

33rd ANNUAL REPORT 2010-2011



GUJARAT ORGANICS LIMITED

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	Proxy	

33rd

ANNUAL GENERAL MEETING

Date: 20th September 2011

Time: 11.30 A.M

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

GUJARAT ORGANICS LIMITED**BOARD OF DIRECTORS**

Ashwin S. Dani (Chairman)
Jalaj A. Dani
Hasit A. Dani (Managing Director)
Mahendra C. Sheth
Harish N. Motiwalla
Amrish B. Parikh

SUBSIDIARY COMPANY

Vijal Holding and Trading Company Private Limited

AUDITORS

Deepak Shah & Co.
Chartered Accountants

INTERNAL AUDITORS

N. M. Dani & Company

BANKERS

Kotak Mahindra Bank Limited
State Bank of India
HDFC Bank Limited

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.

WEBSITE

www.gujaratorganics.com

GUJARAT ORGANICS LIMITED

FIVE YEAR REVIEW

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

RESULTS FOR THE ACCOUNTING YEAR	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
<u>Revenue Account</u>					
1 Gross Sales	403,290	389,512	312,796	197,583	163,930
2 Net Sales	384,653	356,475	288,378	183,065	146,540
3 Growth Rate %	3.54%	24.53%	58.31%	20.53%	40.47%
4 Other Income	76,406	57,473	44,117	19,152	49,540
5 Material Consumed	246,059	219,096	170,326	110,498	93,454
6 % to Net Sales (5/2*100)	63.97%	61.46%	59.06%	60.36%	63.77%
7 Overheads	120,852	117,276	102,899	84,383	60,574
8 Profit / Loss Before Int, Depreciation & Tax (PBIDT)	94,149	77,576	59,270	7,336	42,052
9 Interest and Financing Charges	14,376	11,877	11,415	8,317	5,417
10 Depreciation	14,601	14,173	13,578	11,945	9,398
11 Profit/(Loss) Before Taxes	65,172	51,526	34,277	(12,926)	27,237
<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	257,602	193,764	142,623	107,307	117,878
4 Loan Fund	125,927	113,621	144,121	103,276	60,807
5 Fixed Assets (Net)	140,117	136,021	141,171	124,852	109,279
6 Investments	76,673	12,814	19,545	5,767	17,974
7 Net Current Assets	162,117	153,640	118,286	73,378	47,457
<u>Per Share Data</u>					
1 Book Value (Rs.)	1,289	972	718	543	595
<u>Other Information</u>					
1 Number of Employee	97	99	101	108	96

NOTICE

Notice is hereby given that the Thirty Third ANNUAL GENERAL MEETING of the members of GUJARAT ORGANICS LIMITED will be held on Tuesday, the 20th day of September, 2011 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, 2011 together with the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Mahendra C. Sheth, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Harish N. Motiwalla who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. Deepak Shah & Co., Chartered Accountants as the 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, (Registration No. 102249W) 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 terms and conditions as to remuneration, as shall be fixed by the Board of directors and Auditors mutually."

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 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, 2011 on the same terms and conditions of remuneration as were paid to him earlier, which are 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".

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

By Order of the Board
For GUJARAT ORGANICS LIMITED

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

Place: Mumbai
Date: 27th May 2011

Ashwin S. Dani
Chairman

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 Monday, 12th September 2011 to Tuesday, 20th September 2011 (both days inclusive).
- c). The Company's equity shares are listed on "The Stock Exchange, Mumbai" and the listing fees for the year 2010-2011 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 Mahendra Chottalal Sheth

Shri. Mahendra Sheth holds a Bachelors Degree in Chemical Engineering from New Mexico State University USA and he has wide experience in this field. He does not hold any shares in Gujarat Organics Limited. He is on the Board of following Companies:

Outside Directorship:

- | | |
|------------------------------------|------------------------------------|
| (i) Galiakotwala Eng. Co. (P) Ltd. | (ii) C. A. Galiakotwala & Co. Ltd. |
| (iii) Advance Paints Ltd. | (iv) Galiakot Containers (P) Ltd. |

Committee Membership: None

Shri Harish N. Motiwalla

Shri Harish N. Motiwalla is a practising Chartered Accountant and has a vast expertise in the field of Accounts, finance and Corporate Governance. He does not hold any shares in Gujarat Organics Limited. He is on the Board of following Companies:

Outside Directorship:

- | | |
|--|---|
| (i) Excel Industries Limited | (ii) Hitech Plast Limited |
| (iii) Balkrishna Synthetics Limited | (iv) Ashapura Minechem Limited |
| (v) Multibase India Limited | (vi) Cable Insurance Broking Services Private Limited |
| (vi) LIC Nomura MF Trustee Company Private Limited | |

Committee Membership:

- (i) Chairman of Audit and Remuneration Committee and member of Investor Grievance Committee in Excel Industries Limited.
 - (ii) Member of Audit Committee in Hitech Plast Limited and Ashapura Minechem Limited.
 - (iii) Chairman of Remuneration Committee in Balkrishna Synthetics Limited.
 - (iv) Chairman of Audit Committee in Multibase India Limited.
- e). The relative explanatory statement in respect of the special business at item No. 5 above is annexed hereto.

By Order of the Board
For GUJARAT ORGANICS LIMITED

Registered Office:

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

Place: Mumbai
Date: 27th May 2011

Ashwin S. Dani
Chairman

ANNEXURE TO NOTICE

Explanatory statements Under Section 173 of the Companies Act, 1956

1. The Board vide its Resolution dated 27th May, 2011 had approved the re-appointment of Shri Hasit A. Dani as the Managing Director of the Company for a period of five years with effect from 20th October, 2011 on same terms and conditions of remuneration as were paid to him earlier. The details of the same are as under:

No.	Particulars		
I.	Salary	:	Rs. 1,10,000/- per month
II.	Perquisites:		
A.	House Rent Allowance	:	@ 25% of salary per month
B.	Discretionary Allowance	:	Rs. 8, 500 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

2. Shri Hasit A. Dani holds a Bachelors Degree in Business Administration from University of Massachusetts and Masters Degree from University of Pittsburgh, USA and he has working experience in General Administration, having worked with Asian Paints Limited.
3. The aforesaid appointment would be terminable from either side by giving 3 months notice in writing.
4. If the aforesaid appointment is ceased before the agreement period of 5 years, no compensation would be payable to Shri Hasit A. Dani, for the unexpired period.
5. Where in any financial year during the currency of tenure of the Managing Director, the Company had no profits or inadequate profits, the Company would pay Shri Hasit A. Dani, remuneration, perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, and as would be decided by the Board of Directors.
6. The terms and conditions of remuneration may be varied from time to time by the Board as it may, in its discretion, deem fit, in consultation with Managing Director provided such variation is in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and/ or the provisions of law as may be applicable thereto from time to time.
7. The Managing Director shall not be entitled to receive any fees for attending the Meetings of the Board of Directors of the Company or Committees thereof.
8. 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 recommends the approval by the members of the re-appointment of Shri Hasit A. Dani as the 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 accompanying notice.

The above may be treated as an abstract of the terms of re-appointment payable to Mr. 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

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

Place: Mumbai
Date: 27th May 2011

Ashwin S. Dani
Chairman

DIRECTORS' REPORT

The Directors hereby present their Thirty Third Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS:

Given below are the financial results for the year ended 31st March, 2011

(Rs in lacs)

	GUJARAT ORGANICS LIMITED			GUJARAT ORGANICS LIMITED CONSOLIDATED		
	2010-11	2009-10	Growth%	2010-11	2009-10	Growth%
Sales (Net of Excise)	3846.53	3564.75	7.90	3846.53	3564.75	7.90
Profit before Depreciation, Interest & Tax	941.48	775.77	21.36	938.57	775.77	20.99
Less: Depreciation	146.01	141.73	3.02	146.01	141.73	3.02
Interest	143.76	118.77	21.04	143.76	118.77	21.04
Deferred Tax Assets	2.87	28.33	(89.87)	1.97	28.33	(93.05)
Provision for Tax	1.56	-	100.00	1.01	-	100.00
Profit / (Loss) after Taxes	647.28	486.94	32.93	645.82	486.94	32.63
Balance brought forward from previous year	1914.98	1403.57		1914.98	1403.57	
Add : Prior Period adjustments (Net)	(0.75)	29.99		(0.75)	29.99	
Less : Short Prov. of Taxes of earlier years	(8.15)	5.52		(8.15)	5.52	
Less : Transferred to General Reserve	1914.98	-		1914.98	-	
Balance Carried to Balance Sheet	638.38	1914.98		636.92	1914.98	

OPERATIONS:

Net Sales for the year 2010-2011 increased to Rs.3846.53 Lacs from Rs.3564.75 lacs in the previous year a growth of 7.90%.

Profit during the year after interest, depreciation and taxation was Rs.647.28 lacs as against 486.94 lacs for the corresponding previous year

We were able to maintain our A class customers in Domestic market and International market. We have penetrated in more than 65 countries and developed new customers for new applications of our existing products.

OUTLOOK:

Prices of Raw Materials were on rising trend and fluctuated widely, but we were able to keep under control our average purchase prices for the year.

Cost of utility particularly Gas has substantially gone up during the year. This is because supply of gas was restricted (RSL) to as low as 15% of sanctioned limit and consumption above RSL was charged at much higher price.

Cost of Labour had also gone up due to increase in Minimum wages by 13.50% as compared to last year

Also general inflation was at all time high. This all had impact on our Margins.

FINANCE:

Total fixed deposit repaid during the year 2010-2011 was Rs.90.11 Lacs. No fixed deposit which was claimed remained unpaid.

EXPORTS:

Exports has increased by 5.82% from Rs.1786 Lacs to Rs.1890 Lacs.

SUBSIDIARIES:

During the year under review, as a measure of achieving greater financial flexibility and facilitating the future growth of the Company, M/s Vijal Holding and Trading Company Private Limited has become the wholly owned Subsidiary of your Company w.e.f. 14th February, 2011.

With this acquisition your company has become a 100% Holding company of the above mentioned company. Thus, the Company has one wholly owned subsidiary as on 31st March, 2011.

In accordance with the provisions of the Companies Act, 1956, statement of the holding Company's interest in its Subsidiary Company under section 212(3) of the said Act, is annexed or attached to the annual accounts of the company.

However, the Company has availed a general exemption, as granted by the Ministry for Corporate Affairs vide its General Circular No. 2 /2011 (No: 51/12/2007-CL-III) dated 8th February, 2011 for not attaching the accounts of its concerned subsidiary viz M/s Vijal Holding and Trading Company Private Limited, with the Annual Report of the Company for the Financial Year 2010-2011. However, the annual accounts of the subsidiary company shall be kept open for inspection by any shareholder in the head office of the company and its concerned subsidiary company.

CONSOLIDATED FINANCIAL STATEMENTS:

Under the mandatory requirements, as contemplated by section 219 of the Companies Act, 1956, a consolidated position of your Company including subsidiaries, at a glance, is being provided with the Annual Report of your Company, treating these as abridged accounts. As stipulated by Clause 32 of the Listing Agreement, Consolidated Financial Statements are prepared by your Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' prescribed in the Companies (Accounting Standards) Rules, 2006. The Audited Consolidated Financial Statements form a part of Annual Report. This will help save cost in connection with printing and mailing of the Annual Report. Members desirous of receiving the full Annual Report of the subsidiaries will be provided the same on receipt of a written request from them.

DIRECTORS:**a) Directors retiring by rotation:**

In accordance with the requirement of the Companies Act, 1956 and as per the Articles of Association of the Company, Shri Mahendra C. Sheth and Shri Harish N. Motiwala are liable to retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. A brief resume of the aforesaid directors and other relevant information have been covered in the Notice convening the Annual General Meeting.