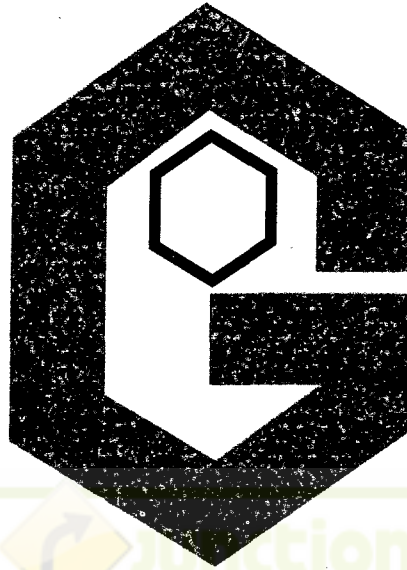


## **31st ANNUAL REPORT 2008-2009**



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**GUJARAT ORGANICS LIMITED**

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<p style="text-align: center;">31st  <b>ANNUAL GENERAL MEETING</b>          Date: 24th September 2009          Time: 11.30 a. m.          Venue: 127/1, GIDC Industrial Estate,          Ankleshwar - 393 002, Gujarat.</p>
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## GUJARAT ORGANICS LIMITED

BOARD OF DIRECTORS

Ashwin S. Dani (Chairman)  
Jalaj A. Dani  
Hasit A. Dani (Managing Director)  
Mahendra C. Sheth  
Kamlesh T Mody (Resigned w.e.f. 20.03.2009)  
Manish M Choksi (Resigned w.e.f. 30.03.2009)  
Harish N. Motiwalla (Additional Director w.e.f. 06.04.2009)  
Amrish B. Parikh (Additional Director w.e.f. 06.04.2009)

AUDITORS

Deepak Shah & Co.  
Chartered Accountants

BANKERS

Kotak Mahindra Bank Ltd

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

RESULTS FOR THE ACCOUNTING YEAR	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
<u>Revenue Account</u>					
1 Gross Sales	312,796	197,583	163,930	116,704	107,180
2 Net Sales	288,378	183,065	146,540	104,118	94,025
3 Growth Rate %	58.31%	20.53%	40.47%	8.89%	13.52%
4 Other Income	44117	19,152	49,540	35,790	22,670
5 Material Consumed	170326	110,498	93,454	61,894	54,395
6 % to Net Sales (5/2*100)	59.06%	60.36%	63.77%	59.45%	57.85%
7 Overheads	102899	84,383	60,574	44,874	41,042
8 Profit / Loss Before Int, Depreciation & Tax (PBIDT)	59,270	7,336	42,052	33,156	21,258
9 Interest and Financing Charges	11415	8,317	5,417	4,233	4,968
10 Depreciation	13578	11,945	9,398	8,645	8,650
11 Profit/(Loss) Before Taxes	34,277	(12,926)	27,237	20,277	7,640
<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	142623	107,307	117,878	83,900	63,005
4 Loan Fund	144121	103,276	60,807	48,109	59,191
5 Fixed Assets (Net)	141171	124,852	109,279	88,363	90,305
6 Investments	19545	5,767	17,974	6,714	6,795
7 Net Current Assets	118286	73,378	47,457	39,661	28,445
<u>Per Share Data</u>					
1 Book Value (Rs.)	718	543	595	427	323
<u>Other Information</u>					
1 Number of Employee	101	108	96	88	85

## GUJARAT ORGANICS LIMITED

NOTICE:

Notice is hereby given that the Thirty first ANNUAL GENERAL MEETING of the members of GUJARAT ORGANICS LIMITED will be held on Thursday, the 24th day of September, 2009 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, 2009 together with the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Mahendra Sheth, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Mr. Jalaj A.Dani who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary Resolution:

"RESOLVED THAT M/s Deepak Shah & Co., Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

**SPECIAL BUSINESS:**

5. To Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Harish N. Motiwalla was appointed as Additional Director by the Board of Directors of the Company on 6<sup>th</sup> April 2009, pursuant to section 260 of the Companies Act, 1956 and Article 107 of the Article of Association of the Company, in respect of whom the Company has received notice under section 257 of the Companies Act, 1956 and who is eligible for appointment as Additinoal Director of the Company, be and is hereby appointed as Additional Director of the Company".

6. To Consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Amrish B. Parikh was appointed as Additional Director by the Board of Directors of the Company on 6<sup>th</sup> April 2009, pursuant to section 260 of the Companies Act, 1956 and Article 107 of the Article of Association of the Company, in respect of whom the Company has received notice under section 257 of the Companies Act, 1956 and who is eligible for appointment as Additinoal Director of the Company, be and is hereby appointed as Additional Director of the Company".

## GUJARAT ORGANICS LIMITED

## NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY 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.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 17<sup>th</sup> September 2009 to Thursday 24<sup>th</sup> September 2009 (both days inclusive).
- c) The Company's equity shares are listed on "The Stock Exchange, Mumbai" and the listing fees for the year 2009-2010 has been paid in full.
- d) As required under clause 49VI of the listing Agreement, given below are the details of the directors proposed for re-appointment.
- e) The relative explanatory statement in respect of Special Business at the item No. 5 & 6 above is annexed hereto.

## Mr. Jalaj A. Dani

Mr. Jalaj Dani is Director of the company since 1993. He holds Masters Degree in Chemical Engineering from Massachusetts Institute of Technology. He is currently President – International. He manages the international operations of Asian Paints Ltd. as well as several Indian Companies. He is associated with various Chambers of Commerce in India and abroad.

He holds 100 equity shares in the share capital of Gujarat Organics Ltd.

Mr. Jalaj Dani is on the Board of the following Companies, namely:

Public	Private
1. Asian Paints (Bangladesh) Ltd.	1. Maxbhumi Developers P Ltd.
2. Asian Paints (International) Ltd. Mauritius	2. J M financial Trustee P. Ltd.
3. Asian Paints (Lanka) Ltd Srilanka	
4. Asian Paints (Middle East) LLC-Oman	
5. Asian Paints (South Pacific) Fiji Ltd.	
6. Asian Paints (South Pacific) Holding Ltd. Vanuatu	
7. Asian paints (Vanutau) Ltd. Vanutau	
8. Berger Building Services (Singapore) Pte Ltd. Sin	
9. Berger Contractor (Singapore) Pte. Ltd, Singapore	
10. Berger International Ltd, Singapore	
11. Berger International Ltd, Sdh. Bdh. Malayasia	

## GUJARAT ORGANICS LIMITED

12. Berger Paints Ltd. (HK) Ltd, Hongkong
13. Berger Paints (Ningbo) Co. Ltd, China
14. Berger Paints (Thailand) Ltd. Thailand
15. Berger Paints Bahrain W.L.L
16. Berger Paints Barbados Ltd, Bridgetown
17. Berger Paints Emirates Ltd U A E
18. Berger Paints Jamaica Ltd, Kingston
19. Berger Paints Singapore Pte. Ltd,  
Singapore
20. Berger Paints Trinidad Ltd. Port of Spain
21. Lewis Berger International [Overseas  
Holding] Ltd
22. Samoa Paints Ltd.
23. SCIB Chemicals S.A.E
24. Taubmans Paints Fiji Ltd.
25. Coating Specialities (India) Ltd
26. Dani Finlease Ltd.
27. Gujarat Organics.Ltd.
28. Hitech Plast Ltd
29. S C Dani Research Foundation Ltd.
30. Young Presidenta Organisation

Committee Membership : Hitech Plast Ltd

#### Mr. Mahendra Sheth

Mr. 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.

He does not hold any shares in the share capital of Gujarat Organics Ltd.

Committee Membership : None

#### Mr. Harish N. Motiwalla

Mr. Harish N. Motiwalla is a practicing Chartered Accountant and has a vast expertise in the field of accounts, finance and corporate governance. He is on the Board of Hitech Plast Ltd. The Board of Directors recommends the Appointment of Mr. Harish N. Motiwalla as Additional Director of the Company.

Excepting Mr. Harish N. Motiwalla, no other Director of the Company may be deemed to be concerned or interested in this item, except as a member, if any, of the company.

He does not hold any shares in the share capital of Gujarat Organics Ltd.

GUJARAT ORGANICS LIMITED

**Mr. Amrish B. Parikh**

Mr. Amrish B. Parikh is a Arts Graduate and he has working experience of 34 years in Asian Paints Ltd. The Board of Directors recommends the Appointment of Mr. Amrish B. Parikh as Additional Director of the Company.

Excepting Mr. Amrish B. Parikh, no other Director of the Company may be deemed to be concerned or interested in this item, except as a member, if any, of the company

He does not hold any shares in the share capital of Gujarat Organics Ltd.

By Order of the Board  
For GUJARAT ORGANICS LIMITED

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

Ashwin S. Dani  
Chairman

Date: 26<sup>th</sup> June, 2009





## GUJARAT ORGANICS LIMITED

## DIRECTORS' REPORT

The Directors hereby present their Thirty First Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31<sup>st</sup> March 2009.

FINANCIAL RESULTS:

Given below are the financial results for the year ended 31<sup>st</sup> March 2009.

	2008-2009		2007-2008	
			[Rs. in Lacs]	
Sales (Net of Excise)		2883.78		1830.64
Profit before Depreciation, Interest & Tax		592.69		73.34
Less: Depreciation	135.78		119.45	
Interest	114.14		83.19	
Deferred Tax Assets	(11.57)		(26.12)	
Provision for Tax	0.02			
Fringe Benefit Tax	1.16	239.53	1.18	177.70
Profit / (Loss) after Taxes		353.16		(104.36)
Balance brought forward from previous year	1050.41		1156.121	
Prior Period adjustments (Net)			(1.35)	
		1050.41		1154.77
Balance Carried to Balance Sheet		1403.57		1050.41

OPERATIONS:

Sales for the year 2008-2009 at Rs.2883.78 Lacs was higher by 57.53% as compared to Rs.1830.64 Lacs for the corresponding previous year.

Production volumes have gone up by 25%.

Exports Sales have gone up by 106% as compared to 68%.

New customers of bulk Export for Parabens, Para Anisic Acid and Ortho Anisic Acid have been established.

New product added to the list like ISO Butyl Paraben, ISO Propyl Paraben, Butyl Paraben Sodium etc.

Profitability was affected due to non availability of gas.

Profit during the year after interest, depreciation and taxation was Rs. 353.16 lacs

OUTLOOK:

Since April 2008 because of Crude Oil prices are going up, prices of our raw material, particularly Phenol had gone from 80/- to Rs. 89/- per kg. The price of Caustic Potash has increased from 56/- to 90/- and Di Ethyl Sulphate from 54/ to Rs. 100/-. In view of increasing of our raw material prices, we have also increased our product prices by over 25% to 35%. Further October onwards prices of all above products had gone down and accordingly adjusted our prices to safeguard the margin.

## GUJARAT ORGANICS LIMITED

**FINANCE:**

Total fixed deposit repaid during the year 2008-2009 was Rs.104.15 Lacs. No fixed deposit which was claimed remained unpaid.

**RESEARCH & DEVELOPMENT AND ENERGY CONSERVATION:**

Your Company continued according to 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, 2009 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.

**EXPORTS:**

Exports has increased by 106% from Rs 770 Lacs to Rs. 1590 Lacs. New market like France, South Africa, England, USA, UAE, Switzerland and Germany was explored & established new customers. Exports realization were affected due to appreciation of Rupee v/s. US Dollar.

**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:**

Mr. Mahendra C Sheth and Mr. Jalaj A Dani retires by rotation and being eligible, offer themselves for reappointment.

Mr. Kamlesh T. Mody resigned as Director of the Company w.e.f. 20<sup>th</sup> March 2009 and Mr. Manish M. Choksi resigned as Director of the Company w.e.f. 30<sup>th</sup> March 2009. Valuable assistance, advice and support rendered by Mr. Kamlesh T. Mody and Mr. Manish M. Choksi throughout the period of association with the Company are appreciable.

**AUDITORS:**

The auditors, M/s. Deepak Shah & Co. retires and offer themselves for re-appointment.