

34th ANNUAL REPORT 2011-2012



GUJARAT ORGANICS LIMITED

	CONTENTS	PAGE NOS.
I.	<u>Standalone Financial Statements:</u>	
	Notice	2
	Directors' Report	9
	Compliance Report	15
	Auditors' Report	21
	Balance Sheet	25
	Profit & Loss Account	26
	Cash Flow	27
	Notes to Financial Statements	29
II.	<u>Consolidated Financial Statements:</u>	
	Auditors' Report	49
	Balance Sheet	50
	Profit & Loss Account	51
	Cash Flow	52
	Notes to Financial Statements	54
	Statement pursuant to section 212 of the Companies Act, 1956	72
III.	<u>Financial Statements of subsidiary:</u>	
	Directors' Report	73
	Auditors' Report	75
	Balance Sheet	77
	Profit & Loss Account	78
	Cash Flow	79
	Notes to Financial Statements	80
	Proxy	

34th

ANNUAL GENERAL MEETING

Date: 25th September, 2012

Time: 11.30 A.M

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

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	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
<u>Revenue Account</u>					
1 Gross Sales	443,355	403,290	389,512	312,796	197,583
2 Net Sales	414,050	390,149	356,475	288,378	183,065
3 Growth Rate %	9.93%	3.54%	24.53%	58.31%	20.53%
4 Other Income	86,058	67,705	57,473	44,117	19,152
5 Material Consumed	243,895	242,900	219,096	170,326	110,498
6 % to Net Sales (5/2*100)	58.90%	62.26%	61.46%	59.06%	60.36%
7 Overheads	145,734	118,460	117,276	102,899	84,383
8 Profit / Loss Before Int, Depreciation & Tax (PBIDT)	110,479	96,494	77,576	59,270	7,336
9 Interest and Financing Charges	14,362	16,721	11,877	11,415	8,317
10 Depreciation	15,591	14,601	14,173	13,578	11,945
11 Profit/(Loss) Before Taxes	80,526	65,172	51,526	34,277	(12,926)
<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	338,849	257,602	193,764	142,623	107,307
4 Loan Fund	139,955	125,927	113,621	144,121	103,276
5 Fixed Assets (Net)	163,635	140,117	136,021	141,171	124,852
6 Investments	120,388	76,673	12,814	19,545	5,767
7 Net Current Assets	189,598	162,117	153,640	118,286	73,378
<u>Per Share Data</u>					
1 Book Value (Rs.)	1,692	1,289	972	718	543
<u>Other Information</u>					
1 Number of Employee	114	97	99	101	108

**NOTICE
POSTPONEMENT OF THE 34TH ANNUAL GENERAL MEETING (AGM)**

NOTICE is hereby given that due to occurrence of certain unforeseen circumstances, the 34th Annual General Meeting of the Company which was earlier scheduled to be held on Saturday, the 25th day of August, 2012 is postponed and will now be held on Tuesday, 25th day of September, 2012 at 11.30 a.m. at the Registered Office of the Company located at 127/1, G.I.D.C. Industrial Estate, Ankleshwar - 393 002, Gujarat to transact the business as given in the notice dated 10th August, 2012, as enclosed hereinunder.

The dates for the closure of the Register of Members and the Share Transfer Books of the Company shall remain the same i.e. from Thursday, 16th August, 2012 to Saturday, 25th August, 2012 (both days inclusive).

A detailed notice for the postponement and rescheduled AGM alongwith the Form of proxy and Attendance slip is being sent herewith to the members. We sincerely regret the inconvenience caused to the members due to the postponement of the AGM.

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

Place: Mumbai
Date: 10th August, 2012

Harish N. Motiwalla
Director

Encl.: 1) Revised Notice of 34th Annual General Meeting
2) Form of proxy and Attendance slip

REVISED NOTICE OF THIRTY FOURTH ANNUAL GENERAL MEETING:

Notice is hereby given that the Thirty fourth **ANNUAL GENERAL MEETING** of the members of **GUJARAT ORGANICS LIMITED** will be held on Tuesday, the 25th day of September, 2012 at 11.30 a.m. at the Registered Office of the Company located at 127/1, G.I.D.C. Industrial Estate, Ankleshwar - 393 002, Gujarat, to transact the following business:

GUJARAT ORGANICS LIMITED

ORDINARY BUSINESS:

1. To receive, consider and adopt the accounts for the year ended 31st March, 2012 together with the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Jalaj A. Dani, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Amrish B. Parikh 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(s), the following Resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to Section 309(4) read with Section 309(7) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and Article 109(a) of the Articles of Association of the Company, so long as the Company has a Managing Director or Whole time Director or Manager; the Company do pay to its Resident Indian, Non-Promoter, Non-Executive Independent Directors of the Company, a commission not exceeding 1% of the net profits of the Company computed in the manner laid down in Section 349 and 350 of the Companies Act, 1956 for each of five years commencing from 1st April, 2013, such commission being divisible amongst the Directors in such proportion as the Board may determine or failing such determination, as the Chairman for the time being of the Board shall decide from time to time.

RESOLVED FURTHER THAT this resolution shall be effective for a period of five years commencing 1st April, 2013 and for determining the commission payable for any broken period of a year, in pursuance of the above Resolution, the net profits shall be arrived at on a proportionate basis.”

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Arvind R. Shah who was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on 10th August, 2012, pursuant to Section 260 of the Companies Act, 1956 and Article 107 of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting, and for the appointment of whom the Company has received a notice under Section 257 of the said Act from a shareholder proposing the candidature of Mr. Arvind Shah for the office of a Director of the Company, be and is hereby appointed as Director of the Company.”

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and such other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as “the Act”) including any statutory modifications or any amendment or any substitution or re-enactment thereof for the time being in force, subject to the approval(s) of the Central Government and such other authorities, as may be necessary; approval of the Company be and is hereby accorded for the appointment of Mr. Arvind R. Shah as the Whole time Director of the Company, for a period of five years with effect from 10th August, 2012 to 9th August, 2017 at a remuneration payable as per the terms and conditions as set out in this notice; with authority to the Board of Directors of the Company to alter and/or vary the terms and conditions of the said appointment in accordance with, if any, the prescribed provisions of the Act and/or any schedules thereto.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the Company will pay Mr. Arvind R. Shah remuneration, perquisites, benefits and amenities not exceeding the ceiling 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, subject to necessary sanctions and approvals.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to enhance, enlarge, alter or vary the scope and quantum of remuneration, perquisites, benefits and amenities payable to Mr. Arvind R. Shah in the light of further progress of the Company and revision should be made in conformity with any amendments to the relevant provisions of the Act and/or rules and regulations made thereunder and/ or such guidelines as may be announced by the Central Government from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto.”

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

Registered Office:

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

Place: Mumbai
Date: 10th August, 2012

Harish N. Motiwalla
Director

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, 16th August, 2012 to Saturday, 25th August, 2012 (both days inclusive).
- c). The Company's equity shares are listed on "The Bombay Stock Exchange" and the listing fees for the year 2011-2012 and 2012- 2013 has been paid in full.
- d). As required under clause 49 IV G of the Listing Agreement, given below are the details of the directors proposed for appointment/ re-appointment.

Name of the Director	:	Mr. Jalaj A. Dani	
Profile	:	He holds a Bachelor's Degree in Chemical Engineering from the University of Wisconsin, USA. He has obtained a post graduate degree in Chemical Engineering from Massachusetts Institute of Technology, USA and has working experience in the field of specialty chemicals. He is currently President – International Business Unit in Asian Paints Limited. Under the leadership of Mr. Jalaj Dani, Asian Paints Limited has successfully concluded four international acquisitions in short span of four years, placing Asian Paints on the global map. Presently, 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.	
Date of joining the Board	:	30 th January, 1999	
Directorships and Committee Memberships in other Companies	:	• Coatings Specialities (India) Ltd.	• Asian Paints (Vanuatu) Ltd.
	:	• Combat Blindness Foundation – India (Board Member)	• Asian Paints (South Pacific) Ltd.
	:	• Dani Finlease Ltd.	• Asian Paints (Lanka) Ltd.

	• Hitech Plast Ltd. Member- Investor Grievances and Share Transfer Committee	• Asian Paints (Bangladesh) Ltd.
	• Maxbhumi Developers Ltd.	• Asian Paints (International) Ltd.
	• Young Presidents Organisation	• Asian Paints (Middle East) LLC
	• Geetanjali Trading and Investments Private Limited	• Haish Holding and Trading Company Private Limited
	• JM Financial Trustee Company Private Limited	• S C Dani Research Foundation Private Limited
	• Vijal Holding and trading Company Private Limited	• Dani Finlease Limited
	• Samoa Paints Limited	• Scib Chemicals S.A.E., Berger Building Services (Singapore) Pte Ltd.Egypt
	• Taubmans Paints (Fiji) Ltd.	• Berger Contractor (Singapore) Pte Ltd.
	• Berger International Ltd.	• Berger Paints Barbados Ltd.
	• Berger Paints Jamaica Ltd.	• Berger Paints Singapore Pte Ltd.
	• Berger Paints Trinidad Ltd.	• Lewis Berger [Overseas Holdings] Ltd.
No. of shares held in the Company	: 100	

Name of the Director	: Mr. Amrish B. Parikh
Profile	: Mr. Amrish B. Parikh holds a Bachelors Degree in Commerce and has vast experience in Asian Paints Ltd.
Date of joining the Board	: 6 th April, 2009
Directorships and Committee Memberships in other Companies	: Coatings Specialties (India) Ltd
No. of shares held in the Company	: 100

Name of the Director	: Mr. Arvind R. Shah
Profile	: Mr. Arvind R. Shah is a graduate in Chemical Engineering from Laxminarayan Institute of Technology, (LIT) Nagpur followed by post graduate degree from Institute of Chemical Technology (ICT), formerly known as University Department of Chemical Technology, Mumbai. He has wide experience for 33 years in various functions of chemical process Industry like Oleoresin, Oleochemicals, Agrochemicals and Other Specialty Chemicals. He has been associated with the Company since 2005. Presently, Mr. Arvind R. Shah is the Chief Executive Officer of the Company.

Date of joining the Board	:	10 th August, 2012
Directorships and Committee Memberships in other Companies	:	Nil
No. of shares held in the Company	:	Nil

e.) The relative explanatory statement in respect of the special business at item nos. 5, 6 and 7 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: 10th August, 2012

Harish N. Motiwalla
Director

ANNEXURE TO NOTICE

Explanatory statement Under Section 173 of the Companies Act, 1956

Item No. 5:

Having regard to the fact that the directors render specific useful services to the Company, it is considered desirable to pay a commission to its non-promoter, non-executive, independent directors who are resident in India. The payment of commission to the directors requires the approval of shareholders by a Special resolution under Section 309 (4) of the Companies Act, 1956 where the payment of commission does not exceed 1% per annum of the net profits calculated in the manner as laid down in Section 349 and 350 of the said Act, if the company has a Managing or Whole-time Director or Manager and 3% if the company has no Managing Director or Whole time Director or Manager. Section 309(7) further provides that such approval shall not be for more than 5 years at a time.

The Board of Directors vide their resolution dated 28th May, 2012 has approved the payment of commission to such directors for a period of five years commencing from April 1, 2013. The approval of the shareholders by a Special Resolution is being sought, pursuant to the provisions of Section 309(4) of the Companies Act, 1956 for payment of commission at a rate not exceeding 1% per annum of the net profits calculated in the manner as laid down in Section 349 and 350 of the said Act to Non-Promoter, Non-Executive, Independent directors who are resident in India. This approval would be effective for a period of five years commencing from April 1, 2013.

Mr. Harish N. Motiwalla, Mr. Mahendra Sheth and Mr. Amrish B. Parikh who are resident Indian, Non- Promoter, Non-Executive, independent directors of the Company may be deemed to be concerned or interested in the passing of this Special Resolution as it concerns them. Except them, none of the other directors of the Company are interested or concerned in the passing this Special Resolution at item No. 5 of this Notice.

Item Nos. 6 and 7:

The Board of Directors at their meeting held on 10th August, 2012 appointed Mr. Arvind R. Shah as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and pursuant to Article 107 of the Articles of Association of the Company. Mr. Arvind R. Shah holds office upto

the date of the ensuing Annual General Meeting. The Company has received notice pursuant to Section 257 of the Companies Act, 1956, from member proposing the appointment of Mr. Arvind R. Shah as a Director, along with the required deposit amount.

A brief profile of Mr. Arvind R. Shah already forms a part of this notice and the same has been given under para (d) of the Notes.

Further, the Board of Directors at their meeting held on 10th August, 2012 have appointed Mr. Arvind R. Shah as a Whole time Director for a period of five years with effect from 10th August, 2012 to 9th August, 2017 subject to approval of Shareholders and Central Government. The Board also approved the terms and conditions of his appointment including remuneration, in accordance with Sections 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The terms and conditions as to the appointment and remuneration of Mr. Arvind R. Shah are briefly mentioned as under:

- a. Mr. Arvind R. Shah shall be paid salary and perquisites as detailed below:

	Particulars		Amount (per month)
1.	Basic Salary	:	Rs.1,65,000/-
2.	House Rent Allowance	:	Rs. 56, 000/-
3.	Cost of Living Allowance	:	Rs. 83,000/-
4.	Education Allowance	:	Rs. 6,000/-
5.	Telephone Allowance	:	Rs. 1,600/-
6.	Leave Travel Allowance	:	Rs. 1,667/-
7.	Medical Allowance	:	Rs. 1,250/-
8.	Performance Linked Incentive	:	Rs. 20,000/-
9.	Provident Fund	:	Rs. 19,800/-
	Total	:	Rs. 3,54,317/-

- b. The Wholetime Director shall conduct the day-to-day management of the Company subject to the supervision and control of the Board of Directors.
- c. If at any time, the Wholetime Director ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Wholetime Director.
- d. Notwithstanding anything to contrary contained herein, where in any financial year, during the currency of the tenure of the Whole time director, the Company has no profits or inadequate profits, the Company will pay Mr. Arvind R. Shah remuneration, perquisites, benefits and amenities not exceeding the ceiling limit laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, and the same will be decided by the Board of Directors, subject to necessary sanctions and approvals.
- e. The scope and quantum of remuneration, perquisites, benefits and amenities specified hereinabove, may be enhanced, enlarged, widened, altered or varied by the Board of Directors in the light of and in conformity with any amendments to the relevant provisions of the Companies Act, 1956, and/ or the rules and regulations made thereunder and/ or such guidelines as may be announced by the Central Government from time to time.

The explanatory statement and the Resolution Nos. 6 and 7 of the Notice shall be treated as an abstract of the terms of appointment of Mr. Arvind R Shah as the Whole-time Director of the Company as required under Section 302 of the Companies Act, 1956.

The Board of Directors are of the opinion that the appointment of Mr. Arvind R. Shah as the Whole time Director is in the best interest of the Company and accordingly, recommend the resolution set out in Items Nos. 6 and 7 for approval of the members.