

32nd ANNUAL REPORT 2009-2010



GUJARAT ORGANICS LIMITED

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32nd
ANNUAL GENERAL MEETING
Date: 24th September 2010
Time: 11.30 a.m.
Venue: 127/1, GIDC Industrial Estate,
Ankleshwar - 393 002, Gujarat.

GUJARAT ORGANICS LIMITED

<u>BOARD OF DIRECTORS</u>	<p>Ashwin S. Dani (Chairman)</p> <p>Jalaj A. Dani</p> <p>Hasit A. Dani (Managing Director)</p> <p>Mahendra C. Sheth</p> <p>Harish N. Motiwalla</p> <p>Amrish B. Parikh</p>
<u>AUDITORS</u>	<p>Deepak Shah & Co.</p> <p>Chartered Accountants</p>
<u>BANKERS</u>	<p>Kotak Mahindra Bank Ltd</p>
<u>REGISTERED OFFICE & FACTORY</u>	<p>Plot No.127/1 ,</p> <p>G.I.D.C. Industrial Estate,</p> <p>Ankleshwar - 393 002,</p> <p>Gujarat.</p>
<u>CORPORATE OFFICE</u>	<p>3 A, Barodawala Mansion,</p> <p>81, Dr. Annie Besant Road,</p> <p>Worli, Mumbai - 400 018,</p> <p>Maharashtra.</p>

GUJARAT ORGANICS LIMITED

FIVE YEAR REVIEW

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

RESULTS FOR THE ACCOUNTING YEAR	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
<u>Revenue Account</u>					
1 Gross Sales	389,512	312,796	197,583	163,930	116,704
2 Net Sales	356,475	288,378	183,065	146,540	104,118
3 Growth Rate %	24.53%	58.31%	20.53%	40.47%	8.89%
4 Other Income	57,473	44,117	19,152	49,540	35,790
5 Material Consumed	219096	170326	110,498	93,454	61,894
6 % to Net Sales (5/2*100)	61.46%	59.06%	60.36%	63.77%	59.45%
7 Overheads	117,276	102,899	84,383	60,574	44,874
8 Profit / Loss Before Int, Depreciation & Tax (PBIDT)	77,577	59,270	7,336	42,052	33,156
9 Interest and Financing Charges	11877	11415	8,317	5,417	4,233
10 Depreciation	14,173	13,578	11,945	9,398	8,645
11 Profit/(Loss) Before Taxes	51,526	34,277	(12,926)	27,237	20,277
<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	193,764	142,623	107,307	117,878	83,900
4 Loan Fund	113,621	144,121	103,276	60,807	48,109
5 Fixed Assets (Net)	136,021	141,171	124,852	109,279	88,363
6 Investments	12,814	19,545	5,767	17,974	6,714
7 Net Current Assets	153,640	118,286	73,378	47,457	39,661
<u>Per Share Data</u>					
1 Book Value (Rs.)	972	718	543	595	427
<u>Other Information</u>					
1 Number of Employee	99	101	108	96	88

GUJARAT ORGANICS LIMITED**NOTICE**

Notice is hereby given that the Thirty second **ANNUAL GENERAL MEETING** of the members of **GUJARAT ORGANICS LIMITED** will be held on Friday, **the 24th day of September, 2010** 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, 2010 together with the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Ashwin S. Dani, who retires by rotation and being eligible offers himself for re-appointment
3. To appoint a Director in place of Shri Amrish B. Parikh 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 is 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.”

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 FRIDAY 17th September 2010 to FRIDAY 24th September 2010 (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.

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 positions to his present position of Vice Chairman and Managing Director.

He is acknowledged expert in the field of paint 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	Private
1. Asian Paints Ltd.	1. Geetanjali Trading & Investment P.Ltd.
2. Gujarat Organics Ltd.	2. National Productivity Council
3. Hitech Plast Ltd.	
4. Asian PPG Industries Ltd.	
5. Resins & Plastics Ltd.	
6. Sun Pharmaceutical Industries Ltd.	
7. Rangudyan Insurance Broking Services Ltd	

Committee Membership : Asian Paints Ltd. & Asian PPG Industries Ltd.

Committee Chairman : Hitech Plast Ltd., Resins & Plastics Ltd. & Gujarat Organics Ltd.

Shri Amrish B. Parikh

Shri Amrish B. Parikh holds a Bachelors Degree in Commerce and has vast experience in Asian Paints Ltd.

Outside Directorship : Coatings Specialties (India) Ltd

Committee Membeship : None

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

Date: 26th June, 2010

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

Ashwin S. Dani
Chairman

GUJARAT ORGANICS LIMITED**DIRECTORS' REPORT**

The Directors hereby present their Thirty Second Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS:

Given below are the financial results for the year ended 31st March 2010

	[Rs. in Lacs]			
	2009-2010		2008-2009	
Sales (Net of Excise)		3564.75		2883.78
Profit before Depreciation, Interest & Tax		775.77		592.69
Less: Depreciation	141.73		135.78	
Interest	118.77		114.14	
Deferred Tax Assets	28.33		(11.57)	
Provision for Tax	-		0.02	
Fringe Benefit Tax	-	288.83	1.16	239.53
Profit / (Loss) after Taxes		486.94		353.16
Balance brought forward from previous year	1403.57		1050.41	
Add : Prior Period adjustments (Net)	29.99		--	
Less : Short Prov. of Taxes of earlier years	5.52		--	
		1428.04		1050.41
Balance Carried to Balance Sheet		1914.98		1403.57

OPERATIONS:

Sales for the year 2009-2010 at Rs.3564.75 Lacs was higher by 23.61% as compared to Rs. 2883.78 Lacs for the corresponding previous year.

Production volumes have gone up by 23%.

Profit during the year after interest, depreciation and taxation was Rs. 486.94 lacs

OUTLOOK:

Phenol prices have gone up from Rs. 49/- in April, 2009 to Rs. 88/- in March, 2010 due to fluctuation in Crude prices from US\$. 49/- per barrel in April, 2009 to US \$ 82/- per barrel in March, 2010.

Since July, 2009 we are importing P.H.B.A, where P.H.B.A prices fluctuated from USD 3125 CIF in July,2009 to USD 3400 CIF in March, 2010. Present installed capacity of P.H.B.A is 30 M.T/ P.M, our requirement is 125 M.T., hence we face deficit of 95 M.T/P.M. So the shortfall is covered by Imports

FINANCE:

Total fixed deposit repaid during the year 2009-2010 was Rs. 112.00 Lacs. No fixed deposit which was claimed remained unpaid.

GUJARAT ORGANICS LIMITED**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, 2010 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 increased by 12% from Rs 1590 Lacs to Rs. 1786 Lacs.

LABOUR AGREEMENT:

We have signed labour agreement for a period of 5 years w.e.f 01.04.2009.

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 Amrish B. Parikh retires by rotation and being eligible, offer themselves for reappointment.

AUDITORS:

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

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;

GUJARAT ORGANICS LIMITED

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.
5. Compliance Certificate under section 383 (A) of the Company's Act 1956 received from the practicing Company Secretary is appended.

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**

Mumbai: 26th June, 2010

Ashwin Dani
Chairman