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**ANNUAL REPORT
2002-2003**

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VISION

**ORGANICS
LIMITED**



9th Annual Report Year 2002-2003

BOARD OF DIRECTORS

Shri J. H. Shah
Chairman & Managing Director

Smt. N. J. Shah
Director

Shri J. A. Patel
Director

Smt V. N. Trivedi
Director

BANKERS

ICICI Bank Limited

IDBI Bank Limited

Bank of Baroda

AUDITORS

Dilip K. Thakkar & Co., Chartered Accountants
Vadodara.

REGD. OFFICE

A-2, "Swagat", B/h Overseas Avenue, Race Course Circle, Vadodara – 390 007.

Tel. : (0265) 2398219, 2395873. Fax : (0265) 2398226

E-Mail : info@visionorganics.com • Website : www.visionorganics.com

WORKS :-

1. Survey No.670/2, Naroli, Silvassa, Dadra-Nagar Haveli, (U. T.)
2. Plot No.15, Panchal Udyognagar, Bhimpore – Nani Daman,
Dist : Daman (U. T.)

REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mill compound, L.B.S. Marg, Bhandup, Mumbai - 400 078

Tel : (022) 259223837 Fax : (022) 25672693

E-mail – isrl@vsnl.com


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NOTICE

Notice is hereby given that 9th Annual General Meeting of the members of Vision Organics Limited is scheduled to be held on Monday, 25th day of August, 2003 at 9:30 a.m. at Second Floor, Phoenix Complex, Besides Suraj Plaza, Sayajigunj, Vadodara - 390 005 to transact the following Business:

ORDINARY BUSINESS :

1. To consider, approve and adopt the audited Profit & Loss Account for the year ended 31.03.2003 and Balance Sheet as at that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Nayna J. Shah who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 15 of the Sick Industrial Companies (Special provisions) Act, 1985, the members hereby take note of the complete erosion of entire network and thereby becoming a Sick Industrial Company in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and that the consent of the Shareholders be and is hereby accorded to the Board of Directors to apply and approach the Board for Industrial and Financial Reconstruction. (BIFR), for rehabilitation and reconstruction of the Company and to do and perform all acts, deeds and matters as are requisite and incidental to give effect to the resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 16 & 94 and other applicable provisions, if

any, of the Companies Act, 1956, the Authorised Share Capital of the Company, be and is hereby increased from Rs.22, 00,00,000 (Rupees Twenty Two Crores only), divided into 2,20,00,000 (Two Crore Twenty Lacs) Equity Shares of Rs.10/- (Ten) each to Rs.23,00,00,000 (Rupees Twenty Three Crores Only) divided in to 2,30,00,000 (Two Crores Thirty Lacs) Equity Shares of Rs.10/- (Ten) each and consequently, Clause V of the Memorandum of Association of the Company, be and hereby altered by substituting following Clause as Clause V in place and stand thereof:

V. The Authorized Share Capital of the Company is Rs.23,00,00,000 (Rupees Twenty Three Crores Only) divided into 2,30,00,000 (Two Crores Thirty Lacs) Equity Shares of Rs.10/- (Ten) each".

6. 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 Section 81 (1A) of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, and subject to Memorandum of Association and Articles of Association of the Company and subject to the guidelines issued or may be issued by the Securities & Exchange Board of India (SEBI) and subject to such approvals, permissions, sanctions of any such authorities as may be required and subject to such modifications, conditions and alterations as may be prescribed by any of them which may be agreed to by the Board of Directors of the Company (the Board) at its sole discretion, consent of the Shareholders, be and is hereby accorded to the Board, to issue and allot, in one or more tranches, 7,00,000 Equity Shares of Rs. 10/- each upon conversion of the Unsecured Loans/deposits of Promoter/s of the Company, at par, as the Board may deem fit, in accordance with the SEBI guidelines for Preferential Issue, as referred to in Chapter No. XIII and any modifications thereof issued or to be issued by SEBI for Preferential Issues, on such terms and conditions and in such manner as the Board may in its absolute discretion think fit and also to seek listing of such Shares on the Stock Exchanges."


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"RESOLVED FURTHER THAT the new Equity Shares referred to hereinabove shall rank pari passu in all respects with the existing Equity Shares of the Company."

"FURTHER RESOLVED THAT the Board, be and is hereby authorized to do all such acts, deeds, matters and things as, in its absolute discretion, it may consider necessary expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or otherwise considered by the Board in the best interest of the Company without being required to seek any further consent of the Company in general meeting."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or reenactments thereof for the time being in force), the

Securities Contract (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements and all other applicable rules, regulations and guidelines and subject to the approval(s), consent(s), permission(s) or sanction(s) of the Securities and Exchange Board of India; Stock Exchanges where the shares of the Company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed by any such authority while granting such approval(s), consent(s), permission(s) or sanction(s) which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof constituted by the Board) the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from Vadodara Stock Exchange Limited."

For and on behalf of the Board,

Place : Vadodara

J. H. SHAH

Date : 30/06/2003

Chairman & Managing Director



NOTES

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY OR PROXIES TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A PROXY FORM DULY SIGNED SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR COMMENCEMENT OF THE MEETING.
- 2 The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under item Nos 4 to 7 are annexed herewith.
- 3 The Register of Members and Share Transfer Books shall remain closed during the period from Thursday, 21st August, 2003 to Monday, 25th August, 2003 (Both days inclusive).
- 4 Members are requested to notify the change of address, if any, to the Registrar & Share Transfer Agent namely Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400 078
- 5 Members are requested to bring their copy of Annual Report at the Meeting, as the same shall not be distributed at the place of the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

During the year ended on 31.03.2003, the Company incurred huge loss of Rs. 3493.72 lacs as against Rs. 607.27 lacs of previous year, eroding its network as of 31st March, 2003, making it a Sick Industrial Company as defined under Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

Due to serious and repeated violations of specific laws such Banking Secrecy laws, Negotiable Instrument Act under Section 31, Indian Contract Act under Section. 73, Indian Contract Act under Section 38 by the lender banks, for which Company had already filed a damage suit in 2001 in Court of law, the Company was compelled to stop its productions. This obviously resulted into huge failure in Company's long-term supply commitments made in year 2000 to its prospective regular buyers. As a result, these

customers had to incur huge losses by buying these huge quantities at very high rates from spot markets, to fulfill their commitments and had to suffer partly, for heavy production losses, where they could not procure our replacements.

Thus, clearly due to violations of laws by Banks, the Company could not fulfill huge supply commitments to its regular customers, hence, the Company had to offer huge compensations and make necessary provisions to such suffered customers, which is the main reason of losses. The Company had already made corresponding claim of damages in Court against concerned banks as mentioned above.

According to the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company has decided to approach and apply to the Board for Industrial and Financial Reconstruction (BIFR) for its revival and rehabilitation. Necessary resolution to the effect, has been proposed to the Shareholders, for approval.

None of the Directors, is concerned or interested in this resolution.

The Board recommends the resolution for adoption.

Item No. 5

Considering a part of its future capital requirements, it is proposed to increase Authorized Share Capital of the Company from Rs. 22 Crores to Rs. 23 Crores in the manner as set out in resolution. The increased Authorised Shares Capital would now consist of 2,30,00,000 (Two Crores Thirty Lacs) Equity Shares of Rs. 10/- each. The alteration in the Memorandum of Association of the Company is consequent to the proposed change in the Authorized Share Capital.

None of the Directors is concerned or interested in this resolution.

The Board recommends the resolution for adoption.

Item No. 6

Your Company had borrowed unsecured loans from its promoters from time to time, to meet its financial and other legal obligations and when there were severe pressures from other lenders. Moreover, the Company had to pay a huge sum as compensation to the customers for non-fulfillment of supply commitments on scheduled time due to disturbed production cycle.



The Company is not in position to repay these unsecured loans/deposits which were raised from the promoters during its needy times, it is therefore proposed to offer, issue and allot Equity Shares of the Company on preferential basis against part of the sum borrowed so that their dues can be settled.

For the purpose to reduce financial obligation of payment of principal amount with interest accrued thereon, your Company, proposes to offer, issue and allot 7,00,000 Equity Shares of Rs. 10/- each on conversion of unsecured loans/deposits to the promoter/s of the Company at Rs. 10 per share, on Preferential/Private Placement basis, in one or more tranches, on such terms and conditions as

prescribed/ may be prescribed by the Securities and Exchange Board of India (SEBI) and any other regulatory Authorities.

As such, there shall not be inflow of funds in the Company through the preferential issue of shares and hence no future projections etc. are provided.

The proposed preferential offer will not result in any change in control over the Company, the Board of Directors or voting right of the Company.

The following disclosures are made as required in terms of SEBI Regulations for Preferential allotment.

Name of the Promoters	Pre - Issue		Post - Issue	
	No. of Shares	% of the paid up the capital	No. of Shares	% of the paid up Capital
Jatin H. Shah -Chairman & Managing Director	14,43,300	6.65	21,43,300	9.57
Nayna J. Shah -Wholtime Director	2,22,000	1.02	2,22,000	0.99
M/s. Aims Chemicals Pvt. Ltd. Body Corporate under same Management	9,04,600	4.17	9,04,600	4.04

Pre and Post issue Shareholding Pattern of the Preferential Issue:

Category	Pre - Issue		Post - Issue	
	No. of Shares	% of the paid up the capital	No. of Shares	% of the paid up Capital
Promoters (Including Body Corporate)	25,69,900	11.84	32,69,900	14.60
Public (Including Other Body Corporate and NRI)	1,91,32,500	88.16	1,91,32,500	85.40

Indian Financial Institutions, Banks, Mutual Funds, and OCBs neither presently hold any shares nor proposed to be offered any shares out of the present issue.

As required by the SEBI guidelines Clarification/Chapter No. XIII, the Company has obtained from the Statutory Auditors, a certificate to the effect that the said Issue of Equity Shares being made in accordance with the requirements contained in the SEBI guidelines, the copy of which will be available for inspection to the members during office hours between 10.30 a.m. to 12.30 p.m. on all working days and the said Certificate will also be laid

before the ensuing Annual General Meeting of the Company.

The allotment of the Equity Shares will be possibly completed latest by 24th November, 2003, and the Shares so issued will be under lock in period, in accordance with the Chapter No. XIII of SEBI guidelines.

Shri Jatin H. Shah and Smt. Nayna J. Shah, the Directors of the Company are considered to be concerned and interested in the proposed resolution.

The Board recommends resolutions for adoption.


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Item No. 7

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") incorporating among others, provisions for delisting of securities of a body corporate voluntarily by a promoter or an acquirer or any other person from the Stock Exchanges.

Presently, the Company's equity shares are listed on the three stock exchanges namely the Stock Exchange, Mumbai, National Stock Exchange and Vadodara Stock Exchange Limited (the Regional Stock Exchange).

With the extensive networking of the Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE) and extension of their terminals to other cities as well, investors have easy access to online dealings in the Company's Equity Shares, whereas no transaction has been taking place at Vadodara Stock Exchange.

The Company's Equity Shares are one of the scrip for which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors. It is also observed that the listing fee paid to Regional Stock Exchange is disproportionately high as compared to the no trading volumes of the Company's Equity Shares on this stock exchange. The Company has proposed this resolution, which will enable it to delist its Equity Shares at any time in future from the Vadodara Stock Exchange Limited.

The Company's equity shares will continue to be listed on the Stock Exchange Mumbai and the National Stock Exchange.

None of the Directors is concerned or interested in this resolution.

The Board recommends the resolution for adoption.

For and on behalf of the Board,

Place : Vadodara

J. H. SHAH

Date : 30/06/2003

Chairman & Managing Director

Annexure to the Notice of the Annual General Meeting

Information pursuant to Clause 49 of the Listing Agreement regarding reappointment of Director.

Mrs. Nayna J. Shah who borne on 04-02-1958 is an Arts Graduate with wide and varied general business experience of more than 10 years, is a Director of the Company since its incorporation, has knowledge of general administration. She is Director of Aims Chemicals Pvt. Ltd. and Papul Engineering Pvt. Ltd. She is member of Audit Committee, Shareholders Grievance Committee and Remuneration Committee of the Company.



DIRECTORS' REPORT

To,
The Members of
VISION ORGANICS LIMITED.

Your Directors present herewith Ninth Annual Report togetherwith Audited Annual Statements of Accounts for the year ended 31.03.2003.

1. FINANCIAL RESULTS

During the year under review, the Company earned Turnover of Rs. 24.60 lacs as against Rs. 1094.56 lacs of previous year, whereas net loss after Interest, Depreciation and Tax reached to Rs. 3493.72 lacs as against Rs. 607.27 lacs of previous year.

In view of huge loss, the Company has not charged depreciation whereas no provision for Interest on Secured Loans obtained from Banks has been made as the quantum of Interest devolving on the Company, could not be estimated, due to suit filed against Banks.

2. DIVIDEND

In view of loss, the Board regrets its inability to recommend payment of Dividend

3. OPERATION IN RETROSPECT

The Company which was otherwise a growing Company witnessed the year under review, as a year of full of despair and difficulties mainly due to illegal acts of Bankers. The Company has been penalised by its cliental groups by non payment of sales proceeds which were earlier realizable debtors, on the ground that the Company could not fulfill the supply/delivery schedules of confirmed orders committed by it, with these customers, at the time of undertaking expansion project.

Due to serious and repeated violations by the Banks of specific laws such as Banking secrecy laws, Negotiable Instrument Act u/s. 31, Indian Contract Act u/s. 73, Indian Contract Act u/s. 38 by banks, for which company had already filed suits for damages in 2001 in the Court, Company was compelled to stop its productions. This obviously resulted into huge failure in Company's long-term supply commitments made in year 2000 to its prospective regular buyers. As a result these customers had to incur huge losses

by buying these huge quantities at very high rates from spot markets, to fulfill their commitments & had to suffer partly, for heavy production losses, where they could not procure our replacements.

Thus clearly due to violations of laws by bank, Company could not fulfill huge supply commitments to its regular customers, hence Company had to offer huge compensations and make necessary provisions to such suffered customers, which is the main reason of losses. Company had already made corresponding damages claim in court against concerned banks as mentioned above.

4. FUTURE PROSPECTS

The Company is required to make necessary application to the Board for Industrial and Financial Reconstruction (BIFR) for its revival and rehabilitation under Section 15 of Sick Industrial Companies (Special Provisions) Act, 1985, on complete erosion of its entire networth as at 31.03.2003 and necessary steps are being taken in this regard. The Company expects that the settlement of its dues from the Banks, it would recommence its manufacturing activities. The Company is also actively trying other possibilities on priority basis.

5. ISSUE OF SHARES ON PREFERENTIAL BASIS

In order to reduce the financial obligation of unsecured loans lenders, the Company has envisaged a plan to offer, issue and allot 7,00,000 Equity Shares of Rs. 10/- each at par on preferential basis subject to the approval of the shareholders and Stock Exchanges.

6. REPORT ON CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION & ANALYSIS

Report on Corporate Governance and Management Discussion and Analysis Report are attached herewith as Annexures 'A' and 'B' to this Report.

7. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) your directors confirm that :

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.



- ii. The directors had selected such accounting policies and applied them consistently except non provision of Depreciation and Interest for the reasons stated hereinunder and made judgements 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 on 31st March, 2003 and of the loss of the Company for the year ended on that date.
- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The directors have prepared the annual accounts on a going concern basis.

8. FIXED DEPOSITS

Fixed deposits received and outstanding as at 31st March, 2003 stood at Rs. 39.16 lacs. None of the deposits has remained unclaimed or overdue as on that date.

9. DIRECTORS

Mrs. Nayna J. Shah who retires by rotation and being eligible offers herself for reappointment.

10. AUDITORS

M/s. Dilip K Thakkar & Co., the Chartered Accountants, Vadodara, the Statutory Auditors of the Company, hold office upto conclusion of ensuing Annual General Meeting, do not offer themselves for reappointment, due to their personal reasons. However, the Company has received a certificate from

M/s. Y. K. Shah & Co., the Chartered Accountants, stating that if their appointment as Statutory Auditors is made, it would be well within the ceiling prescribed under Section 224(1-B) of the Companies Act, 1956.

The members are requested to consider appointment of Auditors and fix their remuneration.

11. AUDITORS' REMARKS IN THEIR REPORT

The remarks made in Auditors' Report by the Statutory Auditors read with notes on accounts are self explanatory and do not require any further clarification and explanation.

12. STATUTORY DISCLOSURES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not furnished as no employee is covered thereunder.

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not annexed hereto as no manufacturing activity could be undertaken during the year under review.

13. ACKNOWLEDGEMENT

The Board expresses its sincere appreciations to all the concerned for their valuable support.

For and on behalf of the Board,

Place : Vadodara
Date : 30/06/2003

J. H. SHAH
Chairman & Managing Director



Annexure "A"

REPORT ON CORPORATE GOVERNANCE

1. Board of Directors

The Board of directors has four members comprising of One executive and Three non-executive directors. All the directors have attended the Board Meetings held during the relevant period. All the directors who were directors of the Company on 21st September, 2002 attended the Annual General Meeting on the said date. Mr. J. H. Shah and Mrs. N. J. Shah are also directors in Aims Chemicals P Limited and Papul Engineering Pvt. Ltd. The Board met 13 times during the period under review. The dates on which the said meetings were held are 26.04.2002, 31.05.2002, 07.06.2002, 29.06.2002, 31.07.2002, 14.08.2002, 23.09.2002, 25.09.2002, 30.10.2002, 31.10.2002, 08.11.2002, 31.01.2003 and 15.02.2003.

2. Audit Committee

It is duly constituted and terms of reference are (a) To investigate any activity within the company. (b) To seek information from any employee. (c) To obtain outside legal and professional advice. (d) To secure attendance of outsiders with relevant expertise, if it considers necessary. The Audit committee comprised of Three non-executive directors namely Mr. J. A. Patel, Mrs. N. J. Shah and Mrs. Varsha N Trivedi. Mr. J. A. Patel is the Chairman of the Committee. Three meetings were held during the period under review on 29.06.2002, 31.07.2002 and 31.01.2003. All members had attended the same.

3. Remuneration Committee

The Committee is comprised of three non-executive directors namely Mrs. N. J. Shah, Mr. J. A. Patel and Mrs. Varsha N Trivedi. No meetings were held during the year.

Following are the details of remuneration of the Managing Director of the Company:

Managing Director : Gross Salary : Rs. 40,000 per month.

4. Shareholders' Grievances Committee

The Committee is comprised of Three non executive directors namely Mrs. Varsha N Trivedi, Mrs. N. J. Shah and Mr. J. A. Patel. Mrs. N. J. Shah, the Non Executive Director is the Chairperson of the Committee. Three Meetings were held during the relevant period and all the members have attended the same.

5. General Body Meetings

Particulars of the last 3 Annual General Meetings held are as under:

Date	Time	Place
29.05.2000	9.30 a.m.	A/2, 'Swagat', Near Natubhai Centre, Race Course, Vadodara 390 007
27.11.2001	9.30 a.m.	Second Floor, Phoenix Complex, Sayajigunj, Vadodara 390 005
21.09.2002	9.30 a.m.	Second Floor, Phoenix Complex, Sayajigunj, Vadodara 390 005

No postal ballots were used for voting at these meetings, as the same were not required. Presently, the Company does not have any proposal that requires a postal ballot.

6. Disclosures

- Disclosures in materially significant related party transaction i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. — None.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years. — None.

7. Means of communications

- Half-yearly report sent to each household of shareholders : No.
- Quarterly result
Any website, where displayed : Yes
Whether it also displays official : No