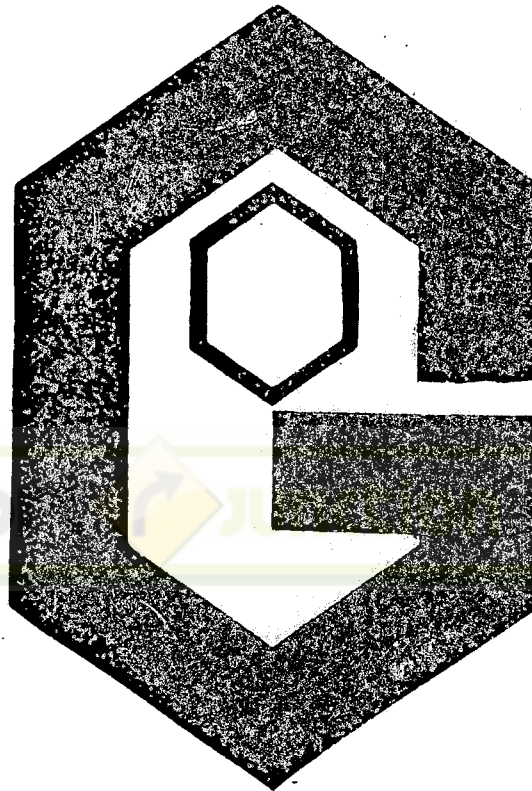


ANNUAL REPORT 1997 - 98

MD	✓			BKC	✓
CS	✓			DPY	NA
RO	✓			DIV	NA
TRA	NA			AC	✓
AGM	✓	✓		SHH	✓
YE	✓	✓	✓		✓



GUJARAT ORGANICS LTD



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20th
ANNUAL GENERAL MEETING
Date : 18th August 1998
Time: 1.00 p.m.
Venue: 127/1
G.I.D.C Industrial Estate
Ankleshwar
Gujarat 393 002

GUJARAT ORGANICS LIMITED

<u>BOARD OF DIRECTORS</u>	Ashwin Dani Kamlesh Mody Mahendra Sheth Manish Choksi Dr. Nayan Desai (Nominee of Gujarat Industrial & Investment Corpn. Limited) Jalaj Dani	Chairman Managing Director
<u>PRESIDENT & SECRETARY</u>	Dhiren Mehta	
<u>AUDITORS</u>	Deepak Shah & Co. Chartered Accountants	
<u>BANKERS</u>	State Bank Of India	
<u>TERM LENDERS</u>	Gujarat State Financial Corporation Limited Gujarat Industrial and Investment Corporation Ltd	
<u>REGISTERED OFFICE & FACTORY</u>	Plot No. 127/1 G.I.D.C. Industrial Estate Ankleshwar 393 002 Gujarat	
<u>CORPORATE OFFICE</u>	3A Barodawala Mansion 81 Dr. Annie Besant Road Worli, Mumbai 400 018	

GUJARAT ORGANICS LIMITED

FIVE YEAR REVIEW

(Rs. in '000 except for per share data, number of employees and ratios)

RESULTS FOR THE ACCOUNTING YEAR	1997-98	1996-97	1995-96	1994-95	1993-94
<u>Revenue Account</u>					
1 Gross Sales	55,010	43,089	35,421	23,914	14,890
2 Net Sales	46,585	38,729	31,284	19,993	13,447
3 Growth Rate (%)	27.67%	21.65%	48.12%	60.60%	--
4 Other Income	14,477	13,808	22,094	7,083	15,758
5 Materials consumed	27,518	20,979	18,419	12,408	9,416
6 % to Net Sales (5/2)*100	59.07%	54.17%	58.88%	62.06%	70.02%
7 Overheads	25,237	24,438	13,795	11,863	14,003
8 Profit/(Loss) Before Int, Depreciation & Tax (PBIDT)	8,307	7,120	14,418	2,805	5,786
9 Interest and Financing Charges	9,665	1,820	2,044	2,739	3,293
10 Depreciation	5,876	4,196	2,542	1,576	1,257
11 Profit/(Loss) Before Taxes	(7,233)	1,103	9,832	(1,510)	1,236
<u>Capital Account</u>					
1 Equity Share Capital	2,014	2,014	2,014	2,014	2,014
2 Preference Share Capital	20,000	14,400	14,400	400	400
3 Reserves and Surplus	11,231	18,775	18,033	8,234	9,705
4 Loan Funds	56,999	56,739	27,043	29,621	25,414
5 Fixed Assets	78,833	82,602	54,417	27,158	15,916
6 Investments	6,968	6,968	8,013	14,121	10,205
7 Net Current Assets	4,280	2,169	(1,155)	(1,085)	11,413
<u>Per Share Data</u>					
1 Book Value (Rs.)	1,650	1,747	1,710	529	602
<u>Other Information</u>					
1 Number of Employees	96	87	87	75	47

GUJARAT ORGANICS LIMITED**NOTICE**

Notice is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the members of GUJARAT ORGANICS LIMITED will be held on Tuesday, the 18th day of August 1998, at 1 p.m. at the Registered Office of the Company at Plot No. 127/1 G.I.D.C. Industrial Estate, Ankleshwar, Gujarat-393 002, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31 March 1998 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashwin Dani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kamlesh Mody who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office :

Plot No. 127/1
G.I.D.C Industrial Estate
Ankleshwar -393 002

By Order of the Board

Place : Mumbai

Date : 29th June 1998

Jalaj Dani
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must reach the Registered Office of the Company at least 48 hours before the time fixed for the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 11th August 1998 to 18th August 1998 (both days inclusive).
4. Members are requested to lodge Share Transfer documents and all other correspondence and queries relating to Share Transfer, Share Certificates, Change of Address etc., at the Registered Office of the Company.

GUJARAT ORGANICS LIMITED

DIRECTORS' REPORT

The Directors hereby present their twentieth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March 1998.

Financial Results:

Given below are the financial results for the year ended 31 March 1998:

	[Rs. in lacs]			
	1997-98		1996-97	
Gross Sales	550.10		430.89	
Conversion Charges	5.65		18.65	
Trade Sales	8.40		15.82	
		564.15		465.36
Profit before Depreciation, Interest and Tax		83.08		71.20
Less: Depreciation	58.76		41.96	
Interest	96.65		18.21	
Income Tax	0.00		1.42	
		155.41		61.59
Profit/ (Loss) after Taxes		(72.33)		9.61
Balance brought forward from the previous year	95.23		91.81	
Prior period adjustments	(3.10)		(2.19)	
Transfer to Capital Redemption Reserve	0.00		(4.00)	
		92.13		85.62
Balance carried to Balance Sheet		19.80		95.23

Operations:

The Sales of Rs. 550.10 lacs as against Rs 430.89 lacs in 1996-97 show growth of 28%. The Sales of para/ortho hydroxy benzoic acid at 339.542 MT show volume growth of 23% and of its derivatives at 154.735 MT show volume growth of 40%. Profits before interest and depreciation was at Rs. 83.08 lacs compared to Rs. 71.20 lacs in 1996-97. However, lower price realisations and increased interest cost resulted in loss.

Finance:

During the year under review, your Company allotted 600,000 - 12% Cumulative Redeemable Non-Convertible Preference Shares of Rs 10/- each, at par aggregating to Rs 6,000,000 to promoters' associate companies. The total amount of fixed deposits as at 31st March 1998, was Rs. 53.29 lakhs. There is no unclaimed deposit at the end of the year.

Research and Development and Energy Conservation:

Your Company continued exploring various methods and processes through Research and Development for improving the existing products and developing new value-added products. Details of energy conservation and research and development activities undertaken by the Company alongwith the information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure forming part of this Report.

Personnel:

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure forming part of this Report.

Foreign Exchange Earning and Outgo :

The details of foreign exchange earnings and outgo have been given in the notes on accounts in Schedule N to the Profit and Loss Account and the Balance Sheet.

Directors:

Mr Ashwin Dani and Mr Kamlesh Mody retire by rotation and being eligible, offer themselves for reappointment.

Auditors:

You are requested to appoint Auditors for the current year and fix their remuneration. M/s. Deepak Shah & Co, Auditors of the Company retire at the Annual General Meeting and are eligible for re-appointment.

Acknowledgements:

The Directors wish to record their sincere appreciation to the Financial Institutions viz Gujarat State Financial Corporation Limited, Gujarat Industrial and Investment Corporation Limited, Industrial Development Bank of India and State Bank of India for the financial support and co-operation extended by them to the Company from time to time.

For and on behalf of the Board

Mumbai: 29 June 1998

Ashwin Dani
Chairman

GUJARAT ORGANICS LIMITED

ANNEXURE TO DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Report of the Board of Directors for the year ended 31 March 1998.

A. POWER AND FUEL CONSUMPTION:

			1997-98	1996-97
1.	Electricity Purchased	Unit	1046514	871562
	Total amount	Rs. in lacs	38.78	28.92
	Rate/Unit	Rs.	3.71	3.32
2.	L.D. Oil			
	Quantity	K. litres	50	62
	Total Amount	Rs in lacs	4.35	5.31
	Rate/Unit	Rs.	8.70	8.60
3.	Diesel			
	Quantity	K. litres	72	105
	Total Amount	Rs in lacs	7.15	9.17
	Rate/Unit	Rs.	9.91	8.72
4.	Gas			
	Quantity	SM 3	251695	274985
	Total Amount	Rs in lacs	13.48	12.54
	Rate/Unit	Rs.	5.36	4.56

B. CONSUMPTION PER UNIT OF PRODUCTION

	Electricity		L. D. Oil		Diesel		Gas	
	97-98	96-97	97-98	96-97	97-98	96-97	97-98	96-97
Para/Ortho Hydroxy Benzoic Acid	7.65	5.93	0.86	1.09	1.41	1.88	2.66	3.22
Derivatives of Para/Ortho/ Hydroxy Benzoic Acid	2.57	1.61	0.29	0.30	0.47	0.51	0.89	0.85

FORM B**Disclosure of Particulars with respect to Technology Absorption:****Research and Development (R & D)**

- Specific areas in which R & D is carried out by the Company.
The R & D activities of the Company pertain to:
 - Development of new products.

Upgradation of existing products and technologies for improvement in quality and cost reduction.

- Improvement in process technology.

2. Benefits derived as a result of above R & D

- Improvement in quality of the products.
- Consistency in quality of the products.

3. Expenditure on R & D during the financial year is as follows :

	[Rs in lacs]	
	1997-98	1996-97
(a) Capital	0.06	0.07
(b) Recurring	1.92	2.50
Total R & D Expenditure	1.98	2.57
(As a % to Turnover)	0.41 %	0.61%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

The Company has not incurred any expenditure for import of technology for its products. The thrust is to reduce the cost of production by further improving upon the indigenous technology and reduce process cycle time.

FORM C

Disclosure of particulars with respect to foreign exchange earnings and Outgo:

	[Rs in Lacs]	
	1997-98	1996-97
(a) Earnings in Foreign Exchange	8.81	127.81
(b) Expenditure in Foreign Exchange	7.41	6.47