

27th ANNUAL REPORT 2004-2005



GUJARAT ORGANICS LIMITED

CONTENTS	PAGE
Notice	3
Directors' Report	5
Compliance Report	9
Auditors' Report	12
Balance Sheet	16
Profit & Loss Account	17
Schedules	18
Proxy	35

Report  junction.com

27th

ANNUAL GENERAL MEETING

Date: 27th September 2005

Time: 11.30 a.m.

**Venue: 127/1, GIDC Industrial Estate,
Ankleshwar - 393 002, Gujarat.**

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>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, Maharashtra.

GUJARAT ORGANICS LIMITED
FIVE YEAR REVIEW

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

RESULTS FOR THE ACCOUNTING YEAR	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
<u>Revenue Account</u>					
1 Gross Sales	107,180	94,418	114,511	94,208	99,327
2 Net Sales	94,025	82,589	100,509	81,847	87,189
3 Growth Rate %	13.52%	-17.55%	21.55%	-5.15%	40.08%
4 Other Income	22,670	18,548	16,638	29,607	24,208
5 Material Consumed	54,395	47,459	55,959	43,246	51,550
6 % to Net Sales (5/2*100)	57.85%	57.46%	55.68%	52.84%	59.12%
7 Overheads	41,042	41,823	41,143	35,876	35,022
8 Profit / Loss Before Int, Depreciation & Tax (PBITD)	21,258	11,856	20,044	32,333	24,825
9 Interest and Financing Charges	4,968	3,175	2,736	4,420	9,170
10 Depreciation	8,650	8,082	7,473	13,465	5,812
11 Profit/(Loss) Before Taxes	7,640	598	9,835	14,448	9,843
<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	63,005	47,897	41,060	35,747	11,765
4 Loan Fund	59,191	71,903	59,597	62,544	130,273
5 Fixed Assets (Net)	90,305	90,636	80,130	76,032	78,384
6 Investments	6,795	6,795	6,822	6,822	56,982
7 Net Current Assets	28,445	32,942	30,692	27,851	28,596
<u>Per Share Data</u>					
1 Book Value (Rs.)	323	248	214	187	68
<u>Other Information</u>					
1 Number of Employee	85	87	84	87	87

GUJARAT ORGANICS LIMITED**NOTICE**

Notice is hereby given that the Twenty-seventh **ANNUAL GENERAL MEETING** of the members of **GUJARAT ORGANICS LIMITED** will be held on Tuesday, the 27th day of September, 2005 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, 2005 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 modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 106 and other applicable provisions of the Companies Act, 1956 and consent accorded by the Preference Shareholders at their Meeting held on 27th September, 2005 the following variations with effect from 26th October, 2005 in the rights of the holders of existing 20,00,000 12% Cumulative Redeemable and Non- Convertible Preference Shares of Rs. 10/- each be and is hereby approved.

- a) The rate of dividend payable for the said Preference Shares shall be 6% instead of 12%.
- b) The said Preference Shares shall be Non- Cumulative Redeemable Preference Shares of Rs. 10/- each.
- c) The original period of redemption of the said preference shares which is on or before 26th October, 2005 being the maximum period of 10 years from the date of allotment be and is hereby increased from 10 years to 20 years from the first date of allotment of the said preference shares so that the same shall be redeemed not later than 25th October, 2015 and that the exact date of redemption be fixed by the Board of Directors of the Company within the said extended period upto 25th October, 2015 by giving a Notice of not less than one month before the date of redemption so fixed by the Board.”

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 21st September 2005 to 27th September 2005 (both days inclusive).
3. The Company's equity shares are listed on “The Stock Exchange, Mumbai” and the listing fees for the year 2004-2005 has been paid in full.
4. As required under Clause 49VI of the Listing Agreement, given below are the details of the directors proposed for re-appointment.
5. The relative Explanatory Statement under section 173 of the Companies Act, 1956 of the special business at Item No. 5 above is annexed hereto.

GUJARAT ORGANICS LIMITED**Shri Jalaj Dani**

Shri Jalaj Dani is director of the company since 1993. He holds Masters Degree in Chemical Engineering from Massachusetts Institute of Technology. He is currently Vice President – International in Asian Paints (India) Limited. Under the leadership of Mr. Jalaj Dani, Asian Paints (India) Limited has successfully concluded four international acquisitions in short span of four years, placing Asian Paints on the global map. Presently he manages the international operations of Asian Paints (India) Ltd. as well as several India Companies. He is associated with various Chambers of Commerce in India and abroad. He is in the Board of Berger International Limited, Berger International Ltd. Sdn. Bhd., Asian Paints (International) Ltd., Mauratius, Asian Paints (South Pacific) Holdings Ltd. Vanutau, Asian Paints (South Pacific) Ltd., Fiji, Asian Paints (Lanka) Ltd, Sri Lanka, Asian Paints (Vanutau) Ltd, Vanutau, Asian Paints (Middle East) LLC-Oman, Asian Paints (Mauritius) Ltd., Mauritius, Asian Paints (Bangladesh) Ltd, Hi-tech Plast Ltd, Dani Trading & Investments Ltd, Rangudyan Trading & Investments Co. Ltd, Dani Trading & Investments Co. Ltd, Dani Finlease Ltd, S.C. Dani Research Foundation Ltd., Committee Membership: None

Shri Kamlesh Mody

Shri Kamlesh Mody is a rank holder in B.Com from Mumbai University and LLB. He has also passed his Chartered Accountancy from ICAI with gold medal. He is having professional experience of 24 years and specializes in Corporate Taxation and Internal Audit. He advises a lot of people on Business Strategies. He is in the board of Rangaraj Investments Pvt. Ltd., Thakoral Trading & Investment 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: 19th July, 2005

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956:

Item No 5:

The Company proposes to vary the rights of the existing 20,00,000 12% Cumulative Redeemable and Non-Convertible Preference Shareholders in the manner mentioned in the Special Resolution at item no. 5 of the accompanying notice.

Pursuant to the provisions of Section 106 of the Companies Act, 1956 consent was accorded by the preference shareholders at their Meeting held on 27th September, 2005 at 11.00 a.m. Since variation in the rights of Preference Shareholders also affects the rights of Equity Shareholders the Special Resolution under section 106 of the Companies Act, 1956 is proposed as mentioned above.

The Board commends the approval by the members of the resolution at item No.5 of the accompanying notice.

The Directors of the Company may be deemed to be interested in the said resolution to the extent of their interest in the companies who hold the above Preference Shares.

By Order of the Board
For GUJARAT ORGANICS LIMITED

Registered Office

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

Ashwin Dani
Chairman

Date: 19th July, 2005

GUJARAT ORGANICS LIMITED**DIRECTORS' REPORT**

The Directors hereby present their Twenty-seventh Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS:

Given below are the financial results for the year ended 31st March 2005

[Rs. In Lacs]

	2004-2005		2003-2004	
Sales (Net of Excise)		940.25		825.89
Profit before Depreciation, Interest & Tax		212.58		118.56
Less: Depreciation	86.50		80.82	
Interest	49.68		31.75	
Deferred Tax Assets	(74.40)		(62.38)	
		61.78		50.19
Profit / (Loss) after Taxes		150.80		68.37
Balance brought forward from previous year	456.31		387.94	
Prior Period adjustments (Net)	0.28		0.00	
		456.59		387.94
Balance Carried to Balance Sheet		607.39		456.31

OPERATIONS:

Sales for the year 2004-2005 at Rs 940.25 lacs was higher by 13.85 % as compared to Rs. 825.89 lacs for the corresponding previous year.

Profit during the year after interest, depreciation and taxation was Rs. 150.80 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 2004-2005 was Rs.55.61 lacs. No fixed deposit which was claimed remained unpaid.

VARIATION IN RIGHTS OF PREFERENCE SHAREHOLDERS:

It is proposed to vary the rights of preference shareholders by reducing the rate of dividend from 12% to 6% making the Preference Shares Non-cumulative and extending the period of redemption by 10 years i.e. up to 26th October 2015.

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, 2005 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

Ashwin Dani
Chairman

Mumbai: 19th July, 2005

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 2005.

FORM A

A. POWER AND FUEL CONSUMPTION

	2004-05	2003-04
1. Electricity		
Purchased Unit	1970694	2099028
Total amount (Rs. in Lacs)	91.72	96.83
Rate/Unit (Rs.)	4.65	4.61
2. Diesel		
Quantity (K. Litres)	14	21
Total amount (Rs. in Lacs)	3.71	4.67
Rate /Unit (Rs.)	26.96	22.65
3. LDO		
Quantity (K. Litres)	0.4	1
Total amount (Rs. in Lacs)	0.09	0.18
Rate / Unit (Rs.)	22.85	18.00
4. Gas		
Quantity (SM3)	401663	574260
Total amount (Rs. in Lacs)	35.77	50.44
Rate /Unit (Rs.)	8.91	8.78

B. CONSUMPTION PER UNIT OF PRODUCTION

	Electricity		Diesel		Gas	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Para/Ortho Hydroxy Benzoic Acid & Derivatives	9.95	8.05	0.54	0.52	5.18	5.58

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]	
	2004-05	2003-04
(a) Capital	2.36	4.53
(b) Recurring	6.42	4.35
Total R & D Expenditure	8.78	8.88
(As a % to Turnover)	0.93%	1.07%

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]	
	2004-05	2003-04
(a) Earnings in Foreign Exchange	11.46	5.09
(b) Expenditure in Foreign Exchange	16.45	94.85

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: 19th July 2005