

25th ANNUAL REPORT 2002-2003



GUJARAT ORGANICS LTD

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25th
ANNUAL GENERAL MEETING
Date: 20th August 2003
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) Mahendra Sheth Kamlesh Mody Manish Choksi
<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
FIVE YEAR REVIEW

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

RESULTS FOR THE ACCOUNTING YEAR	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
<u>Revenue Account</u>					
1 Gross Sales	114,511	94,208	99,327	70,906	48,751
2 Net Sales	100,509	81,847	87,189	61,649	41,372
3 Growth Rate %	21.55%	-5.15%	40.08%	45.45%	-11.38%
4 Other Income	16,638	29,607	24,208	22,301	19,964
5 Material Consumed	55,959	43,246	51,550	31,209	21,718
6 % to Net Sales (5/2*100)	55.68%	52.84%	59.12%	50.62%	52.49%
7 Overheads	41,143	35,876	35,022	36,312	38,039
8 Profit / Loss Before Int, Depreciation & Tax (PBIDT)	20,044	32,333	24,825	16,429	1,579
9 Interest and Financing Charges	2,736	4,420	9,170	9,475	8,236
10 Depreciation	7,473	13,465	5,812	5,557	5,632
11 Profit/(Loss) Before Taxes	9,835	14,448	9,842	1,397	(12,289)
<u>Capital Account</u>					
1 Equity Share Capital	2,014	2,014	2,014	2,014	2,014
2 Preference Share Capital	20,000	20,000	20,000	20,000	20,000
3 Reserves and Surplus	41,060	35,747	11,765	1,918	2,266
4 Loan Fund	59,597	62,544	130,273	118,309	66,533
5 Fixed Assets (Net)	80,130	76,032	78,384	72,585	75,251
6 Investments	6,822	6,822	56,982	8,200	6,968
7 Net Current Assets	30,692	27,851	28,596	61,342	6,719
8 Profit & Loss Account (Debit Balance)	-	-	-	-	1,736
<u>Per Share Data</u>					
1 Book Value (Rs.)	214	187	68	20	13
<u>Other Information</u>					
1 Number of Employee	84	87	87	86	96

GUJARAT ORGANICS LIMITED**NOTICE**

Notice is hereby given that the Twenty-fifth ANNUAL GENERAL MEETING of the members of GUJARAT ORGANICS LIMITED will be held on Wednesday, the 20th day of August 2003 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, 2003 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Hasit Dani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Mahendra Sheth 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.
5. As required under Clause 49VI of the Listing Agreement given below are the details of the directors proposed for re-appointment.

Shri. Hasit A. Dani

Shri. Hasit A. Dani holds a Bachelors Degree in Business Administration from University of Massachusetts and Masters Degree from University of Pittsburgh, USA and he has working experience in general administration, having worked with Asian Paints (India) Limited.

Outside Directorship : Asian Paints (India) Ltd., Hi-Tech Plast Containers (India) Ltd., Geetanjali Trading & Investments Ltd., S. C. Dani Research Foundation Ltd.

Committee Membership : Hi-Tech Plast Containers (India) Ltd.

Shri. Mahendra Sheth

Shri. Mahendra Sheth holds a Bachelors Degree in Chemical Engineering from New Mexico State University USA and he has wide experience in the field.

Outside Directorship : Galiakotwala Eng. Co. (P) Ltd., C. A. Galiakotwala & Co. Ltd., Advance Paints (P) Ltd., Galiakot Containers (P) Ltd.

Committee Membership : None.

By Order of the Board
For GUJARAT ORGANICS LIMITED

Registered Office

Plot 127/1, Industrial Estate,
GIDC., Ankleshwar - 39300

Ashwin Dani
Chairman

Date: 28th June, 2003

NOTES:

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 14th August 2003 to 20th August 2003 (both days inclusive).
3. The Company's equity shares are listed on "The Stock Exchange, Mumbai" and the listing fees for the year 2002-2003 has been paid in full.

By Order of the Board
For GUJARAT ORGANICS LIMITED

Registered Office :

Plot 127/1, Industrial Estate,
GIDC., Ankleshwar - 393002

Ashwin Dani
Chairman

Date: 28th June, 2003

GUJARAT ORGANICS LIMITED**DIRECTORS' REPORT**

The Directors hereby present their Twenty-fifth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March 2003.

FINANCIAL RESULTS:

Given below are the financial results for the year ended 31st March 2003

[Rs in Lacs]

	2002-2003		2001-2002	
Sales (Net of Excise)	1005.09		818.47	
Conversion Charges (Net of Excise)	3.15		32.63	
Sales (Trading)	0.36		0.30	
		1008.60		851.40
Profit before Depreciation, Interest & Tax		200.44		323.33
Less: Depreciation	74.73		134.65	
Interest	27.36		44.20	
Deferred Tax	45.47		35.19	
		147.56		214.04
Profit after Taxes		52.88		109.29
Balance brought forward from previous year	334.81		(94.99)	
Prior Period adjustments (Net)	0.25		0.00	
Deferred tax assets (opening)	0.00		130.53	
				225.52
Balance Carried to Balance Sheet		387.94		334.81

OPERATIONS:

Sales, other than trading sales, for the year 2002-2003 at Rs. 1008.24 lacs was higher by 18.46 % as compared to Rs.851.10 lacs for the corresponding previous year.

Profit during the year after interest, depreciation and tax was Rs. 52.88 lacs.

OUTLOOK:

Barring unforeseen circumstances your Company expects to achieve higher growth by introducing more value added derivatives.

FINANCE:

Total Fixed Deposit repaid during the year 2002-2003 was Rs. 42.73 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, 2003 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. Hasit Dani and Shri. Mahendra Seth 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**

Ashwin Dani
Chairman

Mumbai: 28th June, 2003

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 2003.

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

	2002-03	2001-02
1. Electricity		
Purchased Unit	2133556	1926342
Total amount (Rs. in Lacs)	98.44	85.09
Rate/Unit (Rs.)	4.61	4.62
2. Diesel		
Quantity (K.Litres)	13	13
Total amount (Rs in Lacs)	2.67	2.58
Rate /Unit (Rs.)	20.52	19.49
3. LDO		
Quantity (K. Litres)	11	-
Total amount (Rs. in Lacs)	1.85	-
Rate / Unit (Rs.)	20.52	-
4. Gas		
Quantity (SM3)	647342	532594
Total amount (Rs in Lacs)	57.64	44.09
Rate /Unit (Rs.)	8.90	8.28

B. CONSUMPTION PER UNIT OF PRODUCTION

	Electricity		Diesel		Gas	
	2002-03	2001-02	2002-03	2001-02	2002-03	2001-02
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Para/Ortho Hydroxy Benzoic Acid & Derivatives	11.93	11.95	0.37	0.35	5.98	5.91

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.

GUJARAT ORGANICS LIMITED**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]	
	2002-03	2001-02
(a) Capital	6.77	8.95
(b) Recurring	4.33	3.60
Total R & D Expenditure	11.10	12.55
(As a % to Turnover)	1.10%	1.47%

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]	
	2002-03	2001-02
(a) Earnings in Foreign Exchange	3.44	21.43
(b) Expenditure in Foreign Exchange	97.75	60.48

Directors' Responsibility Statement:

1. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

FOR AND ON BEHALF OF THE BOARD

ASHWIN DANI
CHAIRMAN

Mumbai: 28th June 2003

AUDITOR'S REPORT

To,
The Members,

GUJARAT ORGANICS LIMITED

We have audited the attached Balance Sheet of GUJARAT ORGANICS LTD. as at 31st March, 2003, the Profit and Loss Account of the Company 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 Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that;
 - a) 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;
 - b) 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 such books;
 - c) The Balance Sheet, the Profit and Loss Account and the cash flow statement referred to in this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet, the Profit and Loss Account and the cash flow statement referred to in this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.