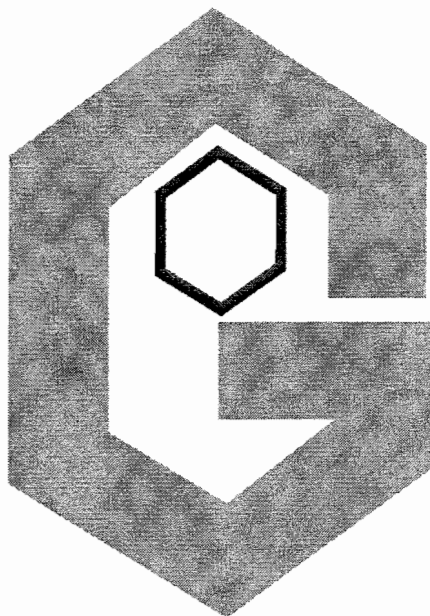


**35<sup>th</sup> ANNUAL REPORT 2012-2013**



**GUJARAT ORGANICS LIMITED**

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### **THIRTY FIFTH ANNUAL GENERAL MEETING**

**Date:** 7<sup>th</sup> September, 2013

**Time:** 11.30 A.M

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

## GUJARAT ORGANICS LIMITED

FIVE YEAR REVIEW

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

RESULTS FOR THE ACCOUNTING YEAR	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
<u>Revenue Account</u>					
1 Gross Sales	485,257	443,355	403,290	389,512	312,796
2 Net Sales	454,884	414,050	390,149	356,475	288,378
3 Growth Rate %	9.45%	9.93%	3.54%	24.53%	58.31%
4 Other Income	106,901	86,058	67,705	57,473	44,117
5 Material Consumed	256,099	243,895	242,900	219,096	170,326
6 % to Net Sales (5/2*100)	56.30%	58.90%	62.26%	61.46%	59.06%
7 Overheads	181,973	145,734	118,460	117,276	102,899
8 Profit / Loss Before Int, Depreciation & Tax (PBIDT)	123,713	110,479	96,494	77,576	59,270
9 Interest and Financing Charges	15,788	14,362	16,721	11,877	11,415
10 Depreciation	17,844	15,591	14,601	14,173	13,578
11 Profit/(Loss) Before Taxes	90,081	80,526	65,172	51,526	34,277
<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
3 Reserves and Surplus	431,558	338,849	257,602	193,764	142,623
4 Loan Fund	142,957	139,955	125,927	113,621	144,121
5 Fixed Assets (Net)	185,287	163,635	140,117	136,021	141,171
6 Investments	182,092	120,388	76,673	12,814	19,545
7 Net Current Assets	178,675	189,598	162,117	153,640	118,286
<u>Per Share Data</u>					
1 Book Value (Rs.)	2,152	1,692	1,289	972	718
<u>Other Information</u>					
1 Number of Employee	110	114	97	99	101

**NOTICE :**

Notice is hereby given that the Thirty fifth **ANNUAL GENERAL MEETING** of the members of **GUJARAT ORGANICS LIMITED** will be held on Saturday, the 7<sup>th</sup> day of September, 2013 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:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the accounts for the year ended 31<sup>st</sup> March, 2013 together with the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Ashwin S. Dani, who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint a Director in place of Mr. Mahendra Chhotatal Sheth 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 an **Ordinary Resolution**:

"RESOLVED THAT Mr. Hasit A. Dani who was appointed as an Additional Director by the Board of Directors of the Company at their meeting held on 27<sup>th</sup> May, 2013, 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. Hasit A. Dani for the office of a Director of the Company, be and is hereby appointed as Director of the Company."

**Registered Office:**

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

Place: Mumbai  
Date: 27<sup>th</sup> May, 2013

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



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 Thursday, 29<sup>th</sup> August, 2013 to Saturday, 7<sup>th</sup> September, 2013 (both days inclusive).
- c). The Company's equity shares are listed on "The Bombay Stock Exchange" and the listing fees for the year 2012- 2013 and 2013- 2014 has been paid in full.
- d). 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: 27<sup>th</sup> May, 2013



Ashwin S. Dani  
Chairman

**ANNEXURE TO NOTICE**  
**Explanatory statement Under Section 173 of the Companies Act, 1956**

The following explanatory statement sets out all material facts relating to Special Business of the accompanying Notice of the Annual General Meeting to be held on 7<sup>th</sup> September, 2013.

**Item No. 5:**

The Board of Directors at their meeting held on 27<sup>th</sup> May, 2013 had appointed Mr. Hasit A. Dani 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. Hasit A. Dani 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. Hasit A. Dani as a Director, along with the required deposit amount.

A brief profile of Mr. Hasit A. Dani is as under:

Mr. Hasit A. Dani holds a Bachelors Degree in Business Administration from University of Massachussetts and Masters Degree from University of Pittsburgh, USA. He has working experience in General Administration, having worked with Asian Paints Limited. Mr. Hasit Dani presently holds 100 shares in the Company.

The Board of Directors is of the opinion that the appointment of Mr. Hasit Dani shall be beneficial to the Company and to its shareholders. The Board of Directors therefore propose his appointment as the director and recommend the resolution as set out in item no. 5 for the approval of the shareholders at the ensuing Annual General Meeting.

Except Mr. Ashwin S. Dani and Mr. Jalaj A. Dani, none of the directors of the Company may deemed to be interested/ concerned in the resolution at item no. 5 of this Notice.

By Order of the Board,  
For GUJARAT ORGANICS LIMITED

**Registered Office:**

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

Place: Mumbai  
Date: 27<sup>th</sup> May, 2013



Ashwin S. Dani  
Chairman

**DIRECTORS' REPORT**

The Directors hereby present their Thirty Fifth Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31<sup>st</sup> March 2013.

**FINANCIAL RESULTS:**

Given below are the financial results for the year ended 31<sup>st</sup> March, 2013

(Rs. in lacs)

PARTICULARS	2012- 13	2011- 12	Growth%
Revenue from operations	4548.84	4140.50	9.86
Profit before Depreciation, Interest & Tax	1237.12	1104.79	11.98
Less: Depreciation	178.41	155.91	14.43
Finance cost	157.88	143.62	9.93
Deferred Tax Assets	(40.63)	(5.61)	624.24
Provision for Tax	0.00	0.00	
Profit / (Loss) after Taxes	941.46	810.86	16.11
Balance brought forward from previous year	1450.85	638.38	
Add : Prior Period adjustments (Net)	(6.41)	1.61	
Less : Short Prov. of Taxes of earlier years	0.09	--	
Less : Transferred to General Reserve	--	--	
Balance Carried to Balance Sheet	2385.81	1450.85	

**OPERATIONS:**

Net Sales for the year 2012-2013 increased to Rs.4548.84 lacs from Rs.4140.50 lacs in the previous year- a growth of 9.86%.

In the quantitative terms, Sales for the year ending March 2013 was more or less same as in the corresponding period of the previous year due to enforced blanket restriction on expansion.

Profit during the year after interest, depreciation and taxation was Rs.941.46 lacs as against 810.86 lacs for the corresponding previous year

**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. It has gone up from average rate of Rs.21.15 per SCM in 11-12 to Rs.30.59 per SCM in 12-13, increase of 44.54%. Also the power has gone up from average rate of Rs.6.37 per Unit in 11-12 to Rs.7.12 per Unit in 12-13, increase of 11.77%.

Cost of Labour had also gone up due to increase in Minimum wages by 10.11% 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 2012-2013 was Rs. 192.07 Lacs. No fixed deposit which was claimed remained unpaid.

**EXPORTS:**

Exports has increased by 15.07% from Rs. 1924 Lacs to Rs.2214 Lacs.

**SUBSIDIARIES:**

The Board of Directors vide their meeting held on 10<sup>th</sup> August, 2012 had approved the sale of investments in shares of its subsidiary company namely Vijal Holding and Trading Company Private Limited. Accordingly, on completion of the aforesaid transaction on 14<sup>th</sup> August, 2012; Vijal Holding and Trading Company Private Limited ceased to exist as the subsidiary of the Company. In view of the same, henceforth the Company is not required to submit Consolidated Financial statement of accounts, as the Company has no other subsidiary.

**VARIATION OF RIGHTS AND REDEMPTION OF PREFERENCE SHARES:**

The Board of Directors, after obtaining consent of preferenceholders on 21<sup>st</sup> August 2012, varied terms attached to 6% Cumulative Redeemable Non - Convertible Preference Shares (20,00,000 preference shares of Rs. 10 each) of your Company. The Company had revised/ varied the said terms with respect to minimum notice of one week in relation to redemption terms; altering the nature of instrument from Cumulative to Non- Cumulative as well as waiver of dividend entitlement. Thereby, on 6<sup>th</sup> September 2012, the Company redeemed the said preference shares.

**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, Mr. Ashwin S. Dani and Mr. Mahendra Chhotalal Sheth 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.

**b) Resignation of Managing Director:**

The Board of Directors at their Meeting held on 10<sup>th</sup> August, 2012 accepted the resignation of Mr. Hasit A. Dani as the Director and Managing Director of the Company. The Board has placed on its record a deep sense of appreciation for the valuable contributions rendered by Mr. Hasit A. Dani.

**c) Appointment of Whole time Director:**

The Board appointed Mr. Arvind R. Shah as an Additional Director in accordance with Section 260 of the Companies Act, 1956 with effect from 10<sup>th</sup> August, 2012 and as Whole time Director for a period of five years with effect from 10<sup>th</sup> August, 2012 to 9<sup>th</sup> August, 2017.



**d) Regularization of Additional Director:**

Mr. Hasit A. Dani was appointed as an Additional Director of the company with effect from 27<sup>th</sup> May, 2013. Mr. Hasit Dani holds office upto the date of the ensuing Annual General Meeting, and is eligible for appointment as the director. Your Directors recommend his appointment as a director of your company.

**AUDITORS:**

M/s. Deepak Shah & Co., Chartered Accountants, the present Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. It is proposed to re -appoint them as the Statutory Auditors of the Company until the conclusion of next Annual General Meeting. M/s. Deepak Shah & Co., have under Section 224(1) of the Companies Act, 1956, furnished the certificate of their eligibility for re-appointment.

**COST AUDITORS:**

The Cost Compliance Report of the Company issued by Mr. Suresh D. Shenoy, Cost Accountant, Mumbai pursuant to the Notifications issued by Ministry of Corporate Affairs' on Companies (Cost Accounting Records) Rules, 2011 for the FY 2011-12 was duly submitted on 15<sup>th</sup> December, 2012.

Pursuant to the Cost Audit Branch Order No. 52/26/CAB-2010 dated 06.11.2012, your Board of Directors have re-appointed Mr. D. H. Zaveri, Cost Accountant, Mumbai, as the Cost Auditor of your Company for the financial year 2013-14 to conduct the audit of the cost records of the Company. Further, the Cost Audit report for the FY 2012-13 is due on 27<sup>th</sup> September, 2013.

**PERSONNEL:**

None of the Employees employed throughout/part of the financial year ended 31<sup>st</sup> March, 2013 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.

**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.

**FOREIGN EXCHANGE EARNING AND OUTGO:**

The details of foreign exchange earnings and outgo have been given in the notes on accounts to the Statement of Profit and Loss and the Balance Sheet.

**CORPORATE SOCIAL RESPONSIBILITY:**

Your Company is a responsible corporate citizen and strives to give back to the community it operates in. The Corporate Social initiatives, which the Company has identified and implemented, during the financial year 2012- 2013 are as under:

- (i) During the year, 98 Self Help Groups ("SHG") were organized with 1327 women members that covered 25 villages of Ankleshwar Taluka. Around 172 members of SHG individually started income generation activities at project villages. With the timely help received from SHGs, many members were able to solve their various problems relating to education, marriage, housing & other basic necessities, etc.
- (ii) With help of Gujarat Agro Industries Corporation, SHG had introduced HDPE bio gas plant for energy self-sufficiency at village level. For the best and efficient utilization of most valuable resource of the village i.e., water, SHG had introduced micro irrigation system for its members who do farming, with the help of M/s. Pragon Micro Irrigation System Ltd.
- (iii) Various skills enhancement trainings related to health, laws, agriculture, entrepreneurship development etc. were given during the year. 42 such trainings covering all the SHGs were conducted during the year.
- (iv) SHG had co-ordinated with Government, Semi Government and its departments, private institutes for the purpose of various social security measures like providing monthly pension to widow members of SHGs, providing low cost life insurance coverage from LIC, granting low cost health insurance and personal accident insurance from Oriental Insurance Co. Ltd.
- (v) To provide strong and continuous support for livelihood enhancement, SHG had built a strong and positive partnership with the following institutions :
  - (a) District Industrial Centre (DIC) for grants to support income generative activities of SHG members.
  - (b) ATMA (Agriculture Technology Management Agency) project for agriculture related trainings and inputs.
  - (c) Gujarat Handloom and Handicrafts Corporation Gandhinagar for skill up-gradation in handicrafts skills.
  - (d) Yuva Parivartan program for skill up-gradation in garment and other skills.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuance to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the management, confirm that:

- a) the Company has, in the preparation of the annual accounts, followed the applicable accounting standards along with proper explanation relating to material departures, if any;
- b) they have 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 the Company as at the end of financial year and of the profit of your Company for that year;