

## **26th ANNUAL REPORT 2003-2004**



**GUJARAT ORGANICS LIMITED**

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**26th**  
**ANNUAL GENERAL MEETING**  
**Date: 25th September 2004**  
**Time: 11.30 a.m.**  
**Venue: 127/1, GIDC Industrial Estate,**  
**Ankleshwar - 393 002, Gujarat.**

**GUJARAT ORGANICS LIMITED****BOARD OF DIRECTORS**

Ashwin Dani (Chairman)  
Jalaj Dani  
Hasit Dani (Managing Director)  
Mahendra Sheth  
Kamlesh Mody  
Manish Choksi

**AUDITORS**

Deepak Shah & Co.  
Chartered Accountants

**BANKERS**

State Bank of India

**REGISTERED OFFICE &  
FACTORY**

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

**CORPORATE OFFICE**

3 A, Barodawala Mansion,  
81, Dr. Annie Besant Road,  
Worli, Mumbai - 400 018,  
Maharashtra.

**GUJARAT ORGANICS LIMITED**  
**FIVE YEAR REVIEW**

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

| <b>RESULTS FOR THE ACCOUNTING YEAR</b>                 | <b>2003-2004</b> | <b>2002-2003</b> | <b>2001-2002</b> | <b>2000-2001</b> | <b>1999-2000</b> |
|--|------------------|------------------|------------------|------------------|------------------|
| <b><u>Revenue Account</u></b>                          |                  |                  |                  |                  |                  |
| 1 Gross Sales  | 94,352           | 114,511          | 94,208           | 99,327           | 70,906           |
| 2 Net Sales  | 82,524           | 100,509          | 81,847           | 87,189           | 61,649           |
| 3 Growth Rate %  | -17.60%          | 21.55%           | -5.15%           | 40.08%           | 45.45%           |
| 4 Other Income   | 18,595           | 16,638           | 29,607           | 24,208           | 22,301           |
| 5 Material Consumed                                    | 47,413           | 55,959           | 43,246           | 51,550           | 31,209           |
| 6 % to Net Sales (5/2*100)                             | 57.45%           | 55.68%           | 52.84%           | 59.12%           | 50.62%           |
| 7 Overheads  | 41,850           | 41,143           | 35,876           | 35,022           | 36,312           |
| 8 Profit / Loss Before Int, Depreciation & Tax (PBIDT) | 11,856           | 20,044           | 32,333           | 24,825           | 16,429           |
| 9 Interest and Financing Charges                       | 3,175            | 2,736            | 4,420            | 9,170            | 9,475            |
| 10 Depreciation  | 8,082            | 7,473            | 13,465           | 5,812            | 5,557            |
| 11 Profit/(Loss) Before Taxes                          | 598              | 9,835            | 14,448           | 9,843            | 1,397            |
| <b><u>Capital Account</u></b>                          |                  |                  |                  |                  |                  |
| 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                                 | 47,897           | 41,060           | 35,747           | 11,765           | 1,918            |
| 4 Loan Fund  | 71,903           | 59,597           | 62,544           | 130,273          | 118,309          |
| 5 Fixed Assets (Net)                                   | 90,636           | 80,130           | 76,032           | 78,384           | 72,585           |
| 6 Investments  | 6,795            | 6,822            | 6,822            | 56,982           | 8,200            |
| 7 Net Current Assets                                   | 32,942           | 30,692           | 27,851           | 28,596           | 61,342           |
| <b><u>Per Share Data</u></b>                           |                  |                  |                  |                  |                  |
| 1 Book Value (Rs.)                                     | 248              | 214              | 187              | 68               | 20               |
| <b><u>Other Information</u></b>                        |                  |                  |                  |                  |                  |
| 1 Number of Employee                                   | 87               | 84               | 87               | 87               | 86               |

**GUJARAT ORGANICS LIMITED****NOTICE**

Notice is hereby given that the Twenty-sixth **ANNUAL GENERAL MEETING** of the members of **GUJARAT ORGANICS LIMITED** will be held on Saturday, the 25th day of September, 2004 at 11.30 a.m. at the Registered Office of the Company at 127/1, G.I.D.C. Industrial Estate, Ankleshwar - 393 002, Gujarat, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the accounts for the year ended 31st March, 2004 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Ashwin Dani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Manish Choksi 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 Ashwin Dani**

Shri Ashwin Dani has done his B.Sc. (Hons) from Institute of Science, University of Bombay and B.Sc. (Tech) (Pigments, Paints & Varnishes) from U.D.C.T., University of Akron, Ohio, USA and Diploma in Colour Science from Rensselaer Polytechnic, New York.

Shri Ashwin Dani has started his career in 1967, as a Development Chemist with Inmont Corp, (now known as BASF) Detroit, USA, a major supplier of automotive OEM and refinishes. He joined Asian Paints in 1968 as Senior Executive and moved through successive senior positions to his present position of Vice Chairman and Managing Director.

He is an acknowledged expert in the field of paints technology in India and has been the President of the Board of Governors of the U.D.C.T. Alumni Association, Mumbai. Shri Ashwin Dani was the Past-President of the Indian Paint Association (IPA), the premier paint association in India.

Shri Ashwin Dani is on the Board of the following Companies, namely:

**Public**

1. Asian Paints (I) Ltd.
2. Gujarat Organics Ltd.
3. Hi-Tech Plast Containers (India) Ltd.
4. Asian PPG Industries Ltd.
5. Asian Paints Industrial Coatings Ltd.
6. Resins & Plastics Ltd.
7. Sun Pharmaceutical Industries Ltd.

**Private**

1. Asian Paints (Queensland) Pty. Ltd.
2. SBI Fund Management Pvt. Ltd.
3. Central Board of Trustees (EPF)
4. National Productivity Council

**GUJARAT ORGANICS LIMITED****Shri Manish Choksi**

Shri Manish Choksi is a bachelor of Chemical Engineering from the University of Houston, SA. He obtained his Master of Business Administration with specialization in Entrepreneurial Management and MIS from the same University.

During the course of his association with Asian Paints (I) Ltd, Shri. Manish Choksi, has made significant contribution in achieving the Company's growth plans particularly in the critical areas of implementation of Supply Chain Management solution, as well as the Enterprise Resource Planning Software and demonstrated maturity and foresight in identifying opportunities and guiding the Company's e-business initiatives.

Shri Manish Choksi is on the Board of the following Companies, namely:

**Public**

1. Ricinash Oil Mill Ltd.
2. Jatayu Investments Ltd.
3. Technical Instruments Manufacturing (I) Ltd.

**Private**

1. Satyadharma Investments & Trading Co. Pvt. Ltd.

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

**Registered Office**

Plot 127/1, Industrial Estate,  
GIDC, Ankleshwar – 393002,  
Gujarat.

**Ashwin Dani**  
**Chairman**

Date: 28th June, 2004

**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 19th September 2004 to 25th September 2004 (both days inclusive).
3. The Company's equity shares are listed on "The Stock Exchange, Mumbai" and the listing fees for the year 2003-2004 has been paid in full.

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

**Registered Office:**

Plot 127/1, Industrial Estate,  
GIDC, Ankleshwar – 393002,  
Gujarat.

**Ashwin Dani**  
**Chairman**

Date: 28th June, 2004

**GUJARAT ORGANICS LIMITED****DIRECTORS' REPORT**

The Directors hereby present their Twenty-sixth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March 2004.

**FINANCIAL RESULTS:**

Given below are the financial results for the year ended 31st March 2004

[Rs. In Lacs]

|  | 2003-2004 |        | 2002-2003 |         |
|--|-----------|--------|-----------|---------|
| Sales (Net of Excise)                      | 825.24    |        | 1005.09   |         |
| Conversion Charges (Net of Excise)         | Nil       |        | 3.15      |         |
| Sales (Trading)                            | 0.65      |        | 0.36      |         |
|  |           | 825.89 |           | 1008.60 |
| Profit before Depreciation, Interest & Tax |           | 118.56 |           | 200.44  |
| Less: Depreciation                         | 80.82     |        | 74.73     |         |
| Interest                                   | 31.75     |        | 27.36     |         |
| Deferred Tax                               | 0.00      |        | 45.47     |         |
| Deferred Tax Assets                        | (62.38)   |        | 0.00      |         |
|  |           | 50.19  |           | 147.56  |
| Profit / (Loss) after Taxes                |           | 68.37  |           | 52.88   |
| Balance brought forward from previous year | 387.94    |        | 334.81    |         |
| Prior Period adjustments (Net)             | 0.00      |        | 0.25      |         |
|  |           | 387.94 |           | 335.06  |
| Balance Carried to Balance Sheet           |           | 456.31 |           | 387.94  |

**OPERATIONS:**

Sales, other than trading sales, for the year 2003-2004 at Rs 825.89 lacs was lower by 18.12% as compared to Rs. 1008.24 lacs for the corresponding previous year.

Profit during the year after interest, depreciation and taxation was Rs.68.37 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 2003-2004 was Rs.12.48 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, 2004 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. Ashwin Dani and Shri. Manish Choksi 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, 2004**



**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 2004.

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

|                            | 2003-04 | 2002-03 |
|----------------------------|---------|---------|
| <b>1. Electricity</b>      |         |         |
| Purchased Unit             | 2099028 | 2133556 |
| Total amount (Rs. in Lacs) | 96.83   | 98.44   |
| Rate/Unit (Rs.)            | 4.61    | 4.61    |
| <b>2. Diesel</b>           |         |         |
| Quantity (K. Litres)       | 21      | 13      |
| Total amount (Rs. in Lacs) | 4.67    | 2.67    |
| Rate /Unit (Rs.)           | 22.65   | 20.52   |
| <b>3. LDO</b>              |         |         |
| Quantity (K. Litres)       | 1       | 11      |
| Total amount (Rs. in Lacs) | 0.18    | 1.85    |
| Rate / Unit (Rs.)          | 18.00   | 20.52   |
| <b>4. Gas</b>              |         |         |
| Quantity (SM3)             | 574260  | 647342  |
| Total amount (Rs. in Lacs) | 50.44   | 57.64   |
| Rate /Unit (Rs.)           | 8.78    | 8.90    |

**B. CONSUMPTION PER UNIT OF PRODUCTION**

|   | Electricity |         | Diesel  |         | Gas     |         |
|---|-------------|---------|---------|---------|---------|---------|
|   | 2003-04     | 2002-03 | 2003-04 | 2002-03 | 2003-04 | 2002-03 |
|   | Rs.         | Rs.     | Rs.     | Rs.     | Rs.     | Rs.     |
| Para/Ortho Hydroxy Benzoic Acid & Derivatives | 12.41       | 11.93   | 0.40    | 0.37    | 6.21    | 5.98    |

**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] |         |
|-------------------------|---------------|---------|
|                         | 2003-04       | 2002-03 |
| (a) Capital             | 4.53          | 6.77    |
| (b) Recurring           | 4.35          | 4.23    |
|                         |               |         |
| Total R & D Expenditure | 8.88          | 11.10   |
| (As a % to Turnover)    | 1.07%         | 1.10%   |

**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] |         |
|-------------------------------------|---------------|---------|
|                                     | 2003-04       | 2002-03 |
| (a) Earnings in Foreign Exchange    | 5.09          | 3.44    |
| (b) Expenditure in Foreign Exchange | 94.85         | 97.75   |

**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: 28<sup>th</sup> June 2004**