year ended on that date.

For **KANTILAL PATEL & CO**
CHARTERED ACCOUNTANTS

ASHWIN AMIN

PARTNER

MEMBERSHIP NO. : 35070

Date : 9th June, 2005
Place : Ahmedabad

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2005

[Rupees in Crores]

	SCHEDULE	AS AT	
		31.03.2005	31.03.2004
		AMOUNT	AMOUNT
(A) SOURCES OF FUND			
SHARE HOLDERS' FUND			
Share Capital	A	27.86	27.86
Reserves & Surplus	B	207.95	184.83
			<u>212.69</u>
			235.81
LOAN FUNDS			
Secured Loans	C	117.28	203.58
Unsecured Loans	D	0.96	0.81
			<u>204.39</u>
			118.24
DEFERRED TAX LIABILITY			
Deferred tax liability		26.20	24.05
Deferred tax assets		1.22	2.76
			<u>21.29</u>
			24.98
TOTAL-			<u>379.03</u>
			<u>438.37</u>
(B) APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	E	286.73	223.31
Less : Depreciation		115.89	93.74
Net Block		170.84	129.57
Add : Capital work in Progress		0.15	14.67
			<u>144.24</u>
			170.99
INVESTMENTS			
	F		5.82
			5.17
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	129.22	213.59
Sundry Debtors		61.83	77.37
Cash & Bank Balances		68.87	13.93
Loans & Advances		6.95	11.27
		<u>266.87</u>	<u>316.16</u>
Less : Current Liabilities	H	58.56	22.49
Provisions	I	5.44	5.36
		<u>64.00</u>	<u>27.85</u>
Net Current Assets			202.87
			<u>288.31</u>
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			NIL
			NIL
TOTAL			<u>379.03</u>
			<u>438.37</u>
Significant Accounting Policies	R		
Notes forming part of the Accounts	S		

This is the Balance Sheet referred to in our report of even date

FOR, KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS

ASHWIN AMIN
PARTNER
Membership No.: 35070

PLACE : AHMEDABAD
Date : 9th June, 2005

For and on behalf of the Board

VIJAYKUMAR GUPTA
(CHAIRMAN & MANAGING DIRECTOR)

MANISH V.GUPTA
(MANAGING DIRECTOR)

KAUSHIK C.KHONA
(CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY)

PLACE: AHMEDABAD
Date : 9th June, 2005

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

[Rupees in Crores]

	SCHEDULE	FOR THE YEAR ENDED 31.03.2005 AMOUNT	FOR THE YEAR ENDED 31.03.2004 AMOUNT
(A) INCOME			
Sales	J	1132.36	1095.25
Less : Excise Duty		11.60	9.70
Net Sales		1120.76	1085.55
Other Income	K	0.13	0.99
TOTAL - "A"		1120.89	1086.54
(B) EXPENDITURE			
Cost of Goods Sold	L	920.22	912.73
Manufacturing Expenses	M	56.77	44.40
Employees' Cost	N	16.89	14.53
Administrative Expenses	O	6.45	6.23
Sales Expenses	P	59.75	51.18
Loss on Sale of Fixed Assets		0.44	0.04
Finance & Other Charges	Q	6.14	5.29
Depreciation		23.59	19.75
TOTAL - "B"		1090.25	1054.15
Profit before Tax (A-B)		30.64	32.39
Provision for Taxation			
- Current tax		1.15	1.51
- Deferred tax		3.69	5.61
- Less : Excess Provision of Earlier Years Written Back		(-) 0.82	0.00
Profit after Tax		26.62	25.27
Add : Balance of Profit from Previous Year		46.00	23.75
Add : Exchange Reserve		0.81	0.10
Add : Balance of Profit & Loss Account in Pursuance of Scheme of Amalgamation		0.00	0.02
Profit available for appropriation		73.43	49.14
APPROPRIATION			
Transferred to General Reserve		3.00	0.00
Proposed Dividend (11% p.a.) (P.Y. 10%p.a.)		3.06	2.79
Provision for Dividend Distribution Tax.		0.43	0.35
Balance carried to Balance Sheet		66.94	46.00
TOTAL		73.43	49.14
Earning per Equity Share of Rs.10/- each (Basic & Diluted)		9.553	9.068
Significant Accounting Policies	R		
Notes forming part of the Accounts	S		

This is the Profit & Loss Account referred to in our report of even date

FOR, KANTILAL PATEL & CO.
CHARTERED ACCOUNTANTS

ASHWIN AMIN
PARTNER
Membership No.: 35070

PLACE : AHMEDABAD
Date : 9th June, 2005

For and on behalf of the Board

VIJAYKUMAR GUPTA
(CHAIRMAN & MANAGING DIRECTOR)

MANISH V.GUPTA
(MANAGING DIRECTOR)

KAUSHIK C.KHONA
(CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY)

PLACE: AHMEDABAD
Date : 9th June, 2005

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005 Rs. in Crores

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "A" SHARE CAPITAL		
AUTHORISED		
3000000(P.Y.30000000) Equity shares of Rs 10/- each	30.00	30.00
	<u>30.00</u>	<u>30.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
27863698 (P.Y.27863698) Equity Shares of Rs 10/- each fully paid	27.86	27.86
a Includes 6300000 (P.Y.6300000) Equity shares of Rs.10/- each issued at a premium of Rs.1 per share on conversion of Optionally Convertible Unsecured debentures		
b. Includes 16437782 (P.Y.16437782) Equity shares of Rs.10/- each fully paid allotted on 30.4.99 in exchange of shares on amalgamation for consideration other than cash.		
c. 6217084 (P.Y.6217084) Equity shares of Rs.10/- each reduced as per Scheme of arrangement approved by Honourable Gujarat High Court order dated 17th February 2003.		
d. Includes 4098000 (P.Y. 4098000) Equity Shares of Rs.10/- each fully paid, allotted on 31.1.2004 in exchange of shares on amalgamation for consideration other than cash.		
	<u>27.86</u>	<u>27.86</u>
SCHEDULE "B" RESERVES & SURPLUS		
General Reserve		
Balance as per last Balance Sheet	130.02	129.63
Add : Transfer from Profit & Loss Account	3.00	0.00
Add : On Amalgamation	0.00	0.39
	<u>133.02</u>	<u>130.02</u>
Capital Subsidy		
Balance as per last Balance Sheet	0.65	0.15
Add : Additions during the year (refer accounting policy G of Schedule R of Gujarat Ambuja Exports Ltd.)	0.00	0.50
	<u>0.65</u>	<u>0.65</u>
Amalgamation Reserve Account		
Balance as per last Balance Sheet	0.02	0.00
Add : On Amalgamation	0.00	0.02
	<u>0.02</u>	<u>0.02</u>

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "B" RESERVES & SURPLUS (Cont.)		
Capital Reserve		
As per last Account	0.16	0.21
Add : Addition / Adjustments during the year	0.11	-0.05
	<u>0.27</u>	<u>0.16</u>
Exchange Reserve		
As per last Account	0.87	0.15
Add : Addition / Adjustments during the year	-0.93	0.72
	<u>-0.06</u>	<u>0.87</u>
Securities Premium Account		
Balance as per last Balance Sheet	0.89	0.63
Add : On Amalgamation	0.00	0.26
	<u>0.89</u>	<u>0.89</u>
Capital Redemption Reserve		
Balance as per last Balance Sheet	6.22	6.22
	<u>6.22</u>	<u>6.22</u>
Surplus as per Profit and Loss Account		
	<u>66.94</u>	<u>46.00</u>
	<u>207.95</u>	<u>184.83</u>
SCHEDULE "C" SECURED LOANS		
(A) Term Loans		
Secured by 100% cash collateral security (P.Y. Secured by a first charge / mortgage on all movable fixed assets, other than at Jaipur and personal guarantee of three promoter Directors (Repayable within 1 year Rs.50720711/- P.Y. Rs. Nil)		
- From Banks	5.07	0.10
- Interest accrued and due on above	0.01	0.01
	<u>5.08</u>	<u>0.11</u>
(B) Other Loans (Working Capital)		
Secured by a hypothecation on current assets and Registered Mortgage on certain movable/ immovable fixed assets (other than at Jaipur) and personal guarantee of three Promoter Directors & against lien on Fixed Deposits.		
- From Banks	112.20	203.47
	<u>117.28</u>	<u>203.58</u>
SCHEDULE "D" UNSECURED LOANS		
Dealers' & Distributors' Deposits		
	0.96	0.81
	<u>0.96</u>	<u>0.81</u>

SCHEDULE "E" FIXED ASSETS

SR No.	PARTICULARS	Gross Block				Depreciation				Net Block		
		As at 01.04.2004	Assets added on Amalgamation	Additions (Deductions) During the year	Total as at 31-03-05	As at 01-04-04	On Assets added on Amalgamation	For the year	Deduction during the year	Total as at 31-3-05	As at 31-3-05	As at 31-3-04
1	Land & Land Development	2.92	0.00	0.65	3.57	0.00	0.00	0.00	0.00	0.00	3.57	2.92
2	Factory Building	44.47	0.00	7.65	52.12	14.68	0.00	1.52	0.00	16.20	35.92	29.79
3	Non-Factory Building & Colony	5.97	0.00	0.74	6.71	1.36	0.00	0.11	0.00	1.47	5.24	4.61
4	Plant & Machinery	141.24	0.00	49.50 (1.71)	189.03	63.77	0.00	16.71	1.06	79.42	109.61	77.47
5	Electric Supply System	5.94	0.00	1.19	7.13	3.38	0.00	0.64	0.00	4.02	3.11	2.56
6	Vehicles	2.89	0.00	0.46 (0.43)	2.92	1.40	0.00	0.32	0.38	1.34	1.58	1.49
7	Furniture & Fixtures	1.60	0.00	0.14	1.74	0.88	0.00	0.20	0.00	1.08	0.66	0.72
8	Office Equipments	1.72	0.00	0.60	2.32	0.60	0.00	0.26	0.00	0.86	1.46	1.12
9	D.G.Set	14.38	0.00	4.43	18.81	6.82	0.00	3.66	0.00	10.48	8.33	7.56
10	Temple	0.19	0.00	0.04	0.23	0.02	0.00	0.00	0.00	0.02	0.21	0.17
11	Factory Road	0.40	0.00	0.16	0.56	0.05	0.00	0.01	0.00	0.06	0.50	0.35
12	Effluent Treatment Plant	1.09	0.00	0.00	1.09	0.58	0.00	0.11	0.00	0.69	0.40	0.51
13	Trade Mark	0.50	0.00	0.00	0.50	0.20	0.00	0.05	0.00	0.25	0.25	0.30
	TOTAL :	223.31	0.00	63.42	286.73	93.74	0.00	23.59	1.44	115.89	170.84	129.57
	CAPITAL WORK IN PROGRESS	12.37	0.00	(12.33)	0.04	0.00	0.00	0.00	0.00	0.00	0.04	0.00
	CAPITAL ADVANCE	2.30	0.00	(2.19)	0.11	0.00	0.00	0.00	0.00	0.00	0.11	14.67
	TOTAL :	237.98	0.00	48.90	286.88	93.74	0.00	23.59	1.44	115.89	170.99	144.24
	Previous year	237.13	2.69	(1.84)	237.98	73.05	1.05	19.75	0.11	93.74	144.24	164.10

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "F" INVESTMENTS (AT COST) (LONG TERM INVESTMENTS)		
QUOTED (EQUITY SHARES)		
83793 [P.Y.Nil] Equity shares N. T. P. C. Ltd of Rs. 10/- each fully paid up [Market value Rs. 7181060/- P.Y. Rs. Nil]	0.52	0.00
3677 [P.Y. Nil] Equity shares P. N. B. Ltd of Rs. 10/-each fully paid up [Market Value Rs. 1446164/- P.Y. Rs. Nil]	0.14	0.00
8232 [P.Y.Nil] Equity Shares Gateway Distriparks Ltd. of Rs. 10/- each fully paid up [Market value Rs. 922396/- P.Y. Rs. Nil]	0.06	0.00
10 [P.Y. 1] Equity shares of Adani Exports Ltd. of Rs. 1/- each (P.Y.10/- each) fully paid up [Market value Rs. 597.50 P.Y. Rs. 400/-]	0.00	0.00
25 [P.Y. 25] Equity shares of Arvind Mills Ltd.of Rs.10/- each fully paid up [Market value Rs.2876/- P.Y.Rs.1139/-]	0.00	0.00
5 [P.Y. 5] Equity shares of Maral Overseas Ltd.of Rs.10/- each fully paid up. [Market value Rs.169/- P.Y.Rs. 78/-]	0.00	0.00
100 [P.Y. 100] Equity shares of Riddhi Siddhi Starch Ltd.of Rs.10/- each fully paid up.[Market value Rs. 2345/- P.Y.Rs. 950/-]	0.00	0.00
UNQUOTED (EQUITY SHARES)		
10000 [P.Y. 10000] Equity shares of Kalapur Com. Co-Op Bank Ltd. of Rs 25/- each fully paid up.	0.02	0.02
IN OTHERS :		
2083580 [P.Y. Nil] Equity shares of Reliance Exports Ltd, Srilanka each of Rs. 10/- of Srilankan Rupees (P.Y. as Share Application Money / Pending allotment)	0.98	2.31
689490 [P.Y. 724324] Equity Shares of Jupiter Corporate Services Ltd. of Rs 10/- each fully paid up.	3.43	3.47
Government Security :		
National Saving Certificates [Lodged with Sales tax & Other Government authorities]	0.02	0.02
	5.17	5.82
MARKET VALUE OF QUOTED INVESTMENTS (in Rs.)	9555607	2567
AGGREGATE COST OF QUOTED INVESTMENTS (in Rs.)	7223946	2046
AGGREGATE COST OF UNQUOTED INVESTMENTS (in Rs.)	44503506	58202932
TOTAL COST (in Rs.)	51727452	58204978
SCHEDULE "G" CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
1 Inventories		
(As taken,Valued & Certified by the management)		
Finished Goods	46.25	74.29
Work in Process	1.87	2.01
Raw Materials	74.24	128.54
Packing Materials	0.89	1.09
Stores & Spares,Coal,Diesel	5.97	7.66
	129.22	213.59

	AS AT 31.03.2005	AS AT 31.03.2004
SCHEDULE "G" CURRENT ASSETS, LOANS AND ADVANCES (Cont.)		
2 Sundry Debtors		
(Unsecured,Considered Good)		
Outstanding for a period exceeding six months	0.22	0.00
Others	61.61	77.37
	61.83	77.37
3 Cash & Bank Balances		
Cash on Hand	0.33	0.25
Balance with Banks with Scheduled Banks		
(a) on Current account	7.62	7.95
(b) on Fixed Deposit account with Other Banks	60.92	5.73
(a) on Current account Shri Kadi Nagrik Sahakari Bank Ltd Rs.24359/- (P.Y. Rs 21069/- Maximum balance outstanding during the year Rs. 2019878/- P.Y Rs. 1761179/-)]	0.00	0.00
	68.87	13.93
4 Loans & Advance (Unsecured,Considered Good)		
Advances recoverable in cash or in kind or for value to be received	4.05	8.45
Advances for Goods & Expenses	1.00	1.57
Excise Balances	1.63	1.25
Tax Balances (Current Tax-Advance Tax Less Provisions)	0.27	0.00
	6.95	11.27
SCHEDULE "H" CURRENT LIABILITIES		
Creditors for Capital goods	2.64	0.99
Creditors for Goods & Expenses & other Liabilities	54.07	18.85
Bank Overdraft as per Books	1.30	2.37
Unclaimed Dividend	0.55	0.28
	58.56	22.49
SCHEDULE "I" PROVISIONS		
Proposed Dividend	3.49	3.13
(Including Dividend Distribution Tax Rs. 3907884/-P.Y Rs.3482963/-)		
Tax Balances : Current Tax-Provisions Less Advance Tax	0.00	0.43
Provision for Retirement Benefits		
Gratuity	1.54	1.44
Leave Encashment	0.41	0.36
	5.44	5.36

SCHEDULES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005 Rs. in Crores

	YR. ENDED 31.03.2005	YR. ENDED 31.03.2004
SCHEDULE "J" SALES		
Export Sales [FOB Value Rs.405359988 (P.Y.Rs 5042813593)]	431.07	529.61
Domestic Sales	701.29	565.64
	1132.36	1095.25
SCHEDULE "K" OTHER INCOME		
Dividend (Gross Rs 48336/- (TDS Rs.Nil)) (P.Y. Rs 52601/- TDS Rs.Nil)	0.01	0.01
Miscellaneous Income	0.06	0.33
Profit on Sale of Investments	0.06	0.47
Foreign Exchange Fluctuation (Net)(Rs.14969 (P.Y.Rs. Nil))	0.00	0.00
Export Incentives	0.00	0.18
	0.13	0.99
SCHEDULE "L" COST OF GOODS SOLD		
Opening Stock		
Raw Materials	128.55	35.03
Work-in-Process	2.01	1.55
Finished Goods	74.29	32.68
Packing Material	1.08	1.13
Add :Material Purchased / acquired (In pursuance of scheme of Amalgamation Rs. Nil- P.Y.21778855/-)	857.43	1053.38
	1063.36	1123.77
Less : Sale of Raw Materials	19.89	5.11
	1043.47	1118.66
Less : Closing Stock		
Raw Materials	74.24	128.54
Work-in-Process	1.87	2.01
Finished Goods	46.25	74.29
Packing Material	0.89	1.09
	123.25	205.93
Total Cost of Goods Sold	920.22	912.73
SCHEDULE "M" MANUFACTURING EXPENDITURE		
Stores & Spares Consumed	8.18	6.85
Power,Electricity,Diesel,LDO & Fuel Expenses	29.18	22.67
Coal ,Castor DOC & Fuel Consumed	10.37	6.79
Labour Charges	0.00	4.06
Repairs : Plant & Machinery	1.02	0.90
Building	0.91	1.12
Others	0.28	0.19
Insurance [Net of Claims]	0.79	0.83
Other Manufacturing Expenses	6.04	0.99
	56.77	44.40

	YR. ENDED 31.03.2005	YR. ENDED 31.03.2004
SCHEDULE "N" EMPLOYEES COST		
Salary,Wages & Bonus	14.63	12.90
Gratuity	0.24	0.29
Contribution to Provident Fund & Other Funds	0.93	0.78
Employees Welfare	1.09	0.56
	16.89	14.53
SCHEDULE "O" ADMINISTRATIVE EXPENSES		
Conveyance & Travelling Expenses [Including Directors Travelling Rs.663496/- (P.Y.Rs 3298341/-)]	0.80	1.03
Electric Expenses	0.41	0.39
Vehicle Maintenance Expenses	0.62	0.46
Insurance Expenses	0.19	0.12
Printing,Stationery,Postage & Telephone	1.40	1.31
Legal & Professional Expenses	0.97	1.11
Rent	0.30	0.29
Rates & Taxes	0.16	0.11
Donations	0.03	0.05
Payment to Auditors :		
For Audit	0.06	0.06
For Tax Audit	0.02	0.02
For Certification	0.00	0.01
General Administrative Charges	1.49	1.27
	6.45	6.23
SCHEDULE "P" SALES EXPENSES		
For Domestic Sales		
Sales Promotion Expenses	0.00	0.38
Commission	0.00	1.07
Local Sales Expenses	7.49	2.10
Sales Tax,C.S.T & Octroi	8.31	4.77
	15.80	8.32
For Export Sales		
Exports Sales Expenses	43.95	42.86
Insurance (Rs. 40002 (P.Y. Rs. 12594))	0.00	0.00
	43.95	42.86
	59.75	51.18
SCHEDULE "Q" FINANCE & OTHER CHARGES		
Interest on Fixed Loans	0.21	0.05
Interest on Working Capital Loans	3.01	5.07
Other Interest	0.05	0.05
Bank and Other Financial Charges	5.13	4.82
Swaping , Forex & Other Expenses	0.06	0.14
	8.46	10.13

	YR. ENDED 31.03.2005	YR. ENDED 31.03.2004
SCHEDULE "Q" FINANCE & OTHER CHARGES (Cont.)		
LESS : INCOME		
Interest on Bank Deposits (Gross)	2.27	4.82
[TDS: Rs 4796452/- (P.Y.TDS Rs 7577903/-)]		
Interest on Others (Gross) (TDS Rs Nil) (P.Y.TDS Rs Nil)	0.05	0.02
	<u>2.32</u>	<u>4.84</u>
Net Expenditure	<u>6.14</u>	<u>5.29</u>

SCHEDULE "R" NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

Significant Accounting Policies :

1. Basis of Accounting :

The financial statements are prepared under the historical cost convention and comply with the applicable Accounting Standards in the country of incorporation.

2. Principles of consolidation :

The consolidated financial statements relate to Gujarat Ambuja Exports Ltd. ("the Company"), and its wholly owned Subsidiary Company (GAIPL). The consolidated financial statements have been prepared on the following basis.

The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets and liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible in the same manner as the company's separate financial statements.

The excess of Company's share of equity and reserves of the subsidiary company as at the time of its investment is treated as capital reserve.

3. The Subsidiary Company considered in the consolidated financial statements is

Name of the Company	Country of Incorporation	% Voting power held as at 31st March, 2005	Reporting Date
Gujarat Ambuja International Pte Ltd	Singapore	100%	31.03.2005

Note: There is no change in above details since the reporting date 31.03.2005

4. Exchange adjustments : In case of GAIPL, the summarized revenue and expenses reflected in profit & loss account have been translated into Indian Rupees at an average exchange rate. The Assets and liabilities have been translated into Indian Rupees at the closing exchange rate prevailing on balance sheet date. The resultant excess/ shortfall, arising out of elimination process in consolidation has been disclosed as exchange rate difference in reserves/surplus.

5. Other significant Accounting Policies : These are set out in the notes to accounts under "Statement of Accounting Policies" for financial statements of Gujarat Ambuja Exports Ltd, the holding Company And Gujarat Ambuja International Pte. Ltd, the wholly owned Subsidiary Company.

SCHEDULE "S" NOTES ON ACCOUNTS [RS. IN CRORES]

1. Contingent liabilities not provided for in respect of

PARTICULARS	2004-05	2003-04
(a) Claims against the Company /disputed liabilities not acknowledge as debts	6.54	7.52
(b) Disputed Income Tax, Excise, Sales Tax, Motor Spirit Tax Claims	23.35	0.73
(c) Estimated Amount of Contract Pending execution on Capital Account [Net of Advances of Rs 0.11 Crores (P.Y.Rs 2.23 Crores)]	0.86	7.90
(d) Letter of Credit & Bank Guarantee [Net of Margin Money Rs 60.34 Crores (P.Y.Rs 2.44 Crores) & discharged since then]	80.91	22.78
(e) Corporate guarantee in favour of Bank on behalf of wholly owned subsidiary Gujarat Ambuja International Pte.Ltd	13.09	13.09
	(USD 3 Mn)	(USD 3 Mn)

2. a) In case of GAEL (Holding Company), Tax liability calculated U/S 115 JB of the Income Tax Act, 1961 is provided. Besides tax liability is provided in terms of AS 22.

b) Deferred Tax : Major Components of Deferred tax liabilities and Deferred tax assets.

PARTICULARS	[RS. IN CRORES]	
	As At 31st March 2005	As At 31st March 2004
A Deferred tax liabilities		
(i) Depreciation	26.20	23.94
(ii) Other Provisions	0.00	0.11
Total	<u>26.20</u>	<u>24.05</u>
B Deferred tax Assets		
(i) Provisions - 43 B Items	0.00	1.59
(ii) Unabsorbed Depreciation	1.22	1.17
Total	<u>1.22</u>	<u>2.76</u>
Net Deferred tax liability	<u>24.98</u>	<u>21.29</u>

3. Sales includes realised gain of exchange of forward exchange contracts entered into primarily for hedging purpose Rs 8.47 Cr.(net) [P.Y.Rs 10.09 Cr. (net)]

4. The expenditure on account of exchange difference on outstanding forward exchange contracts to be recognized in the Profit and Loss Account of subsequent accounting period aggregate to Rs Nil (P.Y.Rs Nil)

5. Borrowing costs capitalised during the year: Rs.Nil (P.Y. Rs. Nil)

6. As per the information available with the company there are no small scale industrial undertakings to whom the company owed a sum remained outstanding for more than 30 days as at the end of the financial year.

7. Earning per Share (EPS) :

PARTICULARS	2004-05	2003-04
Net Profit as per Profit & Loss Account	26.62	25.27
No. of Equity Shares as at year end.	27863698	27863698
No. of Equity Shares considered as denominator	27863698	27863698
Earning per Equity Shares of Rs 10/- each (Basic & Diluted)	9.553	9.068

8. Segment Information for the year ended 31st March 2005 (Rs. in Crores)

	2004-05			2003-04				
	Cotton Yarn	Agro Processing	Elimination	Total	Cotton Yarn	Agro Processing	Elimination	Total
Revenue								
External Sales	133.51	987.25		1120.76	140.29	954.96		1095.25
Result (Profit before Interest & tax)								
Segment Result	-0.19	43.42		43.23	16.89	26.92		43.81
Unallocated Corporate (Expenses/Income)				-6.45				-6.13
Operating Profit				36.78				37.68
Interest Expenses				-6.14				-5.29
Interest /Dividend Income				0.00				0.00
Deferred Tax (Dr.)				-3.69				-5.61
Current Tax (Dr.)				-1.15				-1.51
Add: Excess Provision of Earlier Years Written Back				0.82				0.00
Net Profit				26.62				25.27
Other Information								
Segment Assets	125.96	311.89		437.85	126.19	334.22		460.41
Unallocated Corporate Assets			5.17	5.17			5.82	5.82
Total Assets	125.96	311.89	5.17	443.02	126.19	334.22	5.82	466.23
Segment Liabilities	21.34	151.76		173.10	31.57	197.54		229.11
Unallocated Corporate Liabilities			34.10	34.10			24.42	24.42
Total Liabilities	21.34	151.76	34.10	207.20	31.57	197.54	24.42	253.53
Net Assets	104.62	160.13	28.93	235.82	94.62	136.68	18.60	212.70
Capital Expenditure (Net) Capitalised	9.23	42.81		52.04	3.91	6.25		10.16
Depreciation	12.76	10.83		23.59	9.90	9.85		19.75
Non cash Expenses other than depreciation/ amortisation	0.48	Nil		0.48	0.03	Nil		0.03

9. Related Party Disclosure: The disclosure in pursuance to Accounting Standard-18 on "Related Party disclosure" is as under :

(a) Name of Related Parties & Relationship

Name	Relationship	Manner
(1) Vijaykumar Gupta	Managing Director (Key Managerial person)	Key Managerial person & person exercising more than 20% voting power.
(2) Manishkumar Gupta	Managing Director (Key Managerial person)	Key Managerial person & Relative as Son of Mr Vijaykumar Gupta
(3) Sulochana Gupta	Relative	Relative as wife of Mr.Vijaykumar Gupta & mother of Manish Gupta
(4) Mohit Gupta	Relative	Relative as son of Mr.Vijaykumar Gupta & Brother of Mr. Manish Gupta
(5) P.G.Makhija	Executive Director (Key Managerial Person)	Key Managerial Person

(b) Transactions during the year & Balances outstanding as at the year end with the Related Parties: (Rs. in Crores)

Transaction	Total	Enterprise significantly influenced by Key Managerial Person	Key Managerial Person	Relative of Key Managerial Person
(a) Sale of Goods	Nil (Nil)			
(b) Managerial Remuneration	0.45 (0.46)		0.45 (0.32)	Nil (0.14)
(c) Services : Sitting Fees (Rs 20000/-P.Y. Rs 25000/-)	Nil (Nil)			Nil (Nil)
(d) Dividend paid	1.75 (Nil)		1.45 (Nil)	0.30 (Nil)
Balance Outstanding as at 31.03.2005				
Amount Payable	Nil (Nil)			
Amount Receivable	Nil (Nil)			

10. Disclosure as per AS 29 :

a. Summary of Changes in Contingent Liabilities : (Rs. In Crores)

Class	As At 31.03.04	Materialised as Liability	Reve-rsals	Estimated additions	As at 31.03.05
(a) Claims against the Company / disputed liabilities not acknowledge as debts.	7.52	0.00	1.01	0.03	6.54
(b) Disputed Excise duty, Sales Tax, Motor Spirit Tax Claim	0.73	0.00	0.71	23.33	23.35
(c) Estimated Amount of contract Pending execution on Capital Account [Net of Advances of Rs. 0.11 Crores (P.Y. Rs. 2.23 Crores)]	7.90	0.00	7.90	0.86	0.86
(d) Letter of Credit & Bank Guarantee [Net of Margin Money Rs. 60.34 Crores (P.Y. Rs. 2.44 Crores) & discharged since then]	21.94	0.00	21.94	80.99	80.91
(e) Corporate guarantee in favour of Bank on behalf of wholly owned subsidiary Gujarat Ambuja International Pte. Ltd	13.09	0.00	0.00	0.00	13.09

b. Summary of Provisions : (Rs. In Crores)

Class	As At 31.03.04	Paid	Reversal	Estimated additions	As At 31.03.05
(a) Proposed Dividend	3.14	3.14	0.00	3.49	3.49
(b) Tax Balances [Net of current Assets]	0.43	0.00	0.43	0.00	0.00
(c) Retirement Benefits	1.79	0.00	0.00	0.15	1.94

11. The consolidated financial statement have been prepared in accordance with Accounting Standard (AS-21) – "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.

12. Figures pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the Parent Company's financial statements.

For KANTILAL PATEL & CO
CHARTERED ACCOUNTANTS

For and on behalf of Board

VJAYKUMAR GUPTA
(CHAIRMAN & MANAGING DIRECTOR)

MANISH GUPTA
MANAGING DIRECTOR

KAUSHIK C. KHONA
(CHIEF FINANCIAL OFFICER &
COMPANY SECRETARY)

Date : 9th June, 2005
Place : Ahmedabad

Date : 9th June, 2005
Place : Ahmedabad

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

Sr. No	PARTICULARS	YEAR 2004-05		YEAR 2003-04	
		RS.	RS.	RS.	RS.
A. CASH FLOW FROM OPERATING ACTIVITIES:-					
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS, ADJUSTMENTS FOR		30.64		32.39	
Depreciation		23.58		19.75	
Interest Paid		8.47		10.14	
Interest Received		2.32		4.85	
Dividend Received [(Rs 48336/- (P.Y. 52601/-)]		-0.01		0.00	
Profit/Loss on Sales of Investment		-0.06		-0.47	
Profit/Loss on Sales of Assets		0.44		0.03	
		30.10		24.60	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES, ADJUSTMENTS FOR		60.74		56.99	
Trade and other Receivables		20.74		-44.79	
Inventories		84.37		-136.85	
Trade Payables		35.26		5.03	
		140.37		-176.61	
CASH GENERATED FROM OPERATIONS		201.11		-119.62	
CASH FLOW BEFORE EXTRAORDINARY ITEMS					
EXTRAORDINARY ITEMS :					
Dividend & Tax on Distribution		-3.49		-3.13	
Tax Provision		-0.33		-1.51	
		197.29		-124.26	
B. NET CASH FROM OPERATING ACTIVITIES					
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets		-51.04		-26.50	
Sales of Fixed Assets		0.27		25.52	
Purchase of Investments		-3.68		-4.74	
Sales/Share reduction of Investments [(P.Y.Rs 12090)]		4.38		0.47	
Interest Received		2.32		4.85	
Dividend Received [(Rs 48336/- (P.Y. 52601/-)]		0.01		0.00	
		-47.74		-0.40	
NET CASH GENERATED IN INVESTING ACTIVITIES					
		149.55		-124.66	
C. CASH FLOW FROM FINANCING ACTIVITIES					
Surplus on Amalgamation		0.00		5.86	
Repayment/Proceeds from Bank Borrowings		-86.30		136.71	
Capital Subsidy received		0.00		0.50	
Proceeds from Unsecured Loans		0.15		0.52	
Interest Paid		-8.47		-10.14	
		-94.62		133.45	
NET CASH USED IN FINANCING ACTIVITIES					
D. OTHERS					
Consolidation Adjustments		0.01		0.78	
		54.94		9.57	
NET INCREASE IN CASH & CASH EQUIVALENTS					
Cash & Cash Equivalents as at (Opening Balance) 01/04/2004		13.93		4.36	
Cash & Cash Equivalents as at (Closing Balance) 31/03/2005		68.87		13.93	
		54.94		9.57	

1 The Cash flow statement has been prepared by the indirect method as set out in the accounting standard - 3 on Cash Flow statement issued by the Institute of Chartered Accountants of India.

2 Cash and cash equivalents include : As at 31.03.2005 31.03.2004

Cash in hand (including cheques on hand) 0.33 0.25

With Scheduled Banks on :

Current Accounts 7.59 7.95

Bank-Dividend Account 0.11 0.36

Short term Deposits 60.84 5.37

68.87 13.93

3 The above Cash Flow statement has been prepared under the "indirect Method" as set out in Accounting Standard -3 on Cash Flow statements issued by the Institute of Chartered Accountants of India.

4 Corresponding figures of the previous year have been regrouped wherever necessary to conform to current years figures.

This is the Cashflow Statement referred to in our report of even date FOR KANTILAL PATEL & CO. CHARTERED ACCOUNTANTS

ASHWIN AMIN PARTNER MEMBERSHIP NO. : 35070

For and on behalf of the Board VJAYKUMAR GUPTA (CHAIRMAN & MANAGING DIRECTOR)

MANISH V GUPTA (MANAGING DIRECTOR)

KAUSHIK C. KHONA (CHIEF FINANCIAL OFFICER & COMPANY SECRETARY)

PLACE : AHMEDABAD Date : 9th June, 2005

PLACE : AHMEDABAD Date : 9th June, 2005

Gujarat Ambuja Exports Limited

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

PROXY FORM

Folio No/ DP-ID & Client-ID _____ No of Shares held _____

I/We _____ of _____ in the district of _____ being a

member/s of the above named Company, hereby appoint _____ of _____ in the district of _____ or falling him _____ of _____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf at the 14th Annual General Meeting of the Company to be held on Thursday, 22nd September, 2005 at 11.00 A.M. at GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006. and at any adjournment thereof.

Signed this _____ day of _____ 2005

Signature (s) _____



- Notes : 1. THE PROXY FORM MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE TIME OF COMMENCEMENT OF THE AFORESAID MEETING.
2. THE FORM SHOULD BE SIGNED ACROSS THE STAMP AS PER SPECIMEN SIGNATURE REGISTERED WITH THE COMPANY.
3. A PROXY NEED NOT BE A MEMBER.

For Office use Only Proxy No. _____ Date of Receipt : ____ / ____ / 2005.

Gujarat Ambuja Exports Limited

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

ATTENDANCE SLIP

14TH ANNUAL GENERAL MEETING, Thursday, the 22nd September, 2005

Venue : GICEA (Gajjar Hall), Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad - 380 006.

Time : 11.00 A.M.

Folio No/ DP-ID & Client ID : _____ No of Shares held _____

Name of Member(s) / Proxy : _____

Please tick whether Member [] Joint Holder [] Proxy []

Member's or Proxy's Signature : _____

Notes :

1. Members/Proxies must bring the admission slip duly completed and signed and hand over the same at the entrance.
2. Admission restricted strictly for members and valid proxyholders only. Please bring your copy of the Annual Report.
3. Shareholders intending to require information about accounts, to be explained at the meeting, are requested to inform the Company atleast 10 days in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.

LAST SIX YEARS AT A GLANCE

(Rs. in Crores)

Particulars	Years					
	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
OPERATING RESULTS :						
Total Sales	1116.71	1076.78	613.50	520.81	419.15	319.35
(Including Exports: FOB)	405.36	504.28	218.33	251.27	222.78	143.93
Other Incomes	0.13	0.97	1.94	0.66	0.31	0.26
TOTAL REVENUE	1116.84	1077.75	615.44	521.47	419.46	319.61
OPERATING PROFIT (PBIDT)	60.62	57.42	35.52	20.65	21.78	15.72
Financial Expenses	6.06	5.11	5.64	7.71	8.36	4.34
Depreciation	23.58	19.75	16.39	8.54	8.14	8.21
Tax Provisions	4.07	7.19	2.43	1.59	0.01	0.00
Net Profit	26.91	25.37	11.06	2.81	4.28	3.17
NET WORTH:						
Share Capital	27.86	27.86	23.76	29.98	29.98	23.68
Reserves & Surplus	208.19	184.77	161.34	151.33	162.37	168.66
DTL	25.10	21.36	15.68	18.16	0.00	0.00
Total Net Worth (Incl. DTL)	261.15	233.99	200.78	194.47	192.35	192.34
Gross Fixed Assets	286.79	237.90	237.04	229.88	222.14	230.28
Net Fixed Assets	170.99	144.25	164.10	173.31	173.80	188.90
Dividend per share (Rs.)	1.10	1.00	0.60	0.60	0.50	0.50
			(Interim)		(Interim)	

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

- 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-380014.

3. 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, PO. 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 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 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 REFERRED 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.

BOOK-POST

IF UNDELIVERED PLEASE RETURN TO :

JUPITER CORPORATE SERVICES LIMITED

Unit : Gujarat Ambuja Exports Limited

Ambuja Tower, Opp.Memnagar Fire Station,

P.O. Navjivan, Navrangpura,

AHMEDABAD - 380 014