



**Strategy
for
success**

ANNUAL REPORT 2009-10



<http://www.hiranorgochem.com>

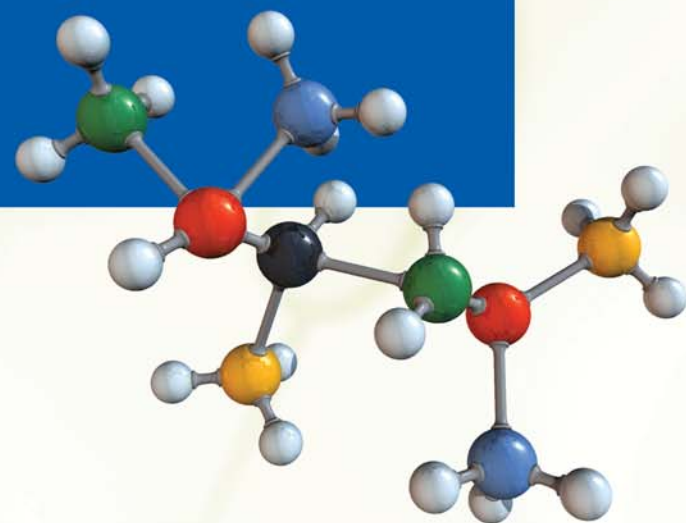


About us

Incorporated in 1983, Mumbai-based Hiran Orgochem (hereafter referred to as Hiran) is a leading integrated manufacturer of active pharmaceutical ingredients. Hiran's product basket comprises of Ciprofloxacin, Levofloxacin, Ofloxacin, Enrofloxacin (for veterinary use) etc thereby addressing the quinolone family within the anti-infective therapy segment.

Hiran is the number "1" manufacturer for quinolones in India and amongst the top three manufacturers in the world and now strives to attain global leadership.

Hiran has always focused on manufacturing the quinolones group of APIs. 80 per cent of the Company's revenues accrue from Ciprofloxacin and Ofloxacin.



Corporate information

BOARD OF DIRECTORS:

Mr. Kantilal M. Hiran
(Chairman and Managing Director)

Mr. Vijay K. Hiran
(Whole Time Director)

Mr. Naresh K. Hiran

Mr. Mukesh Naik

Mr. H. N. Bafna

Mr. M. Kailash Kumar

Mr. Ashok Lunia

COMPANY SECRETARY

Ms. Anu Birla (Appointed w.e.f 21st October, 2009)

AUDITORS:

M/s. B. L. Dasharda & Associates
(Chartered Accountants)

BANKERS:

State Bank of India
State Bank of Patiala

REGISTERED OFFICE:

Palm Court, M Block, 601/A1,
Link Road, Malad (W),
Mumbai – 400064.
Tel.: 022-40953000
Fax: 022-40953099
Email: info@hiranorgochem.com
Website: www.hiranorgochem.com

REGISTRAR AND SHARE TRANSFER AGENTS:

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Sakivihar Road, Andheri (E),
Mumbai – 400072.
Tel.: 022-40430200
Fax: 022-28475207
Email: info@bigshareonline.com
Website: www.bigshareonline.com

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Strategy for success

Since its inception Hiran has recognized opportunities in the quinolones space and focused on executing strategies to take advantage of them.



Several factors have contributed to the success of the Company.

Significant among them was the execution of robust capacity expansions. From 30 MT p.a on commencement to 960 MT p.a in 2004-05 to nearly 2000 MT p.a in 2009-10.

The Company believes that continued expansion has been an important aspect in its business coupled with its focus on research and development.

This has helped Hiran continuously innovate and modify its offerings based on the needs of the consumer.

To sum up, the priority areas where Hiran intends to focus its best efforts and resources, and for which, the Company has formulated appropriate strategies include:

- Ramping up its manufacturing facilities by setting up a new entity ActGen Pharma Pvt. Ltd. in collaboration with Procyon Lifesciences Pvt. Ltd.
- Optimum utilization of manufacturing facilities by ensuring that plants are operating at 100% capacity.
- Enhancing its product portfolio by introducing a new range products within the quinolone family.
- Adopting a pragmatic and integrated global growth strategy of entering the regulated markets of Australia, Europe, U.K, U.S and other regulated markets.

These strategic initiatives taken by the Company are an intrinsic part of its business plan to gain competitive advantage and achieve long-term goals. Beyond the horizon lie opportunities and Hiran is taking new paths leading to new heights, with the promise of sustained profits.



From the Chairman's desk

Dear Shareholders,

2009-10 was a transformational year for your Company. We moved decisively to strengthen and expand our core businesses. We made excellent progress generating solid financial results, advancing our product development pipeline and strengthening our market presence.

For the year ended March 31, 2010, your Company's revenues increased marginally to Rs 2150 mn, a growth of 17% over the previous year. However there has been a robust increase in our bottomline. From a loss of Rs 174 mn in the previous fiscal we have reported a profit of Rs 74 mn. The principal reason for this turnaround has been our ability to operate at more than 100% capacity. It's our goal at Hiran to position the Company for accelerated growth in revenues and earnings.

INDUSTRY DEVELOPMENTS

The global generic industry is expected to grow at a faster pace at CAGR of 9% over FY 08-13 as compared to the overall pharmaceutical market which is slated to grow at a CAGR of 2-3% over FY 08-13. Currently valued at USD 87 bn, the global generic market is expected to touch USD 135 bn by 2013. Factors triggering this growth include drugs worth USD 235 bn going off patent over FY 10-15, tripling of elderly population (60+ population -700 mn in 2005 would reach 1900 mn by 2050), spiraling health care expenses across the globe and favourable government policies.

This was the broad overview about the industry that your Company operates in and now let me give you macro picture about the operations of your Company.

MANUFACTURING

The biggest highlight for the year under review is establishing a new entity ActGen Pharma Pvt. Ltd. in collaboration with Procycon Lifesciences Pvt. Ltd. With this newly formed entity our combined manufacturing capacity stands at nearly 2000 MT p.a. Involving a capex of Rs 300 mn and a 49% stake this newly formed entity your Company is equipped to cater to the increasing demand for its products and mark its foray into the high margin regulated markets after receiving the US FDA approval. Further, your Company is not only looking to expand but is also taking steps to maximise operational efficiencies due to which our capacities were operational at more than 100% in the year under review.

RESEARCH AND DEVELOPMENT

Research and development is a powerful engine which serves as a tool to enrich your Company's product pipeline, enter the developed markets and to fortify its position as a fast-growing pharmaceutical company. Hiran views its R&D capabilities as a vital component of the business strategy which will provide it with a sustainable, long-term competitive advantage.

QUALITY

Quality being the supreme objective, your Company continuously keeps abreast of the latest information and technological developments both in India and abroad. Your Company has evolved a quality policy, and this has helped us grow manifolds in this business since our inception. Further, we also ensure our manufacturing capacities incorporate best practices and adhere to stringent regulatory compliances and quality norms.

REAL ESTATE INVESTMENT

To garner attractive returns your Company had made an investment in the fast growing real estate sector in the year 2006-07. Your Company has acquired land in Coimbatore and has plans to develop an integrated township which would be developed in 3 phases.

A BRIGHT FUTURE AHEAD

Clearly, we believe that we are entering an exciting new phase of development. We will continue to make the necessary investments in R&D to pursue our long term strategy of expanding our product portfolio and strengthening our market presence. We also plan to raise Rs 500 mn through a GDR issue in the next fiscal which would be employed for capital expenditure, meeting long term working capital requirements and setting up offices overseas.

Our strong financial foundation, a very promising pipeline of products and unique technology platforms will be the key factor driving growth.

ON A PARTING NOTE

We have an excellent team of employee's committed to achieving the Company's goals in the coming years. I look forward to reporting on our progress towards those goals in months and years ahead.

Sincerely,
Kantilal Hiran
Chairman and Managing Director



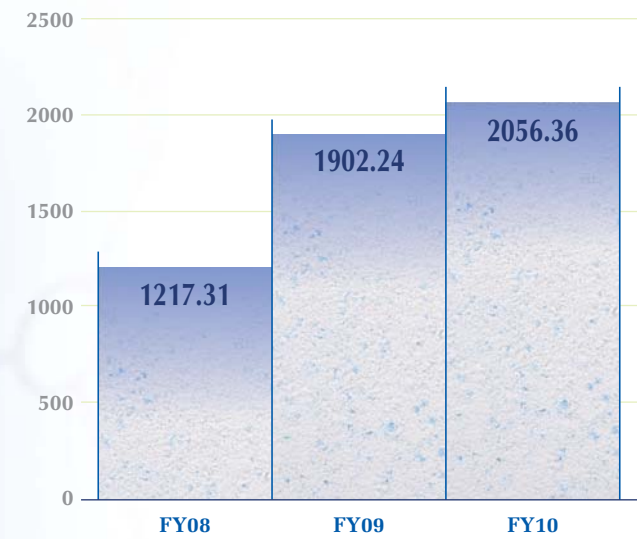
Financial highlights



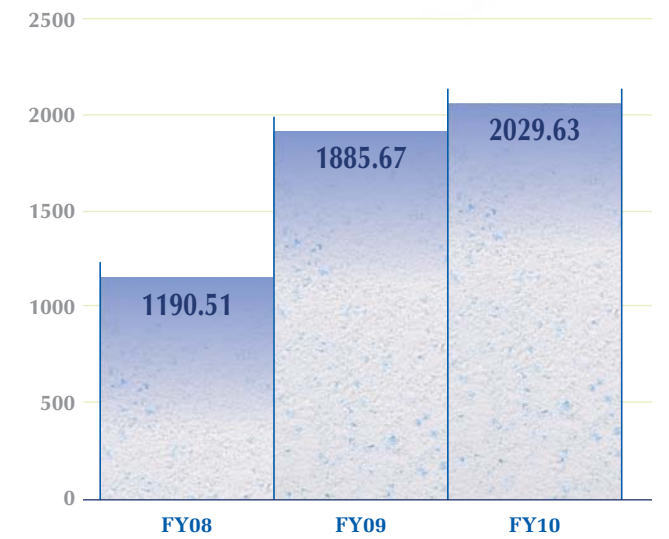
	(Rs Mn)		
	FY 10	FY 09	FY 08
BALANCE SHEET ITEMS			
Equity Paid Up	525.03	105.01	105.01
Net Worth	777.50	675.66	913.91
Capital Employed	768.77	667.52	901.55
Gross Block	495.41	467.46	440.81
Net Working Capital	894.73	785.02	1089.49
Current Assets	1791.34	1441.64	1624.29
Current Liabilities and Provisions	896.61	656.61	534.80
PROFIT & LOSS ITEMS			
Total Income	2056.36	1902.24	1217.31
Net Sales	2029.63	1885.67	1190.51
PBIDT	214.66	(138.11)	136.11
PBT	105.06	(252.24)	49.77
PAT	74.49	(173.78)	38.83
Cash Profit	97.80	(152.62)	57.15
Basic EPS (in Rs.)	1.42	(3.31)*	3.70
Diluted EPS (in Rs.)	1.42	(3.31)*	4.96
GROWTH RATIOS (%)			
Gross Sales	5.72	58.38	10.73
Net Sales	7.63	58.39	9.85
KEY RATIOS (%)			
PBIDT margin	10.58	(7.32)	11.43
PAT margin	3.67	(9.22)	3.26
ROCE	9.69	(26.03)	4.31
RONW	9.58	(25.72)	4.24
Debt-Equity Ratio (in times)	0.68:1	0.72:1	0.65:1
Long Term Debt-Equity Ratio (in times)	0.34:1	0.22:1	0.07:1
Current Ratio (in times)	2:1	2.20:1	3.04:1

* Adjusted for issue of bonus shares in 2009-10 in ratio of 4:1.

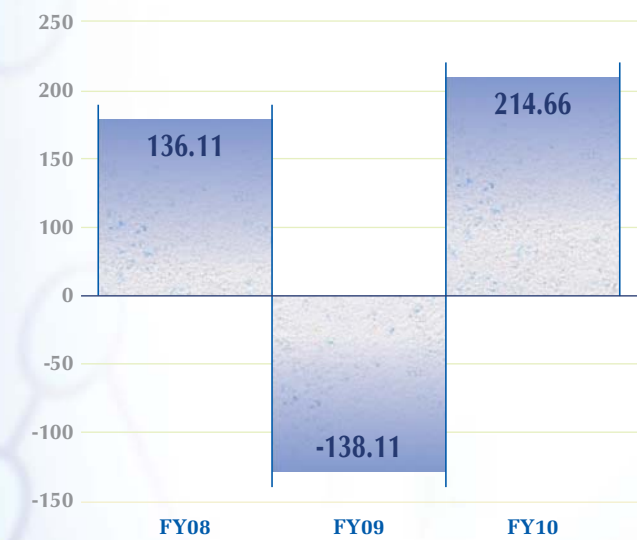
Total Income (Rs Mn)



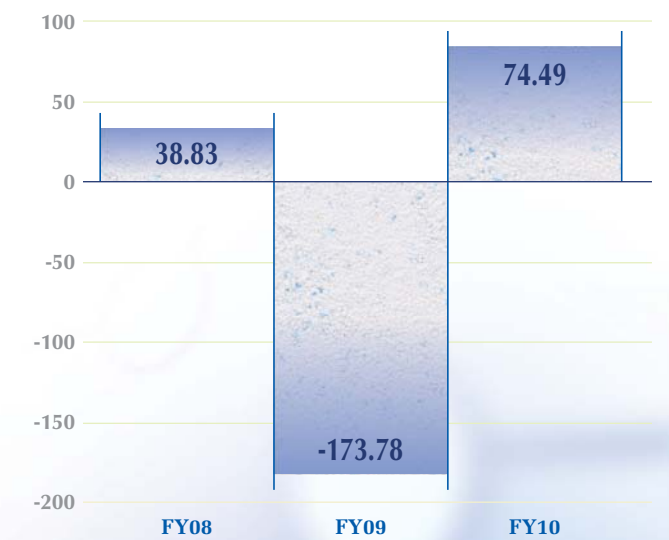
Net Sales (Rs Mn)



PBIDT (Rs Mn)



PAT (Rs Mn)





Ramping up manufacturing facilities

Hiran has set up world-class facilities by leveraging state-of-the-art manufacturing technology, incorporating best practices and adhering to stringent regulatory compliances, which ensure that the customer receives products of the highest quality.

As a strategy, to cater to the growing domestic demand and to foray into the attractive regulated markets the Company has embarked upon setting up new facility.

Hiran has set up a new entity ActGen Pharma in collaboration with Procyon Lifesciences. ActGen Pharma is set up with an aim to manufacture Active Pharmaceutical Ingredients (APIs) and Intermediates in conformity with regulations in force concerning the quality of pharmaceutical products, environment, safety and the health of consumers.

Through this collaboration the Company aims to capitalize on the marketing strengths of Procyon Lifesciences which would help it make inroads in the regulated markets.

Set up at Panoli, Gujarat, this facility is in close proximity to Hiran's existing manufacturing facilities. Built as per cGMP requirements, this facility is designed to meet US / EU regulatory norms.

Over the years, Hiran has successfully augmented its capacities more than 30 fold since inception from 30 MT p.a to 960 MT p.a in 2005. Apart from the newly formed entity the Company has two versatile manufacturing units in its plant at Ankleshwar, Gujarat. Hiran ensures that the manufacturing capacities incorporate best practices and adhere to stringent regulatory compliances and quality norms.

The new facility set up with a capacity of an estimated 1000 MT p.a commenced operations in March 2010. Geared to manufacture high volume products and obtain the US FDA approval in a span of 2 years this would help Hiran penetrate into the regulated markets.

With this new facility the Company's combined manufacturing capacity stands at an estimated 2000 MT p.a.

ACTGEN PHARMA PVT. LTD. IS SET UP WITH AN AIM TO MANUFACTURE ACTIVE PHARMACEUTICAL INGREDIENTS (APIS) AND INTERMEDIATES IN CONFORMITY WITH REGULATIONS IN FORCE CONCERNING THE QUALITY OF PHARMACEUTICAL PRODUCTS OF CONSUMERS.



Enhancing product portfolio



The product development efforts at Hiran are driven by the ability to identify and serve markets where the Company can provide unique products. The Company's move into new markets is aided by a focus on developing a strong product portfolio within its core competency – the quinolone family.

To achieve this, R&D capabilities form a vital component of Hiran's business strategy that will provide the Company with a sustainable, long-term competitive advantage. The R&D at Hiran, is a manifestation of its belief in quality and innovation. To stay ahead of competition it is imperative to constantly invest in research and development.

The Company commenced operations primarily as an API manufacturer with a focus on the quinolones family. There are 200 members in this family of which the Hiran focuses on the top 4 quinolones Ciprofloxacin, Ofloxacin, Levofloxacin and Enrofloxacin. Hiran is the largest manufacturer of Ciprofloxacin with a 25-30 per cent market share and aims to attain global leadership in this product segment. In fact the Company is the number one producer of this drug in the country.

Hiran's focus has always been on API's for human and veterinary use and the Company plans to continue with concentrating its effort in this segment. The Company's constant endeavor is to control costs and achieve operational excellence which has enabled the Company to clock phenomenal growth in this business.

Currently, the Company's efforts are focussed on developing Norfloxacin. This would be a first of its kind product in the country as at present there are no manufacturers in India offering this product and for domestic consumption this product is imported from China.

Hiran has successfully developed technologies to manufacture this pioneering product. Trial runs for it are already underway and the Company plans to commence commercial production in the coming financial year.

To enjoy operational excellence and better economies of scale the Company did have plans of executing backward integration by manufacturing API intermediates for its current range of products and forward integration by manufacturing formulations. However currently these plans are on hold as Hiran plans to solely focus on its core competency – Human as well as Veterinary API's with the following product portfolio:

HUMAN API'S	VETERINARY API'S
Ciprofloxacin Hydrochloride (USP/BP/EP) Ciprofloxacin Base (USP/BP/EP) Ciprofloxacin Lactate Ciprofloxacin Micronised Ciprofloxacin Direct Compressible / DC Grade	Enrofloxacin Base Enrofloxacin Hydrochloride Enrofloxacin Lactate
Quinine Sulphate (USP/BP/EP) Quinine Hydrochloride (USP/BP/EP) Quinine DiHydrochloride (USP/BP/EP)	Difloxacin Base Difloxacin Hydrochloride Difloxacin Lactate (under development)
Ofloxacin Base Ofloxacin Hydrochloride Ofloxacin Lactate (under development)	Sarafloxacin Base Sarafloxacin Hydrochloride Sarafloxacin Lactate (under development)
Levofloxacin Hemihydrate Levofloxacin Hydrochloride	
Norfloxacin Base (under development) Norfloxacin Hydrochloride (under development) Norfloxacin Nicotinate (under development)	



The Company believes that enhancing its product portfolio is the key to success thus over the years Hiran plans to add various new products thereby increasing its revenues by manifolds in span of five years.

Focusing on key markets

To grow at an exponential rate, a Company has to chalk out a multi-pronged growth strategy. This means that in addition to broad basing product offerings, increasing presence over existing and new therapeutic and foraying into niche areas, it is also imperative to identify new fast growing markets for the Company's products and concurrently increase presence in existing markets.

The Company's revenue mix is as follows:



The strong domestic demand for the Company's products is on account of undisputed quality at cost effective rates has resulted in repeat orders from some of the most prestigious names in the pharmaceutical industry.

At Hiran, quality is always the result of sincere efforts, intelligent direction and skillful execution. To be competitive, Hiran fully appreciates that it needs to provide a product, in which quality is designed, built and consistently maintained at the most economical costs. Thus, the quality team begins to contribute towards the product right from the development stage. And to ensure quality control measures, at every stage Hiran has put in place a well-equipped quality control department which is responsible for a detailed quality check of each and every batch thereby ensuring that the customer receives product of the highest quality.

Hiran possesses GMP compliance and follows ICH guidelines with regards to quality at its multi-functional API manufacturing facility, which helps optimize production costs with speed and accuracy.

On account of high quality products, the Company has also made in-roads in the global markets. It has established its presence in as many as 55 countries by adhering to the stringent regulatory compliances.

Over the years, Hiran has established its presence the following countries:

Albania, Argentina, Austria, Bangladesh, Belarus, Bosnia, Brazil, Bulgaria, Chile, Colombia, Dubai, Egypt, France, Germany, Hongkong, Indonesia, Iran, Israel, Italy, Japan, Jordan, Kenya, Korea, Macedonia, Malaysia, Mexico, Montenegro, Netherlands, Nepal, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Russia, Serbia, Singapore, South Africa, Spain, Sudan, Switzerland, Syria, Taiwan, Tanzania, Thailand, Tunisia, Turkey, Uganda, Venezuela, Vietnam, Yemen, Yugoslavia

Going ahead, the Company's would continue its focus on the domestic market coupled with expanding its horizon in the regulated markets through ActGen Pharma.

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of **HIRAN ORGOCHEM LIMITED** will be held on Saturday, 31st July, 2010 at 'Goregaon Sports Club', Link Road, Malad (West), Mumbai - 400 064 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and Balance Sheet as on that date alongwith the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. H. N Bafna who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mukesh Naik who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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. Naresh K. Hiran who was appointed as an Additional Director of the Company on 31st October, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company and who vacate his office at the ensuing Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the said Act, along with necessary deposit from a shareholder proposing the candidature of Mr. Naresh K. Hiran as a Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation.”

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

“RESOLVED THAT as per the recommendation of Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and Schedule

XIII to the said Act and subject to the approval(s) of such authorities and agencies as may be applicable in this regard, the consent of the Company be and is hereby accorded for appointment of Mr. Naresh K. Hiran as Whole Time Director designated as Director - International Business of the Company subject to such terms and conditions including the tenure and payment of remuneration including perquisites, as under:

- (a) Tenure: The tenure of Mr. Naresh K. Hiran, Whole Time Director designated as Director - International Business of the Company shall be for a period of three years with effect from 1st November, 2009 i.e. for the period from 1st November, 2009 to 31st October, 2012.
- (b) Remuneration: Mr. Naresh K. Hiran, Whole Time Director shall be paid consolidated remuneration including perquisites not exceeding Rs. 1.25 Lakhs per month, the aggregate of which for any financial year during the currency of the tenure of the said Whole Time Director, shall not exceed the limit of remuneration payable to a managerial person as per Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Section I of Part II of Schedule XIII to the said Act or where in any financial year, the Company has no profits or inadequate profits, as per Section II of Part II of the said Schedule XIII (including any re-enactment or modification thereof) and based on the prevailing Effective Capital of the Company from time to time, subject to compliance with the requirements and conditions thereof.”

“RESOLVED FURTHER THAT in case the aggregate remuneration including perquisites as aforesaid for any financial year during the tenure of Mr. Naresh K. Hiran, Whole Time Director, exceeds the limits of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Section I of Part II of Schedule XIII to the said Act or Section II of Part II of the said Schedule XIII to the said Act based on the prevailing Effective Capital of the Company from time to time, the Company do make payment of such remuneration to Mr. Naresh K. Hiran, Whole Time Director subject to the prior approval of the Central Government and such other authorities as may be necessary in this regard.”

“RESOLVED FURTHER THAT Mr. Kantilal M. Hiran or such Director (other than Mr. Naresh K. Hiran) as may be decided in this regard by the Company from time to time, be and is hereby authorized to determine, vary, abrogate and modify within the overall limit of remuneration as per Sections 198, 309 and other applicable provisions, if any, of

the Companies Act, 1956 read with Section I of Part II of Schedule XIII to the said Act or Section II of Part II of the said Schedule XIII to the said Act, the rate, terms and conditions of the above mentioned remuneration or any constituent thereof, payable to Mr. Naresh K. Hiran, Whole Time Director."

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

"RESOLVED THAT as per the recommendation of Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such approvals as may be necessary, the consent of the Company be and is hereby accorded for re-appointment of Mr. Kantilal M. Hiran as the Chairman and Managing Director of the Company for a period of three years with effect from 1st June, 2010 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Mr. Kantilal M. Hiran but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time.

The Remuneration is payable by way of Salary and Perquisites as detailed below:

1. Salary: Rs. 2,00,000/- per month.
2. Contribution towards premium for Key Man Insurance Policy not exceeding Rs. 5 Lacs per annum.
3. Contribution to Provident Fund, Superannuation Fund or Annuity Fund. This will not be included in computation of the ceiling on the perquisites to the extent these either singly or together are not taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half-a-month salary for each completed year of service.
4. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on the perquisites.
5. Provision of car for use on Company's business and telephone at residence. This will not be considered as a perquisite. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Chairman and Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the Minimum Remuneration payable to the said Chairman and Managing Director.

RESOLVED FURTHER THAT during such time as Mr. Kantilal M. Hiran holds and continues to hold office of the Chairman and Managing Director, he shall not be liable to retire by rotation as a Director.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such actions and do all such things as may be necessary or desirable to give effect to this resolution."

FOR AND ON BEHALF OF THE BOARD

KANTILAL M. HIRAN
CHAIRMAN & MANAGING DIRECTOR

PLACE: MUMBAI

DATED: 29TH MAY, 2010

REGISTERED OFFICE:

Palm Court, M Block,
601/A1, Link Road,
Malad (W), Mumbai- 400 064

NOTES

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.**

2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.

3. The Register of Members and Share Transfer Books will remain closed from Thursday, 29th July, 2010 to Saturday, 31st July, 2010 (both days inclusive).

4. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participant (DP) in respect of their electronic share accounts and to the Company's Registrar & Share Transfer Agent at Big Share Services Pvt. Ltd., E-2, Ansa Industrial Estate, Saki

Vihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 in respect of their physical share folios.

5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Chairman & Managing Director, so as to reach the registered office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.

6. Members/proxies are requested to bring their copy of Annual Report to the Meeting.

7. Members/proxies are requested to bring the Attendance Slips sent herewith duly filled for attending the Meeting.

8. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No. 5 to 7 is appended hereto.

9. A brief resume of persons proposed to be re-appointed as Director of the Company is as follows:

Name	Mr. Kantilal M. Hiran	Mr. Naresh K. Hiran	Mr. H. N. Bafna	Mr. Mukesh Naik
Age (Years)	53	27	51	55
Qualification	Matriculation	B.Com, MBA in International Marketing & HRD	M. Com, L.L.B, A.C.S, F.C.A.	Bachelor of Chemical Engineer
Nature of Expertise	Management & Marketing	Marketing & HRD	Practicing Chartered Accountant	Engineering, Technology & Project Management
Experience	38 years	5 years	26 years	33 years
Name of other Public Companies in which holds Directorship	None	None	World Water Fun Reosrts Ltd.	Neutra Plus Product (India) Ltd.
Name of other Companies in Committees of which holds Membership/ Chairmanship	None	None	None	None
Shareholding in Hiran Orgochem Limited	44,46,500 equity shares of Rs. 10/- each	62,50,000 equity shares of Rs. 10/- each	Nil	Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956:****Item No. 5:**

Mr. Naresh K. Hiran was appointed as an Additional Director of the Company with effect from 31st October, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company. Pursuant to the provisions of the said Section, the term of the office of the said Director expires at the ensuing Annual General Meeting of the Company. The Company has received notice under Section 257 of the said Act along with the necessary deposit from a shareholder proposing the candidatures of Mr. Naresh K. Hiran for the office of Director of the Company.

The Board recommends the appointment of Mr. Naresh K. Hiran as Director of the Company. The resolution vide Item No. 5 is therefore proposed for approval of the Members.

Mr. Naresh K. Hiran is concerned or interested in the resolution at Item No. 5 of the Notice for his appointment as Director of the Company. None of the other Directors, except Mr. Kantilal M. Hiran and Mr. Vijay K. Hiran, are interested or concerned in the said resolution.

Item No. 6:

As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 31st October, 2009, appointed Mr. Naresh K. Hiran as the Whole Time Director designated as Director - International Business of the Company for a period of three years with effect from 1st November, 2009 on terms and conditions as stated in the resolution.

The appointment of Mr. Naresh K. Hiran as the Whole Time Director designated as Director - International Business of the Company, would require the consent of the shareholders of the Company pursuant to Section 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 and subject to the limits of Schedule XIII of the said Act. The said resolution is therefore, recommended for your approval.

Mr. Naresh K. Hiran is concerned or interested in the resolution at Item No. 6 of the Notice for his appointment as Whole Time Director of the Company. None of the other Directors, except Mr. Kantilal M. Hiran and Mr. Vijay K. Hiran, are interested or concerned in the said resolution.

Item No. 7:

The present term of office of Mr. Kantilal M. Hiran as the Chairman and Managing Director of the Company expired on 31st May, 2010. As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 29th May, 2010, re-appointed Mr. Kantilal M. Hiran as the Chairman and Managing Director of the Company for a period of three years with effect from 1st June, 2010 on terms and conditions as stated in the resolution.

As per the recommendation of the Remuneration Committee, the appointment of Mr. Kantilal M. Hiran as the Chairman and Managing Director of the Company, would require the consent of the shareholders of the Company pursuant to Sections 269, 309, 311 and other applicable provisions of the Companies Act, 1956 and subject to the limits of Schedule XIII to the said Act. The said resolution is therefore, recommended for your approval.

Mr. Kantilal M. Hiran is concerned or interested in the resolution at Item No. 7 for his re-appointment as Chairman and Managing Director. None of the other Directors, except Mr. Naresh K. Hiran and Mr. Vijay K. Hiran, are interested or concerned in the said resolution.

FOR AND ON BEHALF OF THE BOARD

KANTILAL M. HIRAN
CHAIRMAN & MANAGING DIRECTOR

PLACE: MUMBAI
DATED: 29TH MAY, 2010

DIRECTORS' REPORT

To
The Members,

The Directors have pleasure in presenting the Twenty Sixth Annual Report on the business, operations and the Audited Accounts of your Company for the financial year ended 31st March, 2010.

Financial Results :

(Rs. In Lacs)

Particulars	Current Year 2009-2010	Previous Year 2008-2009
Net Sales and other Income	20563.55	19022.37
Profit / (Loss) before Depreciation, Interest and Tax (PBDIT)	2146.64	(1381.10)
(Add) / Less : Interest & Depreciation	1096.05	(1141.27)
Profit / (Loss) before Taxation	1050.59	(2522.37)
(Add) / Less : Provision for Taxation & Deferred Tax	305.71	(784.60)
Profit / (Loss) after Taxation	744.88	(1737.77)
Balance brought forward from Previous Year	63.55	1825.90
Profit / (Loss) available for appropriation	808.43	88.12
Appropriations :		
General Reserve	-	-
Proposed Equity Dividend	-	21.00
Tax on Proposed Dividend	-	3.57
Profit / (Loss) carried to Balance Sheet	808.43	63.55

Performance:

During the year under review, the Company achieved sales of Rs. 21399.25 Lacs compared to Rs. 20241.27 Lacs for the previous financial year registering a growth of more than 5.72%. The Company incurred Net Profit before Tax of Rs. 1050.59 Lacs as against Net Loss before Tax of Rs. 2522.37 Lacs for the previous financial year. After making provision for Taxation, the Net Profit stood at Rs. 744.88 Lacs as against Net Loss of Rs. 1737.77 Lacs for the previous financial year.

Dividend:

Considering the financial position of the Company and with a view to conserve the resources for the future, your Directors have thought it prudent to recommend Nil dividend (Previous Year 2%) on the Paid-up Share Capital of the Company for the year ended 31st March 2010.

Increase in the Authorized Share Capital of the Company:

To meet the operational requirements, the Company decided to

raise additional funds by various means including issue of GDR. With the approval of Shareholders at the last Annual General Meeting of the Company held on 29th August, 2009, the authorized share capital of the Company increased from Rs. 15 Crores to Rs. 55 Crores by passing of necessary resolutions. Further the authorized share capital of the Company was increased from Rs. 55 Crores to Rs. 105 Crores with the approval of the Shareholders by the postal ballot results declared on 16th October, 2009 by creation of additional 5 Crores equity share of Rs. 10 each.

Issue and Allotment of Bonus Shares:

With the recommendation of the Board of Directors and approval of the Shareholders at the last Annual General Meeting of the Company held on 29th August, 2009, the Company issued and allotted 4,20,02,400 Equity Shares of Rs. 10/- each at par as Bonus Shares in the proportion of 4 (Four) new Equity Shares of Rs. 10/- each fully paid-up as against every 1 (One) existing Equity Share of Rs. 10/- each fully paid-up to the members of the Company.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. H. N. Bafna and Mr. Mukesh Naik, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. Naresh K. Hiran, who has been appointed as an Additional Director with effect from 31st October, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 would vacate his office on the date of the ensuing Annual General Meeting of the Company. The Company has received Notice under Section 257 of the said Act from a shareholder proposing the candidature of the said Additional Director for the office of Director of the Company.

The Board of Directors have, on the recommendation of the Remuneration Committee, appointed Mr. Naresh K. Hiran as the Whole Time Director designated as Director - International Business of the Company for a period of three years w.e.f 1st November, 2009 subject to the approval of the members. The Board recommends for your approval the appropriate resolution as set out in the Notice for the Annual General Meeting.

The Board of Directors also have, on the recommendation of the Remuneration Committee, re-appointed Mr. Kantilal M. Hiran as the Chairman and Managing Director of the Company for a period of three years w.e.f 1st June, 2010 subject to the approval of the members. The Board recommends for your approval the appropriate resolution as set out in the Notice for the Annual General Meeting.

A brief profile of Mr. H. N. Bafna, Mr. Mukesh Naik, Mr. Naresh K. Hiran and Mr. Kantilal M. Hiran as required by Clause 49VIA of the Listing Agreement with the Stock Exchange is given in the ensuing Annual General Meeting.

Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. the Directors 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 on 31st March, 2010 and of the profit of the Company for that year;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts for the year ended 31st March, 2010 have been prepared on going concern basis.

Public Deposits:

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended.

Auditors:

M/s B. L. Dasharda & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a Certificate under Section 224(1B) of the Companies Act, 1956 in this regard. Members are requested to consider their re-appointment and to authorize the Board to fix their remuneration.

Auditors' Report:

The observations made by the Auditors in their Report read with the relevant notes as given in the Notes to Accounts, are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

Corporate Governance:

A Report on Corporate Governance along with a certificate from M/s. B. L. Dasharda & Associates, Chartered Accountants in Whole-Time practice, regarding compliance of the requirements of Corporate Governance alongwith Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and forms part of this report.

Particulars of Employees :

During the year under review, none of the employees of the Company, whether employed for the whole year or part thereof, was in receipt of remuneration aggregating to or in excess of the limits specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, and hence, no particulars are required to be furnished in connection with the same.

Acknowledgements:

The Board wishes to place on record their sincere appreciation for the continuous support received from Shareholders, Customers, Suppliers, Bankers, Statutory Authorities and all other business associates. The Board also takes this opportunity to appreciate and value the contribution made by the Company's employees at all levels during the year under review.

FOR AND ON BEHALF OF THE BOARD

KANTILAL M. HIRAN
CHAIRMAN & MANAGING DIRECTOR

PLACE: MUMBAI

DATED: 29TH May, 2010

ANNEXURE TO THE DIRECTOR'S REPORT

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

I. CONSERVATION OF ENERGY

The Company has taken measures and applied strict control systems to monitor day to day power consumption, to endeavor to ensure the optimal use of energy with minimum extent possible wastage as far as possible. The Company has further put all efforts and thrust for tapping non-conventional energy sources. The day-to-day consumption is monitored and various ways and means are adopted to reduce the power consumption in an effort to save energy.

FORM - A

Form of Disclosure of particulars with respect to Conservation of Energy

ENERGY CONSUMPTION	Year Ended 31-03-2010	Year Ended 31-03-2009
A. Power and Fuel Consumption		
1. Electricity		
Purchases (Units)	2001018	3393366
Total Amount (Rs. in Lacs)	118.13	188.10
Unit Rate (Rs.)	5.90	5.54
2. L.D.O./F.O.		
Quantity (K. Ltrs.)	Nil	Nil
Total Cost (Rs. in Lacs)	Nil	Nil
Average Rate/Litre (Rs.)	Nil	Nil
3. Others / Internal generation		
Quantity (Units)	Nil	Nil
Total Cost (Rs. in Lacs)	Nil	Nil
Average Rate/Unit (Rs.)	Nil	Nil
4. Gas Purchase		
Purchases (Units)	2711882	1924574
Total Amount (Rs. in Lacs)	427.82	238.60
Average Rate/Unit (Rs.)	15.78	12.40
B. Consumption per Unit of Production :		
Electricity (Units/Kg.)	2.08	4.64
Gas (Units/Kg.)	2.81	2.63

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION AND RESEARCH & DEVELOPMENT

FORM B

Form of disclosure of particulars with respect to Technology Absorption

A. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company has a full-fledged Laboratory continuously engaged in research and development of existing products. As soon as the development work is done, its contribution to the cost reduction and quality is tested and thereafter it is included in the standard operating procedure of commercial production.

2. Benefits derived as a result of the above efforts:

Benefits derived as a result of the above efforts, are product quality improvement, cost reduction, product development, import substitution etc. The continuous up-gradation and adoption of technology has benefited the Company in the form of production process, better yields and quality of the end product and cost reduction.

3. Purchase of technology imported during the last 5 year: NIL

B RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R&D carried out by the Company.

The Company has carried out Research and Development in several areas with in-house facilities available to reduce the input cost and create new generic for the industry.

2. Benefits derived as a result of the above R & D.

The Company has derived the benefits of reduction in cost and improvement in quality due to the above efforts

3. Future Plan of action

To reduce cost and improve quality, R&D efforts will be continued in the area mentioned above.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Amount in Lacs)

	Year Ended 31-03-2010	Year Ended 31-03-2009
<u>Foreign Exchange :</u>		
Earnings	2058.73	2348.55
Outgo	170.62	153.07

FOR AND ON BEHALF OF THE BOARD

KANTILAL M. HIRAN

PLACE: MUMBAI

CHAIRMAN &

DATED: 29TH MAY, 2010

MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:-

Cautionary Statement:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

(a) Industry Structure and Developments

The Indian pharmaceutical industry now ranks 3rd worldwide by volume of production thereby accounting for around 10% of world's total pharmaceutical output in terms of volume. In terms of value, India's pharma industry ranks 14th and in term of value of production India accounts for a mere 1.5% in the global pharmaceutical marketplace. Globally, Indian pharma market ranks 4th in terms of generic production and 17th in terms of export value of bulk actives and dosage forms.

Indian pharma companies export their products to more than 200 countries around the globe including highly regulated markets of USA, West Europe, Japan and Australia.

The industry now produces Bulk Drugs or Active Pharmaceutical Ingredients (API) belonging to all major therapeutic groups requiring complicated manufacturing technologies.

The demand for Bulk Drugs is expected to increase considering growth of user industries viz. Pharmaceutical Formulating Companies.

Hiran Orgochem Ltd. is primarily engaged in manufacturing active pharmaceutical ingredients with a strong focus on the quinolone family. With manufacturing facilities located in Gujarat, Hiran Orgochem Ltd. has grown to be one of the most successful and largest dedicated manufacture of bulk actives in the pharmaceutical industry. The Company has achieved this position due to its strong commitment, delivering unparalleled excellence in customer service. Hiran provides services on a quick-turn, cost-effective basis has successfully expanded its customer base and delivered solid operating returns.

(b) Opportunities and Threats

Opportunities:

The pharmaceutical industry is typically growing at around

1.5-1.6 times the Country's Gross Domestic Product (GDP) growth. Moreover, according to an Ernst & Young and industry body study released in September 2009, the increasing population of the higher-income group in the country will, by 2015, open a potential USD 8 billion market for multinational companies selling costly drugs. Besides, the report said the domestic pharma market is likely to touch USD 20 billion by 2015, making India a lucrative destination for clinical trials for global giants.

Indian pharma market which is now estimated to value over to Rs. 1,00,000 crores (USD 20 billion), has shown tremendous progress in terms of infrastructure development, technology base creation and a wide range of products.

The global management consulting major McKinsey and Company has also predicted recently that the Indian pharmaceutical market is expected to touch USD 40 billion by 2015, growing at compounded annual growth rate of nearly 14% in the next few years.

- Indian pharma market, which is currently valued at USD 20 billion, could see the figure almost double in next 5 years majorly propelled by the steady growth in the domestic segment.
- The domestic market which is growing at almost 10 to 14 per cent at present itself will provide USD 20 to 24 billion in 2015 and the exports and contract manufacturing business, which are growing at 10 per cent per annum, will contribute to achieve the predicted growth.
- Contract manufacturing business, which registered USD 4 billion in 2007 is expected to reach 10 billion in 2015, with a 25 per cent growth rate. Contract manufacturing opportunity for India including for the international generic business is forecast to the level of USD 18 to 20 billion.
- Contract manufacturing of core products of multi nationals in India is another opportunity for domestic companies as that business itself could add USD 7 to 8 billion by 2015.
- India's potential in R&D will be between USD 8 to 10 billion by 2020.
- By 2015, the manufacturing opportunity in India including for the international generic business and the contract manufacturing business will be at USD 18 to 20 billion.

The Company's opportunities lie in the adequate demand for Ciprofloxacin in the Bulk Drug segment. Robust growth potential is visible across the pharmaceutical industry and it is immune to economic recession and commodity cycles.

Rising population, new disease incidence or resurgence of certain diseases continue to spur its growth. Ciprofloxacin enjoys strong demand across the globe due to its effectiveness in curing wide range of infections and also due to the minimum side effects. Going by the hygienic standards prevailing in the country and the outbreak of floods, storms, there is vast potential/market for continued demand across the product.

Threats :

The Company may face tough competition from the other players in the industry. Threat is perceived from China in case they start dumping Ciprofloxacin in the Indian Market. However, we understand that the purity or the Chinese product is not of high standard and as such China will find it difficult to enter the domestic Cipro market.

Further, India is planning to check the flow of cheaper drugs and raw materials of substandard quality from China. Currently, pharmaceuticals producing firms in India imports significant amount of their raw materials used for the manufacturing of medicines from China. These so-called raw materials Active Pharmaceutical Ingredients (APIs) and their intermediate substances are supplied cheap by Chinese manufacturers. Cheaper availability of these raw materials has resulted in an increasing level of substandard medicines currently being circulated in Indian and other non-regulated markets where Indian drug makers exports to. As a measure to prevent this import of low quality raw material products, India's health department has decided to send officials to inspect manufacturing units of API suppliers.

Four active Pharmaceutical Ingredients (APIs) manufactured in China have been recently suspended by the European Directorate on the Quality of Medicines (EDQM).

A European Commission proposal in April 2010 to have a written declaration by the exporting country attesting the 'equivalence of standards' could adversely impact API suppliers from India. India is one of the largest suppliers of Active Pharmaceutical Ingredients (API) to the European markets.

The new European proposal is part of the EC's effort to prevent the entry of counterfeit medicines into its member countries. Currently Indian API suppliers export their consignments as per the standards set by the European Directorate for the Quality of Medicines (EDQM).

The quality of the APIs exports to European Countries is certified by Certificate of suitability of European Pharmacopoeia monographs (CEPs). The EDQM grants CEPs to manufacturers or suppliers for substances for pharmaceutical use when they have demonstrated compliance with the monographs of the European Pharmacopoeia. The certificate guarantees that all the

impurities and potential contamination related to the manufacturing process (including the manufacturing site and raw materials) are satisfactorily controlled as per the requirements of the monographs. CEPs are equivalent to drug master files (DMFs) granted by US FDA as a quality benchmark for APIs exported to USA. CEP guarantees that all the impurities and potential contaminations related to the manufacturing process (including the manufacturing site and raw materials) are satisfactorily controlled using the requirements of these monographs.

CEP's are recognized by about 90 countries globally CEPs are recognised by all signatory states (37 members) of the European Pharmacopoeia Convention and by the European Union.

The European Commission's new proposal, however, requires that the drug regulator in the exporting country should also conduct regular inspection in the API supplier's manufacturing facility to ensure that the company doesn't violate GMP standards.

This procedure would, in turn, unnecessarily delay the consignments for exports because they would need to be waited for a long time to get cleared by the Indian authorities.

(c) Segment-wise or Product-wise Performance

The Company manufactures and deals in Bulk Drugs. The segment results and other details of bulk drugs and other segment are furnished in the Notes on Accounts.

(d) Outlook

The Company is proactively responding to the changing business environment and is confident of sustaining its market share by improving competitive positioning in the market. The overall business outlook for the Company is promising with improvement in overall economic environment. Efforts towards higher operational efficiencies shall continue. The Company continues to examine the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

(e) Risks and Concerns

In the highly competitive market subject to rapid technological changes and regulatory developments the Company's ability to manage diverse risks determine its success. As the business environment remains challenging and scale becomes the most critical component for survival, the Company continues to invest in growth drivers namely people and processes besides the expansion plan so as to remain in the race at a good position. The Company continues to remain focused on its core competence product i.e. Ciprofloxacin. Competition in the market place continues to have an impact on the Company's realizations and also exerts pressure on the margins.

(f) Internal Control Systems and their adequacy

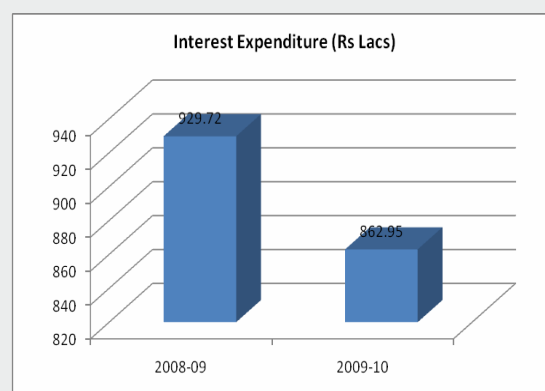
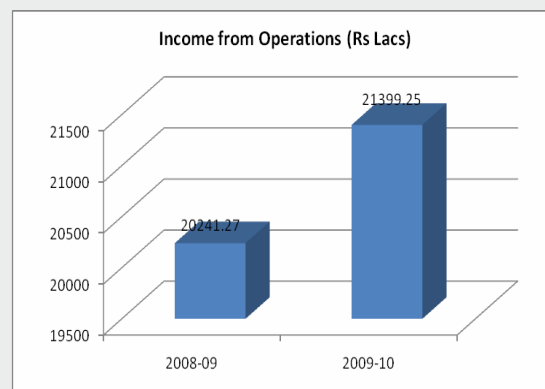
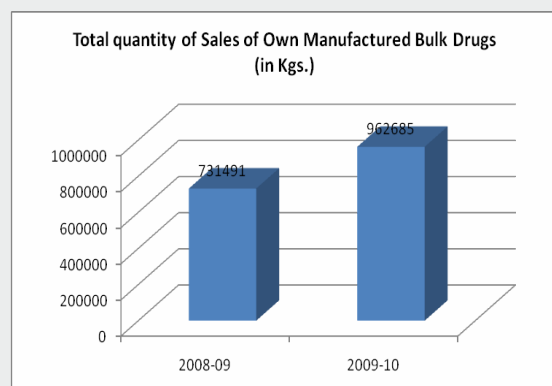
The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. These systems and procedures provide reasonable assurance of maintenance of proper accounting records, reliability of financial information, protection of resources and safeguarding of assets against unauthorized use. The management regularly reviews the internal control systems and procedures and check whether the transactions are authorized, recorded and reported correctly.

(g) Discussions on Financial performance with respect to operational performance

(Rs. in Lacs)

Highlights	2009 - 10	2008- 09
Total quantity of Sales of Own Manufactured Bulk Drugs (in Kgs.)	962685	731491
Income from Operations	21399.25	20241.27
Profit / (Loss) before Interest, Depreciation And Tax	2146.63	(1381.10)
Interest Expenditure	862.95	929.72
Depreciation	233.09	211.55
Provision for Taxation (Including Deferred Tax)	305.71	(784.60)
Net Profit / (Loss) after Tax	744.88	(1737.77)
Earnings per Share (in Rs.)		
- Basic	1.42	(3.31)*
- Diluted	1.42	(3.31)*

*Adjusted for issue of Bonus Shares in 2009-10 in the ratio of 4:1.



(h) Human Resource Development

The Company believes that the human resources are vital resource in giving the Company a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition/ dissemination, creativity and responsibility. As in the past, the Company enjoyed cordial relations with the employees at all levels.

The total number of personnel employed as on 31st March, 2010 were 248.

REPORT ON CORPORATE GOVERNANCE

A. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Directors of the Company believe that good Corporate Governance improves Company performance, enhances Corporate Social Responsibility and benefits all stakeholders. Accordingly, the Board has established a Corporate Governance framework to ensure that these intentions are met and that all stakeholders are informed about the affairs of the Company.

Good Corporate Governance has always been an integral part of the Company's business philosophy. Your Company believes in attainment of highest level of transparency in all facets of its operations and has always focused on good Corporate Governance.

B. BOARD OF DIRECTORS:

(i) Board Composition:

The Board consists of seven Directors having varied experience in different areas. The composition of the Board is in conformity with the provisions of Clause 49 of the Listing Agreement. Mr. Kantilal M. Hiran, Chairman & Managing Director of the Company, heads the Board. The Board consists of Three (3) Executive Directors and Four (4) Non-Executive Directors.

Director	Category	No. of other		
		Director - Ship*	Committee membership#	Committee chairmanship#
Mr. Kantilal M. Hiran	Chairman and Managing Director, Executive, Promoter	-	-	-
Mr. Vijay K. Hiran	Whole Time Director, Executive, Promoter	-	-	-
** Mr. Naresh K. Hiran	Executive, Promoter	-	-	-
Mr. H. N. Bafna	Non-Executive, Independent	1	-	-
Mr. Mukesh Naik	Non-Executive, Independent	1	-	-
Mr. M. Kailash Kumar	Non-Executive, Independent	-	-	-
Mr. Ashok Lunia	Non-Executive, Independent	-	-	-

* Other Directorships exclude the Directorships held in Private Limited Companies

** Mr. Naresh Hiran was appointed as Whole Time Director wef 1st November, 2009 which is to be approved by the shareholders at the ensuing Annual General Meeting.

Committees of Directors includes Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee of Directors only.

(ii) Board Meetings and Attendance of Directors:

The Board meets at least once in a quarter to consider amongst other business, the performance of the Company's quarterly financial results. When necessary, additional meetings are held. The Board meetings are generally held at the Registered Office of the Company at Mumbai. Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda.

During the year ended 31st March 2010, Eight Board Meetings were held i.e. on 30th April, 2009, 30th June 2009, 27th July 2009, 29th August 2009, 14th September 2009, 31st October 2009, 30th January 2010 and 22nd February 2010. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

The table hereunder gives the attendance record of the Directors at the Board Meetings held during 2009-10 and the last Annual General Meeting:

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM
Mr. Kantilal M. Hiran	8	8	Yes
Mr. Vijay K. Hiran	8	8	Yes
Mr. H. N. Bafna	8	8	Yes
Mr. Mukesh Naik	8	8	Yes
Mr. M. Kailash Kumar	8	-	No
Mr. Ashok Lunia	8	1	Yes
Mr. Naresh K. Hiran	2	2	N.A.

C. COMMITTEES OF THE BOARD:

The Board Committees play an important role in the governance structure of the Company and are being set out to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board, to carry out the clearly defined role which is considered to be performed by the Members of the Board as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The minutes of the meetings of all the Committees are placed before the Board for review.

The Board has established the following Committees :

(i) Audit Committee:

As required under Section 292 A of the Companies Act, 1956, read with the provisions of Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee. It comprises of Two (2) Non-Executive, Independent Directors and One (1) Executive Director. The Committee is headed by Mr. H. N. Bafna and comprises of Mr. Mukesh Naik and Mr. Vijay K. Hiran.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and inter-alia performs the following functions:

- a) overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- b) recommending the appointment, re-appointment and removal of the external Auditors, fixation of Audit fee and approval for payment of any other services;
- c) reviewing with management the Annual Financial Statements before submission to the Board;
- d) reviewing with the management and external Auditors, the adequacy of internal control systems;
- e) reviewing the adequacy of Cost Audit function;
- f) discussing with cost Auditors any significant findings and follow up on such issues;
- g) discussing with the external Auditors before the audit commences on the nature and scope of Audit, as well as having post audit discussion to ascertain the area of concern, if any;
- h) reviewing the Company's financial and risk management policies; and
- i) examining reasons for substantial default in the payment to Shareholders (in case of non-payment of declared dividends) and creditors, if any.

Attendance of Members at the Audit Committee Meetings:

The meetings of the Audit Committee are also attended by the Statutory Auditors as special invitees.

During the financial year ended 31st March, 2010, Four Audit Committee meetings were held i.e. on 30th June 2009, 27th July 2009, 31st October 2009 and 30th January 2010.

The table hereunder gives the attendance record of the members of the Committee:

Name of the Audit Committee Member	No. of Meetings held	No. of Meetings attended
Mr. H. N. Bafna	4	4
Mr. Mukesh Naik	4	4
Mr. Vijay K. Hiran	4	4

The Committee has recommended to the Board the appointment of M/s. B.L. Dasharda & Associates, Chartered Accountants, as the Statutory Auditors of the Company for the Financial Year ending 31st March, 2011 and that the necessary resolution for appointing them as auditors be placed before the Shareholders.

(ii) Remuneration Committee:

The Company has set up a Remuneration Committee consisting of three (3) Non- Executive, Independent Directors. The Committee is headed by Mr. Mukesh Naik and comprises of Mr. H.N. Bafna and Mr. M. Kailash Kumar as its Members.

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executives, including the Executive Directors, are competitive keeping in view prevalent compensation packages so as to recruit and retain suitable individual(s) in such capacity.

Attendance of Members at the Remuneration Committee Meetings:

During the year ended 31st March 2010, one meeting of the Committee was held on 31st October 2009 in which Mr. Mukesh Naik and Mr. H. N. Bafna were present.

Remuneration policy:

The Non-Executive Directors of the Company are paid sitting fees for attending the Board Meetings. The appointment and remuneration of the Chairman and Managing Director and Whole Time Director is governed by resolutions passed by the Board of Directors and Shareholders of the Company, which covers terms of such appointment, read with the service rules of the Company. Remuneration paid to the Managing Director and Whole Time Director is recommended by the Remuneration Committee, approved by the Board and is within the limits set by the Shareholders at the General Meetings.

Presently, the Company does not have any stock option plan or performance linked incentives for its Directors.

Details of Remuneration to all the Directors for the financial year ended 31st March 2010:

Name of the Directors	(Amount in Rupees)		(Rs. In Lacs)
	Board Meetings	Committee Meetings	Salary & Perks
Mr. Kantilal M. Hiran	-	-	24.00
Mr. Vijay K. Hiran	-	-	12.53
Mr. Naresh K. Hiran	-	-	6.21
Mr. H. N. Bafna	20000	-	-
Mr. Mukesh Naik	20000	-	-
Mr. M. Kailash Kumar	-	-	-
Mr. Ashok Lunia	2500	-	-

Shares held by Non-Executive Directors as on 31st March, 2010:

Name of the Non-Executive Director	Equity Shares held (No.)
Mr. H. N. Bafna	Nil
Mr. Mukesh Naik	Nil
Mr. M. Kailash Kumar	400000
Mr. Ashok Lunia	107755

(iii) Shareholders/Investors Grievance Committee:

The Company has set up a Shareholders/ Investors Grievance Committee consisting of One (1) Executive Director and One (1) Non-Executive, Independent Director. The Committee is headed by Mr. Mukesh Naik and comprises of Mr. Vijay K. Hiran as its Member.

Ms. Anu Birla, Company Secretary acts as the Compliance Officer of the Company.

The Committee is entrusted with the responsibility to address the Shareholders' and Investors' complaints with respect to transfer of Shares, non-receipt of Annual reports, non-receipt of declared dividends, etc., and ensures expeditious Share Transfer process. The Committee also evaluates performance and service standards of the Registrar and Share Transfer Agents of the Company and also provides continuous guidance to improve the service levels of investors.

Attendance of Members at the Shareholders/Investors Grievance Committee Meetings:

The table hereunder gives the attendance record of the members of the Committee:

Name of the Committee Members	No. of Meetings Held	No. of Meetings attended
Mr. Mukesh Naik	6	6
Mr. Vijay K. Hiran	6	6

The Committee expresses satisfaction with the Company's performance in dealing with investors' grievances and its share transfer system.

Details of Shareholders' complaints received, not solved and pending during the Financial Year ended 31st March, 2010 :

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 31st March, 2010 was 4. Hence there were no pending/unattended complaints as on 31st March, 2010.

D. DISCLOSURES:

(a) Disclosure on material transactions 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 interest of the Company at large:

None of the transactions with any of the related parties were in conflict with the interest of the Company.

(b) Details of non-compliance by the Company, penalties, strictures imposed by Stock Exchanges /SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

None

(c) The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behaviour, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.

(d) The Company has complied with the mandatory requirements of the Corporate Governance Clause of Listing Agreement.

E. CODE OF CONDUCT:

The Board of Directors has laid down the Code of Conduct for all the Board Members and Members of the senior Management. The code is also placed on the website of the Company viz. www.hiranorgochem.com. A Certificate from the Managing Director, affirming compliance of the said Code by all the Board Members and Members of the senior Management, to whom the code is applicable, is annexed separately to this report.

F. CERTIFICATE ON CORPORATE GOVERNANCE:

As required by Clause 49 of the Listing Agreement, a certificate issued by M/s. B. L. Dasharda & Associates, Chartered Accountants, regarding compliance of conditions for Corporate Governance is given as an annexure to this report.

G. MANAGING DIRECTOR CERTIFICATION:

The Chairman & Managing Director of the Company have certified positively to the Board on the matters specified under Clause 49(V) of the Listing Agreement.

H. GENERAL BODY MEETINGS:

Details of last Three Annual General Meetings are given hereunder:

Year	Date	Venue	Time
2007	29-9-2007	Goregaon Sports Club, Link Road, Malad (West), Mumbai - 400 064.	11.00 A.M.
2008	27-9-2008	Goregaon Sports Club, Link Road, Malad (West), Mumbai - 400 064.	11.00 A.M.
2009	29-8-2009	Goregaon Sports Club, Link Road, Malad (West), Mumbai - 400 064.	11.00 A.M.

Special Resolutions:

Special Resolution was passed at the last Annual General Meeting regarding change in Article 3 of the Articles of Association for increase in Authorized Share Capital of the Company to Rs. 55 Crores and issue and allotment of Bonus Shares in the ratio of 4:1.

Postal ballots:

Special Resolution regarding change in Article 3 of the Articles of Association for increase in Authorized Share Capital of the Company to Rs. 105 Crores and issue of further securities by way of Global Depository Receipt were passed through postal ballot, results of which were announced on 16th October, 2009.

Ordinary Resolution regarding change in Clause V of the Memorandum of Association for increase in Authorized Share Capital of the Company to Rs. 105 Crores was passed through postal ballot, results of which were announced on 16th October, 2009.

No Special Resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

I. MEANS OF COMMUNICATION:

- (i) The quarterly results of the Company are published in newspapers in compliance with the provisions of Clause 41 of the Listing Agreement. Generally, the same are published in The Free Press Journal / Business Standard (English language), and Mumbai Lakshwadeep (Marathi language).

As the results of the Company are published in the newspapers, half-yearly reports are not sent to each household of shareholders. The quarterly results as well proceedings of the Annual General Meeting are submitted to the Bombay Stock Exchange Limited immediately after the conclusion of the respective meeting.

- (ii) No presentations were made to the institutional investors or to analysts during the year under review.
(iii) The Management Discussion and Analysis Report forms part of this Annual Report.

J. GENERAL SHAREHOLDERS' INFORMATION:**a. Twenty-sixth Annual General Meeting**

Date	31 st July, 2010
Time	11.00 A.M.
Venue	Goregaon Sport Club, Link Road, Malad (West), Mumbai - 400 0 64.

b. Financial Calendar

First Quarterly results	On or before 15 August, 2010
Second Quarterly results	On or before 15 Nov., 2010
Third Quarterly results	On or before 15 Feb., 2011
Audited yearly results	On or before 30 May, 2011
Annual General Meeting for the year ended 31 st March, 2011	On or before 30 September, 2011

c. Date of book closure

Thursday, 29th July, 2010 to Saturday, 31st July, 2010 (both days inclusive)

d. Listing on Stock Exchange & Fees for 2010-11

Bombay Stock Exchange Limited (BSE). Listing fees for 2010-11 paid to the said Stock Exchange.

e. Stock Code

506170

f. Demat ISIN No. For NSDL & CDSL

INE546E01016

K. REGISTRAR AND SHARE TRANSFER AGENTS:

Big Share Services Pvt. Ltd.
E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072
Tel. No.: 022 - 4043 0200
Fax No.: 022-2847 5207
Email: info@bigshareonline.com
Website : www.bigshareonline.com

L. SHARE TRANSFER SYSTEM:

All the share related work is being undertaken by our R & T Agent, Big Share Services Private Limited. The Shareholders / Investors Grievance Committee has been constituted to approve the Share Transfer, transmission, split, consolidation etc., of shares. The Share transfers are registered and returned within 30 days from the date of receipt if the relevant documents are complete in all respects.

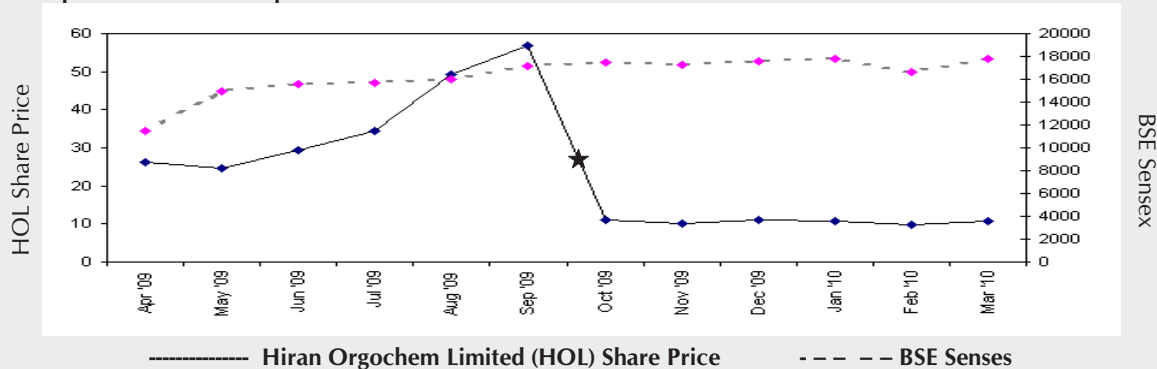
The total number of shares transferred in physical form during the year 2009-10 was 12,400 shares.

M. STOCK MARKET PRICE DATA:

(a) Monthly high and low at the Bombay Stock Exchange Limited for financial year ended 31st March, 2010:

Month	Volume	Hiran Orgochem Ltd.		BSE Sensex	
		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	196997	26.25	15.25	11492.10	9546.29
May, 2009	54583	24.70	16.70	14930.54	11621.30
June, 2009	94142	29.25	22.00	15600.30	14016.95
July, 2009	242171	34.45	22.30	15732.81	13219.99
August, 2009	412787	49.30	36.15	16002.46	14684.45
September, 2009	1488246	57.00	9.75	17142.52	15356.72
October, 2009	634607	10.90	7.61	17493.17	15805.20
November, 2009	462785	10.15	7.65	17290.48	15330.56
December, 2009	968401	11.05	7.70	17530.94	16577.78
January, 2010	527394	10.80	8.11	17790.33	15982.08
February, 2010	294252	9.88	8.11	16669.25	15651.99
March, 2010	699925	10.70	8.00	17793.01	16438.45

(b) Share Price performance in comparison to broad based indices - BSE SENSEX



★ Due to issue of Bonus Shares in the Ratio of 4:1, market price goes down in October, 2009

N. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010.

No. of Equity Shares held	Shareholders		Shares	
	Number	% to Total Shareholders	Number	% to total Capital
1 - 5000	5,106	91.39073	5505857	10.48675
5001-10000	178	3.18597	1392515	2.65226
10001-20000	139	2.48792	2207376	4.20429
20001-30000	51	0.91283	1263705	2.40692
30001-40000	18	0.32218	651882	1.24161
40001-50000	31	0.55486	1427356	2.71862
50001-100000	17	0.30428	1231364	2.34532
100001-99999999	47	0.84123	38822945	73.94423
TOTAL	5,587	100.00000	5,25,03,000	100.00000

O. CATEGORIES OF SHAREHOLDING AS ON 31ST MARCH, 2010:

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% OF TOTAL SHAREHOLDERS	NUMBER	% TO TOTAL CAPITAL
PROMOTER HOLDING				
Indian Promoter	15	0.27	2,37,90,755	45.31313
Total of Promoter Holding (a)	15	0.27	2,37,90,755	45.31313
NON- PROMOTER HOLDING				
i) Institutional Investor				
FII's	2	0.04	2599290	4.95075
ii) Others				
Private Corporate Bodies	215	3.85	2546708	4.8506
Indian Public	5312	95.07	23465544	44.69372
NRI's / OCB's	30	0.54	77238	0.14711
Any other (Clearing Members)	13	0.23	23465	0.04469
Total of Non-Promoter Holding (b)	5572	99.73	28712245	54.68687
Grand Total (a + b)	5587	100.00	52503000	100.00

P. DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Company has established connectivity with Central Depository Services (India) Limited & National Securities Depositories Limited for dematerialization of shares and the same are available in electronic segment under ISIN No. INE546E01016. As on 31st March 2010, 5,19,56,995 Equity Shares representing 98.96% had been dematerialized.

Q. SECRETARIAL AUDIT REPORT:

As stipulated by the Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the Secretarial Audit, on a quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total listed and paid-up capital. The audit, inter alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form and total number of shares in physical form.

R. FOR SHAREHOLDERS HOLDING SHARES IN DEMATERIALIZED MODE:

Shareholders holding shares in dematerialized mode are requested to intimate all changes with respect to bank details, mandate, nomination, power of attorney, change of address, change of name, etc. to their depository participant (DP). These changes will be reflected in the Company's records on the down loading of information from Depositories, which will help the Company provide better service to its shareholders.

S. OUTSTANDING GDR'S/ADR'S/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

There are no GDR's / ADR's / Warrants or any convertible instruments pending conversion or any other instrument likely to impact the equity share capital of the Company.

T. PLANT LOCATION:

- Plot No. 663, GIDC, Panoli, Ankleshwar, Gujarat- 394 116.
- Plot No. 322/B GIDC, Panoli, Ankleshwar, Gujarat- 394 116.

U. ADDRESS FOR CORRESPONDENCE:

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai- 400 072
Tel No.: 022- 4043 0200 Fax No.: 022- 28475207 Email: info@bigshareonline.com Web: www.bigshareonline.com

CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR

To,
The Board of Directors
Hiran Orgochem Limited
Palm Court, M Block,
601, A/1, Link Road,
Malad (W),
Mumbai 400 064

1. We have reviewed the Balance Sheet, Profit and Loss account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements as at 31st March, 2010 and certify that to the best of our knowledge and belief:
 - i) These Statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading,
 - ii) These Statements read together present a true and fair view of the Company's Affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. We further certify that, to the best of our knowledge and belief, no transactions have been entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We do further certify that there has been:
 - i) no significant changes in internal control during the year;
 - ii) no significant changes in accounting policies during the year; and
 - iii) no instances of significant fraud, of which we are aware during the period.

Place: Mumbai
Dated: 29th May, 2010

Kantilal M. Hiran
Chairman & Managing Director

PRACTICING CHARTERED ACCOUNTANTS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Hiran Orgochem Limited

We have examined the compliance of conditions of Corporate Governance by Hiran Orgochem Limited (the Company) for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As per the records of the Company, there were no investor grievances remaining unattended for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
B. L DASHARDA & ASSOCIATES
CHARTERED ACCOUNTANTS

Place: MUMBAI
Dated: 29th May, 2010

B. L. DASHARDA, PARTNER
M.NO. 13708.
FRN. NO. 112615W

CODE OF CONDUCT DECLARATION

Pursuant to clause 49 I(D) of the Listing Agreement entered into with the Stock Exchange, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2010.

Place: Mumbai
Dated: 29th May, 2010

Kantilal M. Hiran
Chairman & Managing Director

AUDITOR'S REPORT

To
The Members of
Hiran Orgochem Limited.

We have audited the attached Balance Sheet of **HIRAN ORGOCHEM LIMITED**, as at **31st March 2010** and also the Profit and Loss account for the year ended on that date annexed thereto and cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 (hereinafter referred to as the Act), we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order, to the extent applicable.
3. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C), of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representation received from the directors of the company as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, subject to Note No.4 **regarding non provision of doubtful debts of Rs. 64.85 lacs**, read together with the notes thereon and appearing in schedule of Accounting Policies and Notes on Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - g. In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2010;
 - h. In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date, and
 - i. In the case of cash flow statement, of the cash flows for the year ended on that date.

FOR AND ON BEHALF OF
B. L DASHARDA & ASSOCIATES
CHARTERED ACCOUNTANTS

Place: MUMBAI
Dated: 29th May, 2010

B. L. DASHARDA, PARTNER
M.NO. 13708.
FRN. NO. 112615W

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 2 of our report of even date on the accounts for the year ended **31st March 2010** of **HIRAN ORGOCHEM LIMITED**.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us we state that:

- 1.a) The Company has prima facie maintained proper records showing full particulars including quantitative details and situation of fixed assets upto 31st March 2002. The records for the subsequent years are not updated and prepared. All fixed assets have not been physically verified by the management during the year but there is a regular programme of periodical verification in a phased manner which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. As informed to us no material discrepancies were noticed on such verification.
 - b) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.
- 2.a) The stocks of finished goods, raw materials, work-in-process, stores and spare parts of the Company have been physically verified by the management during the year.
 - b) The procedures of physical verification of the above stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The discrepancies between the physical stocks and the book stocks were not material which have been properly dealt within the books of account.
- 3.a) As per the information and explanation given to us and the records produced to us for our verification the company had obtained interest free unsecured loans from two directors covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum outstanding amount of such loans during the year was Rs 8.84 lacs and the year end outstanding balance is Rs. Nil.
 - b) The loans were at call and no stipulations had been made regarding payment of the principal and interest.
 - c) The terms and conditions of the loans taken were prima facie not prejudicial to the interest of the company.
- d) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the clause 4(iii)(b) to (d) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5.a) In our opinion and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, many of the items are of special nature and these prices cannot be compared with alternative quotations, the transactions exceeding the value of rupees five lacs in respect of any party made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are prima facie reasonable having regard to the prevalent market prices at the relevant time.
6. The Company has not accepted the Deposits from public.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of business.
8. On the basis of the records produced, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government U/s 209(1) (d) of the Companies Act, 1956 have been maintained by the Company. However, we are not required to carry out and have not carried out any detailed examination of such accounts and records.
- 9.a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues have been generally regularly deposited in time during the year with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2010.

b) In our opinion and according to the information and explanations given to us, there are no dues outstanding in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Cess and Service Tax on account of any dispute other than the following :-

NAME OF THE STATUTE	NATURE OF DISPUTE	AMOUNT	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
Central Excise Act, 1944	Differential Duty	Rs. 1,80,802/-	2006-2007	Assistant Commissioner, Surat
Central Excise Act, 1944	Excise Duty	Rs. 94,093/-	2009-2010	Tribunal, Ahmedabad.
Central Excise Act, 1944	Classification of Exempted Goods	Rs. 18,99,400/-	2008-2009	Assistant Commissioner, Surat.

10. The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year. It has however incurred cash losses in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institutions or banks.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society therefore, the clause 4 (xiii) of the Order is not applicable to the Company.
14. The company has maintained proper records of transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, Debentures and other investments have been held by the company in its own name.
15. The Company has given guarantees for loans taken by others from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
16. The Company has not obtained any new Term Loans during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and on the basis of information and explanations provided by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**FOR AND ON BEHALF OF
B. L. DASHARDA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**B. L. DASHARDA, PARTNER
M.NO. 13708.
F R N. No. 112615W
Place : MUMBAI
Dated : 29TH MAY, 2010**

BALANCE SHEET

AS AT 31ST MARCH 2010

	Schedule	Rupees	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
I. SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	525,030,000		105,006,000
Reserves & Surplus	2	<u>264,443,901</u>	789,473,901	609,980,301
LOAN FUNDS				
Secured Loans	3	462,915,356		381,274,052
Unsecured Loans	4	<u>74,114,170</u>	537,029,526	134,933,438
				516,207,490
		TOTAL	1,326,503,427	1,231,193,791
II. APPLICATION OF FUNDS				
FIXED ASSETS	5			
Gross Block (At Cost)		495,412,975		467,456,144
Less : Depreciation		<u>124,982,291</u>		<u>102,202,643</u>
Net Block		370,430,684		365,253,501
Capital Work-in-Progress		<u>1,342,735</u>		<u>12,600,872</u>
			371,773,419	377,854,373
INVESTMENTS	6		48,029,310	28,989,310
CURRENT ASSETS, LOANS & ADVANCES	7			
Inventories		693,580,187		519,749,675
Sundry Debtors		414,298,789		177,097,195
Cash and Bank Balances		89,085,033		72,662,511
Loans & Advances		<u>594,379,569</u>		<u>672,126,999</u>
		<u>1,791,343,578</u>		<u>1,441,636,380</u>
LESS : CURRENT LIABILITIES & PROVISIONS	8			
Current Liabilities		872,476,800		629,567,565
Provisions		<u>24,136,651</u>		<u>27,046,422</u>
		<u>896,613,451</u>		<u>656,613,987</u>
NET CURRENT ASSETS			894,730,127	785,022,393
DEFERRED TAX ASSETS			5,403,507	38,806,153
MISCELLANEOUS EXPENDITURE (to the extent not Written off or adjusted)	9		6,567,064	521,562
		TOTAL	1,326,503,427	1,231,193,791

Significant Accounting Policies & Notes to Accounts

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AS PER OUR REPORT OF EVEN DATE
FOR AND ON BEHALF OF
B. L. DASHARDA & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B. L. DASHARDA, PARTNER
M.NO. 13708.
F.R. NO. 112615W
MUMBAI, DATED : 29TH MAY, 2010

KANTILAL M. HIRAN
CHAIRMAN &
MANAGING DIRECTOR

VIJAY K. HIRAN
WHOLE TIME
DIRECTOR
MUMBAI, DATED : 29TH MAY, 2010

ANU BIRLA
COMPANY
SECRETARY
MUMBAI, DATED : 29TH MAY, 2010

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	Rupees	For the Year ended 31.03.2010 Rupees	For the Year ended 31.03.2009 Rupees
I. Income				
Gross Sales (Pharmaceutical Division)		2,139,924,614		2,024,127,004
Less : Excise Duty on Sales		<u>110,297,494</u>		<u>138,456,230</u>
			2,029,627,120	1,885,670,774
Other Income	10		26,728,057	16,566,134
Increase / (Decrease) in Stocks	11		<u>92,737,132</u>	<u>(62,104,665)</u>
			<u>2,149,092,309</u>	<u>1,840,132,243</u>
II. Expenditure				
Raw Material Consumed & Project Expenses	12		1,810,659,551	1,730,854,386
Power, Fuel & Water Charges			58,318,843	48,883,847
Employees Remuneration & Benefits			40,278,530	41,521,042
Directors' Remuneration			4,274,860	3,653,760
Manufacturing & Other Expenses	13		<u>1,292,539</u>	<u>137,640,144</u>
Selling Expenses	14		19,604,223	15,689,328
Interest & Finance Charges			86,296,132	92,972,486
Depreciation			<u>23,309,239</u>	<u>21,154,389</u>
			<u>2,044,033,916</u>	<u>2,092,369,382</u>
III. Profit / (Loss) for the year before Tax			105,058,392	(252,237,139)
Less : Provision for Tax				
Current Tax		17,857,568		0
Fringe Benefit Tax		0		275,000
Earlier Year Tax		(2,839,407)		301,426
Mat Credit		(17,857,568)		0
Wealth Tax		7,554		0
Deferred Tax		<u>33,402,645</u>		<u>(79,035,929)</u>
			30,570,792	(78,459,503)
IV. Profit / (Loss) for the year after tax			74,487,600	(173,777,636)
V. Balance of Profit brought forward from previous year			6,355,187	182,589,858
VI. Amount available for Appropriation			80,842,787	8,812,222
VII. Appropriations				
Proposed Equity Dividend		0		2,100,120
Tax on Proposed Dividend		0		356,915
General Reserve		<u>20,000,000</u>	<u>20,000,000</u>	<u>0</u>
VIII. Balance carried to Balance Sheet			60,842,787	6,355,187
Basic earnings per share of Rs. 10 each (in Rupees)			1.42	(3.31)*
Diluted earnings per share of Rs. 10 each (in Rupees)			1.42	(3.31)*

Significant Accounting Policies &

Notes to the Accounts

15

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF

B. L. DASHARDA & ASSOCIATES

CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B. L. DASHARDA, PARTNER
M.NO. 13708.
F.R. NO. 112615W
MUMBAI, DATED : 29TH MAY, 2010

KANTILAL M. HIRAN
CHAIRMAN &
MANAGING DIRECTOR

VIJAY K. HIRAN
WHOLE TIME
DIRECTOR
MUMBAI, DATED : 29TH MAY, 2010

ANU BIRLA
COMPANY
SECRETARY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2010

	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
A. Cash flow from operating activities			
Net Profit before tax		105,058,392	(252,237,139)
Adjustment for :			
Depreciation		23,309,239	21,154,389
Interest Income		(25,095,244)	(16,086,784)
Dividend Income		(172,127)	0
Share Issue Expenses		1,606,881	354,634
Unrealised Foreign Exchange		46,724,655	31,066,303
(Profit) / Loss on Sale of Fixed Assets (Net)		1,939,368	417,106
Interest & Other Finance Charges		86,296,132	92,972,486
Operating profit before working capital changes		<u>239,667,296</u>	<u>(122,359,005)</u>
Adjustment for :			
Debtors	(235,817,308)		119,037,175
Inventories	(173,830,511)		162,591,812
Loans & Advances	81,850,802		(61,135,272)
Trade Payables	<u>209,244,442</u>	<u>(118,552,575)</u>	<u>114,688,414</u>
Cash generated from operations		121,114,721	212,823,124
Fringe Benefit & Earlier Year Tax Paid		(195,000)	(576,426)
Taxes paid Net of Refund		<u>(1,916,828)</u>	<u>(4,598,846)</u>
Net cash from operating activities	(A)	<u>119,002,893</u>	<u>207,647,852</u>
B. Cash flow from investing activities			
Purchase of Fixed Assets (Including Capital Work in Progress)		(19,792,653)	(22,562,216)
Sale / Adjustment of Fixed Assets		625,000	204,100
Purchase of Investment (Net)		(19,040,000)	(20,110,000)
Dividend received		172,127	0
Interest received		25,095,244	16,086,784
Net cash used in investing activities	(B)	<u>(12,940,282)</u>	<u>(26,381,332)</u>
C. Cash flow from Financing Activities			
Proceeds from issue of Share Capital		0	0
Share Issue Expenses		(7,652,383)	0
Proceeds from borrowings		6,765,461	(54,085,153)
Interest & Other finance charges		(86,296,132)	(92,972,486)
Dividend Paid		(2,100,120)	(5,250,300)
Tax on Proposed Dividend		(356,915)	(892,288)
Net cash from financing activities	(C)	<u>(89,640,089)</u>	<u>(153,200,227)</u>
Net increase / (decrease) in cash and cash equivalents (A + B + C)		16,422,522	28,066,293
Cash and Cash equivalents (Opening Balance)		72,662,511	44,596,218
Cash and Cash equivalents (Closing Balance)		<u>89,085,033</u>	<u>72,662,511</u>

AS PER OUR REPORT OF EVEN DATE
FOR AND ON BEHALF OF
B. L. DASHARDA & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B. L. DASHARDA, PARTNER
M.NO. 13708.
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MUMBAI, DATED : 29TH MAY, 2010

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DIRECTOR
MUMBAI, DATED : 29TH MAY, 2010

ANU BIRLA
COMPANY
SECRETARY
MUMBAI, DATED : 29TH MAY, 2010

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India.
- Cash and Cash equivalents as at the end of 31st March, 2010 include Bank Deposits of Rs. 788.05 lacs with a maturity period exceeding three months.
- Previous year's figures have been regrouped and arranged wherever necessary.

SCHEDULES FORMING PART OF BALANCE SHEET

AS AT 31ST MARCH 2010

	Rupees	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
SCHEDULE : 1 : SHARE CAPITAL			
AUTHORISED			
10,50,00,000 Equity Shares of Rs. 10/- each (Previous Year 1,50,00,000 Equity Shares of Rs 10/- each)		<u>1,050,000,000</u>	<u>150,000,000</u>
ISSUED, SUBSCRIBED & PAID UP			
5,25,03,000 Equity Shares of Rs. 10/- each fully paid up (Of the above 4,20,02,400 shares of Rs. 10/- each are issued as bonus shares by way of capitalisation of Securities Premium) (Previous Year 1,05,00,600 Equity Shares of Rs 10/- each fully paid up)		<u>525,030,000</u>	<u>105,006,000</u>
SCHEDULE : 2 : RESERVE & SURPLUS			
General Reserve			
Balance as per last Balance Sheet	5,773,914		10,886,010
Add : Transferred from Profit & Loss Account	20,000,000		0
Less:Exchange difference recognised in profit and loss account in the previous year, adjusted from cost of assets on exercise of option	<u>0</u>	25,773,914	<u>5,112,096</u> <u>5,773,914</u>
Capital Reserve			
Balance as per last Balance Sheet	27,409,200		5,634,200
Add : Forfeiture of Share Warrant Money during the year	0	27,409,200	21,775,000 <u>27,409,200</u>
Capital Subsidy			
Balance as per last Balance Sheet		1,500,000	1,500,000
Securities Premium Account			
Balance as per last Balance Sheet	568,942,000		568,942,000
Add : Received during the year	0		0
Less : Capitalised for issue of Bonus Shares	<u>420,024,000</u>	148,918,000	<u>0</u> <u>568,942,000</u>
Profit & Loss Account			
Balance as per Profit and Loss Account		60,842,787	6,355,187
		<u>264,443,901</u>	<u>609,980,301</u>
SCHEDULE : 3 : SECURED LOANS			
TERM LOAN FROM STATE BANK OF INDIA			
(Secured by Mortgage and/or hypothecation of all present & future fixed assets of the Company located at Plot No. 663 and Plot No. 322 B GIDC Panoli and personal guarantee of the two Directors of the Company,)		195,822,761	25,404,268
WORKING CAPITAL LOAN FROM STATE BANK OF INDIA			
(Secured by Mortgage and/or hypothecation of all present & future fixed assets of the Company located at Plot No. 663 and Plot No. 322 B GIDC Panoli, hypothecation of inventories, book debts and all other Current Assets by way of First charge, personal guarantee of the two Directors of the Company and lien on Bank Fixed Deposits)		183,112,196	316,034,091

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
FROM STATE BANK OF PATIALA (Secured by Mortgage and/or hypothecation of all present & future fixed assets of the Company located at Plot No. 663 and Plot No. 322 B GIDC Panoli by way of second pari passu charge with State Bank of India, hypothecation of inventories, book debts and all other Current Assets by way of first pari passu charge with State bank of India, personal guarantee of the two Directors of the Company and lien on bank Fixed Deposits)	83,980,399	39,790,609
FROM OTHERS Factored Liability (To the extent secured by Sundry Debtors)	0	45,084
	462,915,356	381,274,052
SCHEDULE : 4 : UNSECURED LOANS From Banks (Secured by personal guarantee of the two directors of the company)	74,114,170	134,933,438
	74,114,170	134,933,438

SCHEDULE : 5 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS AT 01.04.2009	ADD./DEDU.) DURING THE YEAR	TOTAL AS AT 31.03.2010	UPTO 31.03.2009	FOR THE YEAR	DEDUCTION FOR THE YEAR	UPTO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
Leasehold Land	5,550,111	0	5,550,111	0	0	0	0	5,550,111	5,550,111
Plant & Machinery	382,905,402	25,261,036 (422,293)	407,744,145	83,375,723	19,143,329	(73,297)	102,445,755	305,298,390	299,529,680
Factory Building	43,007,578	1,363,247	44,370,825	8,752,035	1,457,132	0	10,209,167	34,161,658	34,255,543
Electrical Installations	6,924,162	117,288	7,041,450	1,309,732	331,891	0	1,641,623	5,399,827	5,614,430
Vehicles	8,084,806	2,425,134.00 (921,376)	9,588,564	3,859,206	845,825	(456,295)	4,248,736	5,339,828	4,225,600
Office Equipments	2,199,824	67,339	2,267,163	462,336	106,021	0	568,357	1,698,806	1,737,488
Computers	4,060,445	0	4,060,445	1,948,415	658,198	0	2,606,613	1,453,832	2,112,030
Air Conditioners	1,189,738	0	1,189,738	175,041	56,513	0	231,554	958,184	1,014,697
Furniture & Fixtures	4,210,368	0	4,210,368	922,399	266,516	0	1,188,915	3,021,453	3,287,969
Lab Equipments	9,323,710	66,456	9,390,166	1,397,757	443,814	0	1,841,571	7,548,595	7,925,953
TOTAL	467,456,144	27,956,831	495,412,975	102,202,643	23,309,239	(529,592)	124,982,291	370,430,684	365,253,501
PREVIOUS YEAR	440,811,800	26,644,344	467,456,144	81,273,844	21,154,389	(225,590)	102,202,643	365,253,501	

Note : (1) Refer Schedule '15' Note 1 (c) regarding Cost of Assets & Depreciation.

(2) Addition / Deduction from Gross block includes Rs 15.83 Lacs (net loss) (Previous year Rs. 6.69 lacs (net gain) being component of foreign exchange gain pursuant to the option exercised by the company as per notification of the Companies (Accounting Standards) Amendment Rules 2006 as on 31st March, 2010.

SCHEDULE : 6 : INVESTMENTS (AT COST)

	No	Face Value	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
Long Term Investments				
In Equity Shares - Unquoted, fully paid up				
Panoli Enviro Technology Ltd	38,500 (38,500)	10	385,000	385,000
Bharuch Eco Aqua Infrastructure Ltd	144,431 (74,431)	10	1,444,310	744,310
Actgen Pharma Pvt. Ltd.	4,410,000 (0)	10	44,100,000	0
In Mutual Funds				
UTI Infrastructure Fund Series I	100,000 (100,000)	10	1,000,000	1,000,000
UTI Wealth Builder Fund	107,579 (107,579)	10	1,100,000	1,100,000
Share application Money			0	25,760,000
			48,029,310	28,989,310
Book Value Unquoted Investments			45,929,310	1,129,310
Repurchase Price of mutual fund units, represented by Net Asset Value.			2,474,517	1,639,234

SCHEDULE : 7 : CURRENT ASSETS, LOANS & ADVANCES**Rupees****CURRENT ASSETS****Inventories**

(Taken, valued and certified by the Management)

Raw Materials (At Cost)			147,701,557	68,391,096
Stores, Spares & Packing Materials (At Cost)			2,702,654	1,852,396

Work in Progress / Material in Process (At estimated Cost)

Pharmaceutical Division			470,863,098	411,602,038
Construction Division			33,386,587	32,453,926

Finished Goods
(At Cost or Net Realisable Value whichever is lower)

			38,926,291	5,450,219
			693,580,187	519,749,675

Sundry Debtors - Unsecured

Debts over six months

Considered Good	230,194,483			42,024,479
Considered Doubtful	6,485,475			5,020,000

(Refer Note No. 4 on Notes to the Accounts)

	236,679,958			47,044,479
Others Debts - Considered Good	177,618,831			130,052,716
			414,298,789	177,097,195

	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
CASH AND BANK BALANCES		
Cash on hand		
Balance with Banks :	2,667,028	402,974
In Current Accounts with Scheduled banks		
In Fixed Deposit Accounts :	7,612,505	5,263,537
With Scheduled banks	<u>78,805,500</u>	<u>66,996,000</u>
	89,085,033	72,662,511
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances Receivable In Cash or In Kind or for Value To Be Received	2,049,779	3,125,500
Interest Receivable	9,997,666	5,784,770
Short Term Loans & Advances	238,065,679	112,020,576
Export Benefit Receivable	22,074,886	17,932,465
Insurance Claim Receivable	30,000	1,743,701
Advance Income Tax	14,092,905	27,847,101
Mat Credit Entitlement	17,857,568	0
Deposits	55,721,427	55,237,415
Modvat Credit Availed, Excise Duty		
Service Tax and VAT	92,016,985	82,588,939
Advances against Orders	137,887,626	361,400,025
Sundry Creditors with Debit Balances	2,889,973	1,440,533
Prepaid Expenses	<u>1,695,075</u>	<u>3,005,974</u>
	594,379,569	672,126,999
	1,791,343,578	1,441,636,380
SCHEDULE : 8 CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors for Goods (Refer Note No 6. On Notes to Account)	761,112,654	613,535,159
Unclaimed Dividends*	430,655	525,658
Sundry Debtors with Credit Balances	36,380,407	8,298,839
Sundry Deposits	482,500	162,500
Book Bank Overdraft	68,947,632	518,587
Duties & Taxes payable	<u>5,122,952</u>	<u>6,526,822</u>
	872,476,800	629,567,565
PROVISIONS		
Income Tax	18,307,568	19,155,431
Wealth Tax	7,554	0
Leave Encashment	2,646,187	2,521,637
Gratuity	3,175,342	2,912,319
Proposed Equity Dividend	0	2,100,120
Tax on Proposed Dividend	<u>0</u>	<u>356,915</u>
	24,136,651	27,046,422
	896,613,452	656,613,987
SCHEDULE : 9 : MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Share issue Expenses	521,562	814,990
Add : Share Issue expenses incurred during the year	<u>7,652,383</u>	<u>0</u>
	8,173,945	814,990
Less : Written off	<u>1,606,881</u>	<u>293,428</u>
	6,567,064	521,562
Preliminary Expenses	0	61,206
Less : Written off	<u>0</u>	<u>61,206</u>
	0	0
	6,567,064	521,562

* There is no amount due and outstanding as at the Balance Sheet date to be credited to Investor Education and Protection Fund

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2010

	Rupees	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
<u>SCHEDULE : 10 OTHER INCOME</u>			
Interest (TDS Rs. 26,30,676/-) (Previous year TDS Rs. 30,00572/-)		25,095,244	16,086,784
Miscellaneous Income		1,063,873	388,132
Profit on Sale of Asset		11,004	0
Dividend Income		172,127	0
Sundry Credit Balances Written Back (Net)		80,260	88,808
Prior Period Income		305,549	2,410
		26,728,057	16,566,134
<u>SCHEDULE : 11 : INCREASE / (DECREASE) IN STOCKS</u>			
<u>Closing Stocks</u>			
Finished Goods : Pharamceutical Division	38,926,291		5,450,219
Material in Process : Pharmaceutical Division	470,863,098		411,602,038
		509,789,389	417,052,257
<u>Less : Opening Stocks</u>			
Finished Goods : Pharamceutical Division	5,450,219		5,461,113
Material in Process : Pharmaceutical Division	411,602,038		473,695,809
		417,052,257	479,156,922
		92,737,132	(62,104,665)
<u>SCHEDULE : 12 : RAW MATERIAL CONSUMED & PROJECT EXPENSES</u>			
<u>Manufacturing Expenses</u>			
Raw Materials Consumed - Pharmaceutical Division		1,124,464,205	1,002,210,986
Trading Purchases - Pharmaceutical Division		686,195,346	728,643,400
<u>Cost of Proejects</u>			
Opening Stock	32,438,282		31,662,781
Work in Progress	948,305		791,145
Add : Expenses incurred during the year			
Less : Closing Stock			
Work in Progress	33,386,587	0	(32,453,926)
		1,810,659,551	1,730,854,386

	Rupees	AS AT 31.03.2010 Rupees	AS AT 31.03.2009 Rupees
<u>SCHEDULE : 13 MANUFACTURING & OTHER EXPENSES</u>			
R & D Expenses & Testing Charges		2,719,190	2,332,750
Packing Materials		9,140,431	11,689,307
Repairs & Maintenance		11,322,174	6,036,647
Excise Duty		4,631,930	(414,910)
(Refer Note No. 15 on Notes to Accounts)			
Vehicle Maintenance & Fuel Charges		947,603	841,259
Legal & Professional Charges		3,167,527	6,605,945
Printing and Stationery		1,074,061	1,013,675
Postage & Telephone		1,368,118	1,588,381
Conveyance & Travelling Exp.		1,775,697	1,749,152
Bank Charges		4,638,823	6,880,903
Internal Auditor's Remuneration		208,800	208,800
Auditor's Remuneration :			
Audit Fees	150,000		125,000
Tax Audit Fees	15,000		15,000
Income Tax Matter	69,000		40,000
Limited Review Report Fees	22,500		18,000
Certification and Other Consultancy Charges	49,900		28,500
		306,400	
Insurance		3,577,342	2,590,125
Loss on Sale / Discard of Assets		1,950,372	417,106
Directors Sitting Fees		42,500	35,000
ETP Expenses		9,918,080	8,838,245
Miscellaneous & Office Expenses		1,383,340	1,438,711
Prior Period Expenses		0	107,696
Advertisement		158,560	217,239
Service Tax Paid		1,703,757	1,219,319
Rent, Rates & Taxes		5,127,455	6,239,762
Fines & Penalties		140,000	108,100
Foreign Exchange Fluctuation Loss		(65,967,502)	76,799,297
Donation		351,000	516,501
Preliminary Exp. Written Off		0	61,206
Share Issue Exp. Written Off		1,606,881	293,428
		1,292,539	137,640,144
<u>SCHEDULE : 14 : SELLING EXPENSES</u>			
Sales Promotion Expenses		2,655,246	1,837,165
Sales Tax Paid		387,366	886,226
Transportation, Freight & Forwarding Charges		6,204,116	7,572,265
Brokerage, Commission & Cash Discount		10,357,495	5,393,672
		19,604,223	15,689,328

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

SCHEDULE 15

1. SIGNIFICANT ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

The financial statements are prepared on the basis of going concern, under historical cost convention on an accrual basis and in accordance with the requirements of the Companies Act, 1956 and comply with the Accounting Standard issued by the Institute of Chartered Accountants of India to the extent applicable. For recognition of Income and Expenses mercantile system of accounting is followed.

b) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made, that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Differences between actual results and estimates are recognized in the year in which the results are known/materialize.

c) FIXED ASSETS AND DEPRECIATION

All fixed assets are stated at cost, less cenvat availed, but including relevant direct expenses. Depreciation for the year has been provided on the straight-line method U/S.205 (2)(b) of the Companies Act, 1956 at rates specified in Schedule XIV of the said Act. Depreciation on the additions/deletions to assets during the year is provided on pro-rata basis. No write off has been made in respect of GIDC leasehold land at Panoli.

d) REVENUE RECOGNITION

- i) Sales are stated net of trade discounts, sales return and sales tax.
- ii) The value of Cenvat benefits eligible is being reduced from the value of purchases of materials. Consumption of materials is arrived at accordingly.
- iii) Custom Duty benefits in the form of advance license entitlements are recognised on export of goods.
- iv) Income from investments is accounted on receipt basis.
- v) Project revenues are accounted as per AS- 7.

e) INVENTORIES

- i) Raw Materials, Stores and spares and packaging materials are valued at cost on FIFO/Weighted Average basis.
- ii) Material in Process/ Work in Progress is valued at estimated cost. Work in Progress includes cost of land, development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the company.
- iii) Finished goods are valued at lower of estimated cost or net realisable value. Costs of finished goods include excise duty wherever applicable.

f) INVESTMENTS

Long-term investments are stated at cost less provisions, if any, for permanent diminution in value of such investments.

g) EMPLOYEE BENEFITS

i) Defined Contribution Plan

Company's contribution paid/payable during the year to Provident fund are recognised in the Profit & Loss Account.

ii) Defined Benefit Plan

The company's liabilities towards gratuity and leave encashment, a defined benefit obligation, is accrued and provided for on the basis of actuarial valuation, using the projected unit credit method as at the Balance Sheet date.

h) FOREIGN CURRENCY TRANSACTIONS

- i) Foreign currency transactions are recorded at the exchange rate prevailing at the time of transactions & exchange difference, if any, on settlement of transaction is recognised in the Profit & Loss Account.
- ii) Amount of Foreign currency transactions remaining pending at year-end are recorded at the exchange rate prevailing at that time.
- iii) The difference in translation of long-term monetary assets and liabilities and realised gains and losses on foreign currency transactions relating to acquisition of depreciable capital assets are added to or deducted from the cost of the asset and depreciated over the balance life of the asset.
- iv) Foreign currency balance at the end of the year, in EEFC bank account is converted in Indian currency at the exchange rate prevailing at that time.

i) BORROWING COSTS

- i) Borrowing cost attributable to acquisition and/or construction of qualifying assets is capitalised as cost of such assets up to the date when such asset is ready for its intended use.
- ii) Borrowing cost on working capital is charged to Profit & Loss Account.

j) MISCELLANEOUS EXPENDITURE

Preliminary and Share issue expenses are amortised over a period of five years.

k) TAXES ON INCOME

- i) Tax expense comprises of Current, Deferred and Fringe Benefit Tax. Current Income Tax and Fringe Benefit Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.
- ii) Deferred tax is recognised, subject to consideration of prudence on timing difference, being the difference between the taxable and accounting income/ expenditure that originate in one year and are capable of reversal in one or more subsequent year(s). Deferred tax assets are not recognised unless there is virtual certainty that sufficient future taxable income will be available, against which such deferred tax asset will realise.

iii) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss account and shown as MAT Credit Entitlement. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

l) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statement.

m) IMPAIRMENT OF ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable is reassessed and the asset is reflected at the recoverable amount.

2. NOTES TO ACCOUNTS

Particulars	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Contingent Liabilities		
i) Liability in respect of Bills Discounted with Bank	447.37	477.72
ii) Letter of Credit	346.58	956.55
iii) Claims against the company not acknowledged as debts		
a) Sales Tax	NIL	11.30
b) Excise Duty	21.74	59.03

3. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to acquisition of depreciable capital assets are deducted from the cost of assets and depreciated over the balance life of asset. Accordingly an amount of Rs. 15.83 lacs has been deducted from the cost of fixed assets and the profit for the year is lower by this amount.

4. Sundry debtors include **Rs. 64.85 lacs** (P.Y. Rs.50.20 Lacs) which are considered doubtful of recovery. However no provision is made as the matter is subjudice and necessary effect will be given in the account as and when settled.

5. MANAGERIAL REMUNERATION

Particulars	Current Year (Rs. In Lacs)	Previous Year (Rs. In Lacs)
i) Remuneration to Managing Director Salaries	24.00	24.00
ii) Remuneration to Whole Time Director Salaries and Allowances etc	18.75	12.53
iii) Directors Sitting Fees	0.43	0.35

6. The company is in the process of compiling the information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The management does not envisage any material impact on the financials in this regard, which has been relied upon by the auditors.

7. Export incentive has been computed on the basis of prevailing rates as per Import & Export policy. Difference, if any, between actual realisation and the amount so computed will be accounted for as and when realised. Export incentives of Rs. 179.32 lacs (previous year 220.75 lacs) includes Rs. 119.18 lacs (previous year 119.18 lacs) incentive under the target plus scheme announced by the Government of India. However, due to subsequent reduction of incentive under target plus scheme there will be a lapse of Export incentive to the extent of Rs. 119.18 lacs. No provision has been created for the said loss.

8. The break up of Deferred Tax Assets and Deferred Tax Liability at the year end is as under:

Particulars	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
i) Deferred Tax Assets		
Provision for Leave Encashment	8.18	7.79
Carry Forward Losses	517.41	819.79
Provision for Gratuity	9.81	8.99
Expenses allowable on payment basis	2.17	NIL
	537.57	836.57
ii) Deferred Tax Liability		
Depreciation on Excess of Net Block over Written Down Value of Fixed Assets as per Provisions of the Income Tax Act, 1961	483.54	448.51
Net Deferred Tax Assets / (Liability)	54.03	388.06

9. Additional information as required under Part II Schedule VI to the Companies Act, 1956 are as under :-

	Current Year		Previous Year	
	Qty.	Value (Rs. In Lacs)	Qty.	Value (Rs. In Lacs)
a. LICENSED CAPACITY Pharmaceutical Intermediates	N. A.	-	N. A.	-
b. INSTALLED CAPACITY Pharmaceutical Intermediates (As certified by the Management)	960000 kgs	-	960000 kgs	-
c. ACTUAL PRODUCTION INCLUDING PRODUCTION AT LOAN LICENSEE LOCATIONS Pharmaceutical Intermediates Reprocessing of Intermediates	942242 kgs 20443 kgs 962685 kgs	- - -	651613 kgs 79878 kgs 731491 kgs	- - -
d. SALES i) Pharmaceutical Intermediates ii) Tablets/Syrups iii) Chemicals & Other	936375 kgs - 11766397 kgs	14521.25 - 6878.00	736496 kgs 20977392 nos 6120339 kgs 380650 ltr.	12891.43 1693.18 5656.66
		21399.25		20241.27
e. OPENING STOCK OF FINISHED GOODS Pharmaceutical Intermediates	2315 kgs	54.50	4820 kgs	54.61
f. CLOSING STOCK OF FINISHED GOODS Pharmaceutical Intermediates	28625 kgs	389.26	2315 kgs	54.50
g. CONSUMPTION OF RAW MATERIALS For Own Production i) Raw Materials Purchase of finished goods for resale i) Chemicals & Other ii) Tablets/Syrups iii) Pharamceutical Intermediates	6265464 kgs 2418032 ltrs 11766397 kgs NIL NIL	11244.65 6861.95 NIL NIL	5049117 kgs 1955980 ltrs 6120339 kgs 380650 ltr 20977392 nos 2500 kgs	10022.11 5637.44 1567.32 81.67
		18106.60		17308.54
h. VALUE OF IMPORTS ON CIF BASIS Raw Materials Capital Goods	1650875 kgs 1 No.	7412.93 7.60	1097230 kgs NIL	5380.59 NIL
i. INCOME IN FOREIGN CURRENCY Export on FOB Basis	166341 kgs	2058.73	192299 kgs	2348.55
j. VALUE OF RAW MATERIALS, STORES & SPARES CONSUMED FOR OWN PRODUCTION Raw Materials : Imported Indigenous Stores & Spares : Indigenous	7038.28 4206.37 11244.65 78.89	62.59 37.41 100% 100%	7227.77 2794.34 10022.11 40.16	72.12 27.88 100% 100%
k. EXPENDITURE IN FOREIGN CURRENCY Commission on Sales Traveling Expenses Sales Promotion Interest & Finance charges	7.99 5.59 NIL 157.04	- - - -	17.69 4.58 NIL 130.79	- - - -

10. Related Party Disclosures

a) Related Party Disclosures and the nature of relationships is as follows:

Sr. No.	Name of the Party	Relationship
1 (i)	Shri K. M. Hiran	Managing Director
(ii)	Shri V. K. Hiran	Whole Time Director
(iii)	Shri. N. K. Hiran	Director
2 (i)	Smt. Dariyadevi Hiran	Relative
3 (i)	Actgen Pharma Pvt. Ltd.	Associate

b) Transactions with related parties are as follows :-

Nature of Transactions (Excluding Reimbursement)	Referred in 1 above	Referred in 2 above	(Rs. In Lacs) Referred in 3 above
1) Rent Paid	- (-)	41.79 (37.14)	- (-)
2) Remuneration	42.75 (42.32)	- (-)	- (-)
3) Year End Outstanding :			
l) Sundry Creditors	5.21 (0.37)	- (-)	- (-)
ii) Deposits	- (-)	428.48 (428.48)	- (-)
iii) Investments	- (-)	- (-)	441 (-)
iv) Sales	- (-)	- (-)	286.93 (-)
v) Purchase	- (-)	- (-)	361.44 (-)

Note : Previous year figures are given in bracket.

11. Basic & Diluted Earning Per Share

	Current Year	Previous Year
i) Profit / (Loss) after taxation as per Profit and Loss Account	Rs 74,487,600	Rs. (17,37,77,636)
ii) No of Weighted Average Equity Shares For Basic earning per share For Diluted earning per share	(Nos) 5,25,03,000 (Nos) 5,25,03,000	(Nos) 5,25,03,000* (Nos) 5,25,03,000*
iii) Face Value of Equity Share	Rs. 10/- each	Rs. 10/- each
iv) Basic earning per share	Rs. 1.42	Rs. (3.31)
v) Diluted earning per share	Rs. 1.42	Rs. (3.31)

* Adjusted for issue of Bonus shares in 2009-10 in ratio of 4:1

12. Financial & Derivative Instruments

(a) Derivative Contracts entered into by the company and outstanding as on 31st March, 2010.

For Pledging currency and Interest rate related Risks:-

Nominal amounts of derivative contracts entered into by the company and outstanding as on 31st March, 2010 amount to Rs. 508.36 lacs (Previous Year Rs. NIL). Category wise break-up is given below:-

Sr. No.	PARTICULARS	AS AT 31 ST MARCH 2010	AS AT 31 ST MARCH 2009
1	Forward Contracts	508.36	NIL

(b) Details of foreign currency exposures that are not hedged by derivative instruments or Otherwise:

Particulars	Currency	Current Year		Previous Year	
		Amount in Foreign Currency (Rs. in lacs)	Equivalent Indian Currency (Rs. in lacs)	Amount in Foreign Currency (Rs. in lacs)	Equivalent Indian Currency (Rs. in lacs)
Liabilities Payable	USD	120.57	5418.41	49.10	2499.42
	EURO	NIL	NIL	0.62	41.57
Assets Receivable	USD	3.96	177.96	91.31	463.02

13. Employee benefits

The Company has classified the various benefits provided to employees as under:

i) Defined Contribution Plans

During the year, the company has recognised the following amounts in the Profit and Loss Account:

	Current Year (Rs. in lacs)	Previous year (Rs. in lacs)
Employer's Contribution to Provident Fund & Other Funds (Included in Employees Remuneration and Benefits)	10.14	12.28

ii) Defined Benefit Plans

In accordance with Accounting Standard 15 (R), actuarial valuation was done as on 31st March 2010 in respect of Contribution to Gratuity Fund and Leave Encashment using "Projected Unit Method". The charge on account of provision for gratuity and leave encashment has been included in Employees Remuneration & Benefits.

(a) Changes in Present value of obligation

Particulars	Current Year Gratuity (Unfunded) (Rs. in lacs)	Previous Year Gratuity (Unfunded) (Rs. in lacs)	Current Year Leave Encashment (Unfunded) (Rs. in lacs)	Previous Year Leave Encashment (Unfunded) (Rs. in lacs)
Present Value of Obligation as at April 1, 2009	29.12	23.56	25.22	21.40
Current Service Cost	4.48	4.29	2.35	2.56
Benefits Paid	1.46	0.22	1.38	0.45
Interest Cost	2.04	1.65	1.77	1.50
Actuarial (gain)/ loss on obligation	2.43	(0.16)	1.49	0.22
Present Value of Obligation as at March 31, 2010	31.75	29.12	26.46	25.23

(b) Reconciliation of Present Value of Defined Obligation and the fair Value of Plan Assets

Particulars	As at 31.03.2010 Gratuity (Unfunded) (Rs. in lacs)	As at 31.03.2009 Gratuity (Unfunded) (Rs. in lacs)	As at 31.03.2010 Leave Encashment (Unfunded) (Rs. in lacs)	As at 31.03.2009 Leave Encashment (Unfunded) (Rs. in lacs)
Present Value of Obligation as at March 31, 2010	31.75	29.12	26.46	25.23
Fair Value of Plan Assets As at March 31, 2010	NIL	NIL	NIL	NIL
Liability Recognised in the Balance Sheet	31.75	29.12	26.46	25.23

(c) Expenses recognized in the Profit and Loss Account

Particulars	Current Year Gratuity (Unfunded) (Rs. in lacs)	Previous Year Gratuity (Unfunded) (Rs. in lacs)	Current Year Leave Encashment (Unfunded) (Rs. in lacs)	Previous Year Leave Encashment (Unfunded) (Rs. in lacs)
Current Service Cost	4.48	4.29	2.35	2.56
Interest Cost	2.04	1.65	1.77	1.50
Expected Return on Plan Assets	NIL	NIL	NIL	NIL
Actuarial (gain)/loss	2.43	(0.16)	1.49	0.21
Net Cost	4.09	5.78	2.62	4.27

(d) Actuarial Assumptions :

Particulars	Current Year Gratuity (Unfunded) (Rs. in lacs)	Previous Year Gratuity (Unfunded) (Rs. in lacs)	Current Year Leave Encashment (Unfunded) (Rs. in lacs)	Previous Year Leave Encashment (Unfunded) (Rs. in lacs)
Retirement Age	58 years	58 years	58 years	58 years
Withdrawal Rates	1% per annum	1% per annum	1% per annum	1% per annum
Future Salary Rise	5% per annum	5% per annum	5% per annum	4% per annum
Rate of Discounting	8% per annum	7% per annum	7% per annum	7% per annum
Return on Plan Assets	N. A.	N. A.	N. A.	N. A.
Mortality Table	L.I.C. (1994-96) Ultimate	L.I.C. (1994-96) Ultimate	L.I.C. (1994-96) Ultimate	L.I.C. (1994-96) Ultimate

(e) Notes:

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

14. Segment Reporting:

The company has identified two business segments viz .Pharmaceuticals and Construction. Pharmaceuticals segment comprise of manufacture and trading of Pharmaceutical Intermediates and chemicals.

(Rs. in lacs)

REVENUE	Pharmaceuticals		Construction		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Gross Sales	21,399.25	20,241.27	0.00	0.00	21,399.25	20,241.27
Total Revenue	21,399.25	20,241.27	0.00	0.00	21,399.25	20,241.27
Segment Results	1,643.20	(1,757.69)	0.00	0.00	1,643.20	(1,757.69)
Interest Income					250.95	160.87
Interest Expense					(862.96)	(929.72)
Profit / (Loss) on sale / discard of Assets					19.39	4.17
Net Profit Before Tax					1,050.58	(2,522.37)
Provision for Current Tax					178.65	0.00
Provision for Mat Credit					(178.58)	0.00
Provision for Earlier Year Tax					(28.39)	3.01
Provision for Fringe Benefit Tax					0.00	2.75
Provision for Deferred Tax					334.03	(790.36)
Net Profit / (Loss) after Tax					744.88	(1,737.78)
OTHER INFORMATION						
Segment Assets	20,333.81	14,577.05	1,690.35	3,826.32	22024.16	18,403.37
Unallocated Corporate Assets					207.01	86.65
Total Assets					22231.17	18,490.02
Segment Liabilities	14,336.43	11,728.21	0.00	0.00	14,336.43	11,728.21
Unallocated Corporate Liabilities					0.00	0.00
Total Liabilities					14,336.43	11,728.21
Capital Expenditure Incurred During The Year	285.59	274.91	7.42	0.00	293.01	274.91
Depreciation	232.81	0	0.28	0.00	233.09	202.55
Other Non Cash Expenditure					16.07	3.55
GEOGRAPHICAL SEGMENT						
Revenue (Gross Sales)						
Domestic Sales					19,073.27	17,509.96
Export Sales					2,325.98	2,731.31
					21,399.25	20,241.27

15. Excise duty shown under the head Manufacturing & Other Expenses represents the aggregate of excise duty borne by the company and the difference between excise duty on the opening and closing stock of finished goods.

16. Previous years figures have been regrouped and recast wherever necessary.

Signature to Schedules 1 to 15

AS PER OUR REPORT OF EVEN DATE
FOR AND ON BEHALF OF
B. L. DASHARDA & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

B. L. DASHARDA, PARTNER
M.NO. 13708.
F.R. NO. 112615W

KANTILAL M. HIRAN
CHAIRMAN &
MANAGING DIRECTOR

VIJAY K. HIRAN
WHOLE TIME
DIRECTOR

ANU BIRLA
COMPANY
SECRETARY

MUMBAI, DATED : 29TH MAY,2010

MUMBAI, DATED : 29TH MAY,2010

**ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI
TO THE COMPANIES ACT, 1956**

ANNUAL
REPORT
2009-10



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :-

I. Registration Details

Registration No.	29596	State Code	11
Balance Sheet Date	31.03.2010		

II. Capital raised during the Year (in rupees)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	420,024,000	Private Placement	NIL

III. Position of Mobilisation & Deployment of Funds (in Rupees)

Total Liabilities	<u>2,223,116,878</u>	Total Assets	<u>2,223,116,878</u>
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SOURCES OF FUNDS

Paid-up-Capital	525,030,000	Reserve and Surplus	264,443,901
Secured Loans	462,915,356	Unsecured Loans	74,114,170
Deferred Tax Liability	0		

APPLICATION OF FUNDS

Net Fixed Assets	371,773,419	Investment	48,029,310
Net Current Assets	894,730,127	Misc. Expenditure	6,567,064
Deferred Tax Assets	5,403,507		

IV. PERFORMANCE OF COMPANY

Turnover	2,056,355,177	Total Expenditure	1,951,296,785
Profit / Loss before Tax + (+ for Profit - for loss)	105,058,392	Profit / Loss After Tax	74,487,600
Earning Per Share Rs. (Annualised)	1.42	Dividend	0

V. Generic Name of Principal Product :

(A) Item Code No.	294190-3
Product Description	CIPROFLOXACIN HYDROCHLORIDE - USP OFLOXACIN

(B) Item Code No.	N. A.
Product Description	PROJECT DEVELOPMENT

AS PER OUR REPORT OF EVEN DATE
FOR AND ON BEHALF OF
B. L. DASHARDA & ASSOCIATES
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M.NO. 13708.
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MUMBAI, DATED : 29TH MAY,2010

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