

28th ANNUAL REPORT 2005-2006



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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

28th
ANNUAL GENERAL MEETING

Date: 27th September 2006

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	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
<u>Revenue Account</u>					
1 Gross Sales	116,704	107,180	94,418	114,511	94,208
2 Net Sales	104,135	94,025	82,589	100,509	81,847
3 Growth Rate %	8.89%	13.52%	-17.55%	21.55%	-5.15%
4 Other Income	35,790	22,670	18,548	16,638	29,607
5 Material Consumed	61,894	54,395	47,459	55,959	43,246
6 % to Net Sales (5/2*100)	59.44%	57.85%	57.46%	55.68%	52.84%
7 Overheads	44,874	41,042	41,823	41,143	35,876
8 Profit / Loss Before Int, Depreciation & Tax (PBITD)	33,156	21,258	11,856	20,044	32,333
9 Interest and Financing Charges	4,233	4,968	3,175	2,736	4,420
10 Depreciation	8,645	8,650	8,082	7,473	13,465
11 Profit/(Loss) Before Taxes	20,277	7,640	598	9,835	14,448
<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	83,900	63,005	47,897	41,060	35,747
4 Loan Fund	48,109	59,191	71,903	59,597	62,544
5 Fixed Assets (Net)	88,363	90,305	90,636	80,130	76,032
6 Investments	6,714	6,795	6,795	6,822	6,822
7 Net Current Assets	39,661	28,445	32,942	30,692	27,851
<u>Per Share Data</u>					
1 Book Value (Rs.)	427	323	248	214	187
<u>Other Information</u>					
1 Number of Employee	88	85	87	84	87

GUJARAT ORGANICS LIMITED**NOTICE**

Notice is hereby given that the Twenty-Eighth ANNUAL GENERAL MEETING of the members of GUJARAT ORGANICS LIMITED will be held on Wednesday, the 27th day of September, 2006 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, 2006 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 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.

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 2006 to 27th September 2006 (both days inclusive).
3. The Company's equity shares are listed on "The Stock Exchange, Mumbai" and the listing fees for the year 2005-2006 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.

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

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

**Ashwin Dani
Chairman
Date: 26th June, 2006**

GUJARAT ORGANICS LIMITED**Shri. Ashwin S. Dani**

Shri. Ashwin S. Dani has done his B.sc. (Hons) from Institute of Science, University of Bombay and B.sc (Tech) (Pigments, Paints & Varnish) 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 position to his present position of Vice Chairman and Managing Director.

He is 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 Ltd.
2. Gujarat Organics Ltd.
3. Hi Tech Plast Ltd.
4. Asian PPG Industries Ltd.
5. Asian Paint 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

Committee Membership : Hitech Plast Ltd., Asian PPG Industries Ltd., Asian Paints Industrial Coatings Ltd. & Resin & Plastics 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., Clear Plastics Ltd.

Committee Membership : None.

By Order of the Board
For GUJARAT ORGANICS LIMITED

Registered Office

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

Ashwin Dani
Chairman

Date: 26th June, 2006

GUJARAT ORGANICS LIMITED**DIRECTORS' REPORT**

The Directors hereby present their Twenty-Eighth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March 2006.

FINANCIAL RESULTS:

Given below are the financial results for the year ended 31st March 2006

[Rs. In Lacs]

	2005-2006		2004-2005	
Sales (Net of Excise)		1041.35		940.25
Profit before Depreciation, Interest & Tax		331.56		212.58
Less: Depreciation	86.45		86.50	
Interest	42.33		49.68	
Deferred Tax Assets	(6.20)		(74.40)	
Fringe Benefit Tax	1.37	123.95	0.00	61.78
Profit / (Loss) after Taxes		207.61		150.80
Balance brought forward from previous year	607.39		456.31	
Prior Period adjustments (Net)	1.34		0.28	
		608.73		456.59
Balance Carried to Balance Sheet		816.34		607.39

OPERATIONS:

Sales for the year 2005-2006 at Rs1041.35 lacs was higher by 10.75 % as compared to Rs.940.25 lacs for the corresponding previous year.

Profit during the year after interest, depreciation and taxation was Rs.207.61 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 2005-2006 was Rs.56.82 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, 2006 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.

EXPORTS

Exports has more than doubled from Rs.128 lacs to 289 lacs. New market like France and South Africa was explored.

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 S. Dani and Shri. Mahendra Sheth 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: 26th June, 2006

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 2006.

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

	2005-06	2004-05
1. Electricity		
Purchased Unit	2273664	1970694
Total amount (Rs. in Lacs)	101.18	91.72
Rate/Unit (Rs.)	4.45	4.65
2. Diesel		
Quantity (K. Litres)	17	14
Total amount (Rs. in Lacs)	5.56	3.71
Rate /Unit (Rs.)	32.70	26.96
3. LDO		
Quantity (K. Litres)	0.0	0.4
Total amount (Rs. in Lacs)	0.00	0.09
Rate / Unit (Rs.)	00.00	22.85
4. Gas		
Quantity (SM3)	477103	401663
Total amount (Rs. in Lacs)	42.69	35.77
Rate /Unit (Rs.)	8.95	8.91

B. CONSUMPTION PER UNIT OF PRODUCTION

	Electricity		Diesel		Gas	
	2005-06 Rs.	2004-05 Rs.	2005-06 Rs.	2004-05 Rs.	2005-06 Rs.	2004-05 Rs.
Para/Ortho Hydroxy Benzoic Acid & Derivatives	13.26	9.95	0.73	0.54	5.60	5.18

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]	
	2005-06	2004-05
(a) Capital	0.70	2.36
(b) Recurring	8.19	6.42
Total R & D Expenditure	8.89	8.78
(As a % to Turnover)	0.85%	0.93%

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]	
	2005-06	2004-05
(a) Earnings in Foreign Exchange	90.64	11.46
(b) Expenditure in Foreign Exchange	1.48	16.45

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: 26th June, 2006