

24th ANNUAL REPORT 2001-2002



GUJARAT ORGANICS LTD

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24th
ANNUAL GENERAL MEETING
Date: 24th July 2002
Time: 11.30 a.m.
Venue: 127/1, GIDC Industrial Estate
Ankleshwar - 393 002

GUJARAT ORGANICS LIMITED

<u>BOARD OF DIRECTORS</u>	Ashwin Dani (Chairman) Jalaj Dani Hasit Dani (Managing Director w.e.f 20 th Oct 2001) Mahendra Sheth Kamlesh Mody Manish Choksi Dr. Nayan Desai (Nominee of Gujarat Industrial & Investment Corporation Limited)
<u>AUDITORS</u>	Deepak Shah & Co. Chartered Accountants
<u>BANKERS</u>	State Bank of India
<u>TERM LENDERS</u>	Gujarat Industrial and Investment Corporation Limited Gujarat State Financial Corporation
<u>REGISTERED OFFICE & FACTORY</u>	Plot No.127/1 G.I.D.C. Industrial Estate Ankleshwar 393 002. Gujarat.
<u>CORPORATE OFFICE</u>	3 A, Barodawala Mansion 81, Dr. Annie Besant Road Worli, Mumbai 400 018.

GUJARAT ORGANICS LIMITED
SIX YEAR REVIEW

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

RESULTS FOR THE ACCOUNTING YEAR	2001-2002	2000-2001	1999-2000	1998-99	1997-98	1996-97
<u>Revenue Account</u>						
1 Gross Sales	94,208	99,327	70,908	48,751	55,010	43,089
2 Net Sales	81,847	87,189	61,649	41,372	46,589	38,729
3 Growth Rate %	-5.15%	40.08%	45.45%	-11.38%	27.67%	21.65%
4 Other Income	29,607	24,208	22,301	19,964	14,473	13,808
5 Material Consumed	43,246	51,550	31,209	21,718	27,518	20,979
6 % to Net Sales (5/2*100)	52.84%	59.12%	50.62%	52.49%	59.07%	54.17%
7 Overheads	35,876	35,022	36,312	38,039	25,237	24,438
8 Profit / Loss Before Int, Depreciation & Tax (PBITD)	32,333	24,825	16,429	1,579	8,307	7,120
9 Interest and Financing Charges	4,420	9,170	9,475	8,236	9,665	1,820
10 Depreciation	13,485	5,812	5,557	5,632	5,876	4,196
11 Profit/(Loss) Before Taxes	14,448	9,842	1,397	(12,289)	(7,234)	1,104
<u>Capital Account</u>						
1 Equity Share Capital	2,014	2,014	2,014	2,014	2,014	2,014
2 Preference Share Capital	20,000	20,000	20,000	20,000	20,000	14,400
3 Reserves and Surplus	35,747	11,765	1,918	2,286	11,231	18,775
4 Loan Fund	62,544	130,273	118,309	66,533	56,999	56,739
5 Fixed Assets (Net)	76,032	78,384	72,565	75,251	78,833	82,602
6 Investments	6,822	56,982	8,200	6,968	8,200	6,968
7 Net Current Assets	27,851	28,596	61,342	6,719	4,280	2,169
8 Profit & Loss Account (Debit Balance)	-	-	-	1,736	-	-
<u>Per Share Data</u>						
1 Book Value (Rs.)	187	68	20	13	66	103
<u>Other Information</u>						
1 Number of Employee	88	87	86	96	87	87

GUJARAT ORGANICS LIMITED**NOTICE**

Notice is hereby given that the Twenty-fourth ANNUAL GENERAL MEETING of the members of GUJARAT ORGANICS LIMITED will be held on Wednesday, the 24th day of July 2002 at 11.30 a.m. at the Registered Office of the Company at 127/1, G.I.D.C. Industrial Estate, Ankleshwar 393 002 on to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the accounts for the year ended 31st March, 2002 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jalaj Dani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri 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.

SPECIAL BUSINESS

5. To Consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT in partial modification of Item No. 5 passed at the Board Meeting held on Saturday 20th October, 2001 and in accordance with the provisions of Sections 198, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approved the increase in the salary payable to Mr. Hasit Dani, Managing Director with effect from 1st August 2002 for the remainder of the tenure of his term as set out in the draft supplementary agreement submitted, copy whereof is placed before this meeting, which is hereby specifically sanctioned, with liberty to the Board of Directors to alter and vary the terms and conditions in the said draft Supplementary Agreement as the Board of Directors may consider necessary.”

“RESOLVED FURTHER THAT where in any financial year closing on and after April, 2002 the Company has no profits or its profit are inadequate, the Company may pay to Mr. Hasit Dani, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limits of 11,00,000/- per annum or Rs. 91,667/- per month and in additions thereto the perquisite not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect of this resolution.”

By Order of the Board
For **GUJARAT ORGANICS LIMITED**

Haist Dani **Jalaj Dani**
Managing Director **Director**

Date: 25th May, 2002

Registered Office
Plot 127/1, Industrial Estate,
G.I.D.C., Ankleshwar-393002.

NOTES:

1. The relevant Explanatory Statement, pursuant to Section 176(2) of the Companies Act, 1956, in respect of Item No.5 are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th July 2002 to 24th July 2002 (both days inclusive).
4. The Company's equity shares are listed on "The Stock Exchange, Mumbai" and the listing fees for the year 2001-2002 has been paid in full.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No. 5

At the Extra-Ordinary General Meeting of the members held on Wednesday, 21st November 2001, the Shareholders had approved the appointment and terms of remuneration of Mr. Hasit Dani, Managing Director of the Company. It is proposed to enhance the remuneration payable to Mr. Hasit Dani w.e.f. 1st August 2002 for the remainder of the tenure of his term, which is upto 31st July 2007 as set out in the draft Supplementary agreement placed before this meeting. The Company shall pay to Mr. Hasit Dani in consideration of the performance of his duties as Managing Director, the following emoluments, benefits and perquisites, subject to the limits laid down under Schedule XIII of the Act;

- i) Salary: Rs. 50,000/- per month (as against the existing salary of Rs 40,000/- per month).
(in the time scale of Rs 50,000-10,000-90,000)
- ii) PROVIDED HOWEVER subject always to the limits contained in Section 198 and 309 of the Act, the Company may, at its sole discretion, pay by way of salary, allowances, and/or bonus, as may be determined by the Board, from time to time.
- iii) In addition to the above remuneration, Mr. Dani shall also be entitled to:

- a) Perquisites such as furnished accommodation or house rent allowances, cost of living allowance, furnishings, medical reimbursement, leave travel concession for self and family, club fees, medical insurance and other benefits and amenities in accordance with the Rules of the Company, the said monetary value of such perquisites being restricted to Rs 5,00,000/- per annum.
- b) Contribution to Provident Fund, to the extent not taxable under the Income-Tax Act, 1961, gratuity payable in accordance with the Rules of the Company as applicable to the Covenanted staff and encashment of leave at the end of the tenure of service.

These shall not be included in the computation of the ceiling of the remuneration payable as aforesaid.

- iv) Where in any financial year during the currency of the tenure of Mr. Hasit Dani as Managing Director, the Company no profits or its profits and inadequate, Mr. Hasit Dani shall, subject to the approval of the Central Government, if required, be entitled to the above remuneration notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him as applicable provisions of the Act, for the time being in force time to time in force.

The revised terms of remuneration are to be approved by the members in Annual General Meeting and the Directors commend this resolution for acceptance by the members.

The agreement dated 21st November, 2001 entered into and draft supplementary agreement proposed to be entered into between the Company and Mr. Hasit Dani, are available for inspection by the Members of the Company on any working day excluding Saturdays upto the date of the ensuing Annual General Meeting between 11 a.m. and 1 p.m.

Mr. Hasit A. Dani is interested in the resolution. Mr. Ashwin Dani, Director of the Company being related to Mr. Hasit A. Dani, may be deemed to be, interested or concerned in the resolution in respect of remuneration. Save and except the above, none of the other Directors of the Company are, in any way, concerned or interested in the resolution.

By Order of the Board
For **GUJARAT ORGANICS LIMITED**

Hasit Dani
Managing Director

Jalaj Dani
Director

Date: 25th May, 2002

Registered Office
Plot 127/1, Industrial Estate,
G.I.D.C., Ankleshwar-393002.

GUJARAT ORGANICS LIMITED**DIRECTORS' REPORT**

The Directors hereby present their Twenty-fourth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March 2002.

FINANCIAL RESULTS:

Given below are the financial results for the year ended 31st March 2002

[Rs in Lacs]

	2001-2002		2000-2001	
Sales (Net of Excise)	818.47		871.89	
Conversion Charges (Net of Excise)	32.63		21.89	
Sales (Trading)	0.30		10.30	
		851.40		904.08
Profit before Depreciation, Interest & Tax		323.33		248.25
Less: Depreciation	134.65		58.13	
Interest	44.20		91.70	
Deferred Tax	35.19		0.00	
		214.04		149.83
Profit after Taxes		109.29		98.42
Balance brought forward from previous year	94.99		(3.47)	
Prior Period adjustments (Net)	0.00		0.04	
Deferred tax assets (Opening)	130.53		0.00	
		225.52		(3.43)
Balance Carried to Balance Sheet		334.81		94.99

OPERATIONS:

Sales, other than trading sales, for the year 2001-2002 at Rs. 851.10 lacs was lower by 5.01% as compared to Rs. 893.78 lacs for the corresponding previous year.

Profit during the year after interest, depreciation and tax was Rs. 109.29 lacs.

OUTLOOK:

Your Company has achieved a turnover of Rs. 90.47 lacs in the month of April 2002 as compared to Rs. 78.58 lacs in corresponding month in the previous year. Barring unforeseen circumstances your Company expects to achieve higher growth by introducing more value added derivatives.

FINANCE:

Total Fixed Deposit repaid during the year 2001-2002 was Rs. 23.17 lacs. No Fixed Deposit which was claimed, remained unpaid.

GUJARAT ORGANICS LIMITED**RESEARCH & DEVELOPMENT AND ENERGY CONSERVATION:**

Your Company continued according the priority to safety and environment controls at all the levels of the factory. Your Company complied with the norms and specifications by sending samples of treated effluents regularly to the concerned authorities.

Details of energy conservation and research and development activities undertaken by the Company along with 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:

None of the Employees employed throughout/part of the financial year ended 31st March, 2002 was in receipt of remuneration exceeding the limits laid down under the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, and Section 217(2AA) as amended.

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:

Shri. Jalaj Dani and Shri. Kamlesh Mody retire by rotation and being eligible, offer themselves for reappointment.

AUDITORS:

The auditors, M/s. Deepak Shah & Co. retire and offer themselves for re-appointment.

ACKNOWLEDGMENTS:

Your Directors wish to record their appreciation of the continued co-operation and assistance received by the Company from Financial Institutions, Bankers and Staff.

By Order of the Board
For **GUJARAT ORGANICS LIMITED**

Hasit Dani
Managing Director

Jalaj Dani
Director

Mumbai: 25th May, 2002

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 Broad of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31st March 2002.

FORM A**A. POWER AND FUEL CONSUMPTION**

	2001-02	2000-01
1. Electricity		
Purchased Unit	1926342	1915956
Total amount (Rs. in Lacs)	89.09	85.93
Rate/Unit (Rs.)	4.62	4.48
2. Diesel		
Quantity (K.Litres)	13	23
Total amount (Rs in Lacs)	2.58	3.87
Rate /Unit (Rs.)	19.49	16.66
3. Gas		
Quantity (SM3)	532594	556537
Total amount (Rs in Lacs)	44.09	44.52
Rate /Unit (Rs.)	8.28	8.00

B. CONSUMPTION PER UNIT OF PRODUCTION

	Electricity		Diesel		Gas	
	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Para/Ortho Hydroxy Benzoic Acid & Derivatives	11.95	13.31	0.35	0.85	5.91	6.90

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

1. Specific areas in which the Company carries out R&D.

The R & D activities of the Company pertain to:

- Development of new products.
- Up gradation of existing products & technologies for improvement in Quality and Cost Reduction.
- Improvement in process technology.
- Reduction in process time.