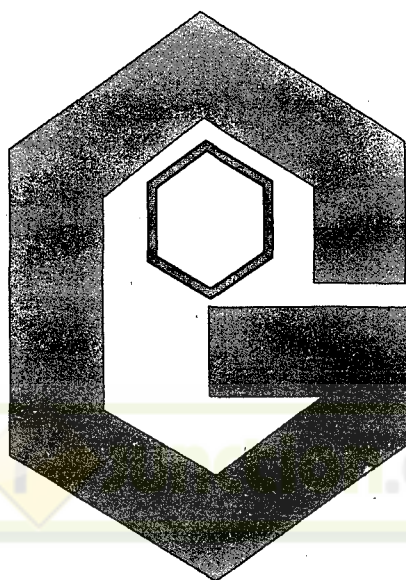


29th ANNUAL REPORT 2006-2007



GUJARAT ORGANICS LIMITED

CONTENTS	PAGE
Notice	3
Directors' Report	11
Compliance Report	16
Auditors' Report	21
Balance Sheet	25
Profit & Loss Account	26
Schedules	27
Proxy	45

**29th
ANNUAL GENERAL MEETING**

Date: 27th September 2007

Time: 11.30 a.m.

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

REPORT JUNCTION.COM

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	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Revenue Account					
1 Gross Sales	163,930	116,704	107,180	94,418	114,511
2 Net Sales	146,540	104,118	94,025	82,589	100,509
3 Growth Rate %	40.47%	8.89%	13.52%	-17.55%	21.55%
4 Other Income	49,540	35,790	22,670	18,548	16,638
5 Material Consumed	93,454	61,894	54,395	47,459	55,959
6 % to Net Sales (5/2*100)	63.77%	59.45%	57.85%	57.46%	55.68%
7 Overheads	60,574	44,874	41,042	41,823	41,143
8 Profit / Loss Before Int, Depreciation & Tax (PBIDT)	42,052	33,156	21,258	11,856	20,044
9 Interest and Financing Charges	5,417	4,233	4,968	3,175	2,736
10 Depreciation	9,398	8,645	8,650	8,082	7,473
11 Profit/(Loss) Before Taxes	27,238	20,277	7,640	598	9,835
Capital Account					
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	117,878	83,900	63,005	47,897	41,060
4 Loan Fund	60,807	48,109	59,191	71,903	59,597
5 Fixed Assets (Net)	109,279	88,363	90,305	90,636	80,130
6 Investments	17,974	6,714	6,795	6,795	6,822
7 Net Current Assets	47,457	39,661	28,445	32,942	30,692
Per Share Data					
1 Book Value (Rs.)	595	427	323	248	214
Other Information					
1 Number of Employee	96	88	85	87	84

GUJARAT ORGANICS LIMITED**NOTICE**

Notice is hereby given that the Twenty-Ninth ANNUAL GENERAL MEETING of the members of **GUJARAT ORGANICS LIMITED** will be held on Thursday, the 27th day of September, 2007 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, 2007 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jalaj A Dani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Manish M 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.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, including any Statutory modification or re-enactment thereof, for the time being in force, the Company in general meeting hereby approves the re-appointment of Shri Hasit A Dani as Managing Director of the Company for period of five years with effect from 20th October 2006 on the terms and conditions and remuneration as approved by Remuneration Committee and as set out in the explanatory statement annexed to this Notice.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company shall pay to Shri Hasit A. Dani remuneration and perquisites not exceeding the ceiling limit laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors".

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary any of the terms of remuneration in consultation with Managing Director provided such variation is in accordance with the provisions in part II of Schedule XIII of the Companies Act, 1956 and/ or the provisions of law as may be applicable thereto from time to time."

GUJARAT ORGANICS LIMITED**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 2007 to 27th September 2007 (both days inclusive).
3. The Company's equity shares are listed on "The Stock Exchange, Mumbai" and the listing fees for the year 2006-2007 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 in respect of the special business at item no 5 above is annexed hereto



Report  junction.com

GUJARAT ORGANICS LIMITED

ANNEXURE TO NOTICE

Explanatory statements Under Section 173 of the Companies Act, 1956

The Board of Directors of the Company (the "Board") had by a resolution dated October 6, 2006, re-appointed Shri Hasit .A. Dani as the Managing Director of the Company for a further period of five years with effect from 20th October 2006. The said reappointment of Managing Director and the payment of remuneration to him are subject to the approval of the Members of the Company. The material terms of his re-appointment and remuneration are as follows:-

No.	Particulars		
I.	Salary	:	Rs. 90,000/- Rs. 1,10,000/- with increase of Rs. 5,000/- every year
II.	Perquisites	:	
A.	House Rent Allowance	:	@ 25% of Salary per month
B.	Discretionary Allowance	:	Rs. 8,500.00 per month
C.	Provident Fund	:	@ 12% of Salary per month
D.	Car	:	Provision of a driver for official purpose
E.	Others	:	Such other benefits and amenities as are provided to senior officers of the Company, from time to time.
III.	Benefits and Amenities	:	
A.	Gratuity	:	As per rules of the Company

1. The appointment would be terminable from either side by giving 3 months' notice in writing.
2. If the said appointment ceased before the agreement period of 5 years, no compensation would be payable to Shri Hasit A. Dani, for the unexpired period.

Where in any financial year during the currency of tenure of the Managing Director, the Company had no profits or its profits are inadequate, the Company would pay Shri Hasit A. Dani remuneration, perquisites not exceeding the ceiling laid down in Section II 1(B) of Part II of Schedule XIII of the Companies Act, 1956, and as would be decided by the Board of Directors.

Additional information required to be given alongwith a Notice calling General Meeting as per sub para (B) of para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956 is given hereunder:

GUJARAT ORGANICS LIMITED**I. General Information:**

- 1) Nature of industry Chemical
- 2) Date or expected date of commencement of commercial production The Company has been in the business for many years
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. Not Applicable
- (4) Financial performance based on given indicators
- | | 2001 - 2002 | 2002 - 2003 | 2003 - 2004 | 2004 - 2005 | 2005 - 2006 |
|---|---------------|-------------|-------------|-------------|-------------|
| | (Rs. in lacs) | | | | |
| Turnover | 942.08 | 1145.11 | 944.18 | 1071.80 | 1167.04 |
| Net profit (as computed under section 198) | 144.48 | 98.35 | 5.98 | 76.40 | 202.77 |
| Net profit/ (Loss) as per profit and loss account | 144.48 | 98.35 | 5.98 | 76.40 | 202.77 |
| Amount of Dividend paid | Nil | Nil | Nil | Nil | Nil |
| Rate of Dividend declared | | | | | |
| Earning before interest, depreciation & taxes | 323.33 | 200.44 | 118.56 | 212.58 | 331.56 |
| % of EBIDT to turnover | 34.32 | 17.50 | 12.56 | 19.83 | 28.41 |
- (5) Export performance and net foreign exchange collaborations Nil
- (6) Foreign investments or collaborators, if any. Nil

II. Information about the appointee:

- 1) Background details
- Name: Mr. Hasit A.Dani
 Designation: Managing Director
 Father's name: Mr Ashwin S Dani
 Nationality: Indian
 Date of Birth: 14 July 1972
 Qualifications: BBA(Massachussetts)
 MBA (Pittsburgh, USA)
 Experience: 8 Years

GUJARAT ORGANICS LIMITED

- | | | |
|----|--|---|
| 2) | Past remuneration | The gross remuneration paid to him in the year 2005-06 was Rs. 1,23,250/- per month. |
| 3) | Recognition or awards | None |
| 4) | Job profile and his suitability | <p>The Managing Director shall be responsible for the management of the whole of the affairs of the Company and to do all acts and things, which, in the ordinary course of business, he considers necessary or proper or in the interest of the Company.</p> <p>Considering the above and having regard to qualifications, ability and experience and looking to the business requirement the proposed remuneration is in the interest of the Company.</p> |
| 5) | Remuneration proposed | A gross remuneration of Rs. 15.82Lacs per annum based on monetary value of perquisites plus yearly increments. |
| 6) | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin) | Compared to the remuneration with respect to the industry, size of the Company etc. the remuneration proposed to be paid to is very low. |
| 7) | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | The Managing Director has no other pecuniary relationship with the Company or with the managerial personnel except the remuneration being paid to him as Managing Director of the Company. |

III. Other information:

- | | | |
|----|---|--|
| 1) | Reasons of loss or inadequate profits | The loss/ inadequate during the year 2006-07 was due to Increase in Raw Material Price |
| 2) | Steps taken or proposed to be taken for improvement | Substantial marketing efforts and up gradation in technology is likely to increase the profitability of the Company. |

GUJARAT ORGANICS LIMITED

- 3) Expected increase in productivity and profits in measurable terms. With the curtailment in expenses and increase in the turnover the Company expects to make profit to the tune of approximately Rs. 500 Lacs before interest, depreciation and tax, barring unforeseen circumstances.

IV. Disclosures:

The remuneration package of Shri. Hasit .A. Dani and other details such as remuneration, service contract, notice period etc. have been disclosed above. The Company does not have any scheme for grant of stock options.

The Board commends the approval by the members of the re-appointment of Shri. Hasit .A. Dani , Managing Director and payment of remuneration to him.

Shri Ashwin Dani, Shri Jalaj Dani and Shri. Hasit .A. Dani are concerned or interested in the said Resolution at item no. 5 of the accompanying notice.

The above may be treated as an abstract of the terms of re-appointment and remuneration payable to Mr. Shri. Hasit .A. Dani, as Managing Director as required pursuant to Section 302 of the Companies Act, 1956.

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

Ashwin Dani
Chairman

Date: 29th June, 2007

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