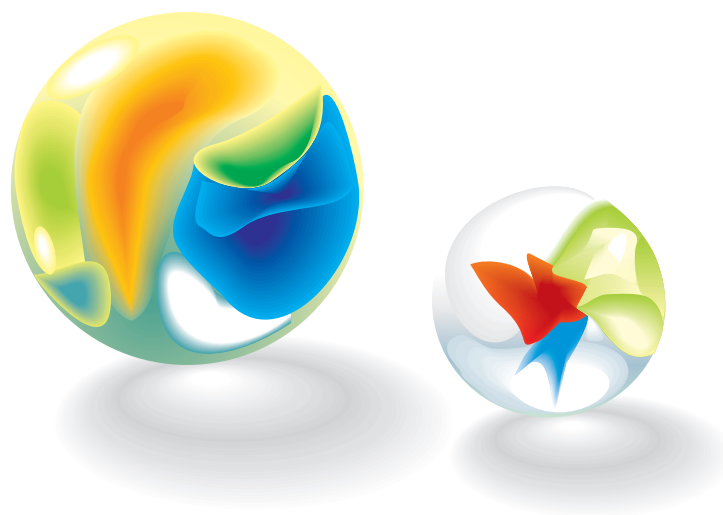


Strategy for  
success



2010 - 2011



27<sup>TH</sup> ANNUAL REPORT

## Board of Directors

**Mr. Kantilal M. Hiran**  
(Chairman and Managing Director)  
**Mr. Mukesh Naik**  
**Mr. H. N. Bafna**  
**Mr. M. Kailash Kumar**  
**Mr. Ashok Lunia**

## Auditors

**M/s. Pachori & 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 – 400 064.  
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 /3, Ansa Industrial Estate,  
Sakivihar Road, Andheri (E),  
Mumbai – 400 072.  
Tel.: 022-40430200  
Fax: 022-28475207  
Email: info@bigshareonline.com  
Website: www.bigshareonline.com

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### Go Green Initiative in Corporate Governance

The Ministry of Corporate Affairs has now permitted companies to send various notices of the documents under the Companies Act, 1956, to its shareholders, through electronic mode. In this regard we have forwarded the Annual Report for the financial year 2010-2011 in an electronic mode to the shareholders on their email addresses registered with our RTA M/s Bigshare Services Pvt. Ltd. Further we request the Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialized mode, with their Depository Participants; and (2) physical mode with M/s Bigshare Services Pvt. Ltd. (RTA). Please quote the following particulars in the E-mail Registration Request: Folio No./ DP ID-Client ID, PAN, Name(s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communication through E-mail) and send the same under your signature(s).

### Forward – Looking Statement

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these

forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future information or otherwise.

# NOTICE

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**NOTICE** is hereby given that the Twenty Seventh Annual General Meeting of the Members of **HIRAN ORGOCHEM LIMITED** will be held on Thursday, 29<sup>th</sup> September, 2011 at the Registered office of the company at Palm Court, M Block, 601/A1, Link Road, Malad (West), Mumbai – 400 064 at 3:00 p.m. to transact the following business:

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the period ended 30<sup>th</sup> June, 2011 and the Balance Sheet as on that date alongwith the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Lunia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. Kailash Kumar 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 authorize the Board of Directors to fix the Auditors' remuneration.

## **SPECIAL BUSINESS:**

5. To consider erosion of net worth of the company as at 30<sup>th</sup> June, 2011 by more than 50% of its peak net worth during the immediately preceding four financial years to comply with the provision of section 23 (1) (a) (ii) of the Sick Industrial Companies Act, 1985 and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

**"RESOLVED THAT** pursuant to section 23 (1) (a) (ii) of the Sick Industrial Companies Act, 1985, the fact of erosion of net worth of the company as at 30<sup>th</sup> June, 2011 by more than 50% of its peak net worth during the immediately preceding four financial years be and is hereby considered and noted."

**For And on Behalf of the Board.**

Sd/-

**Kantilal M. Hiran**  
Chairman & Managing Director

**Place:** Mumbai

**Date:** 12<sup>th</sup> August, 2011

## **REGISTERED OFFICE:**

Palm Court, M Block,  
601/A1, Link Road,  
Malad (West), 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 Tuesday, 27<sup>th</sup> September, 2011 to Thursday, 29<sup>th</sup> September, 2011 (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-2/3, 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 the Attendance Slips sent herewith duly filled for attending the Meeting.
7. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, in respect of item no. 5 of the notice is appended hereto.
8. A brief resume of persons proposed to be re-appointed as Director of the company is as follows:

Name	Mr. Ashok A. Lunia	Mr. M. Kailash Kumar
Age	53	38
Qualification	M. Com.	MBA, Chartered Accountant
Nature of Expertise	Business Administration and Tax Planning	Taxation, Financial Planning
Experience	28 years	15 years
Name of other Public Companies in which holds Directorship	None	None
Name of other Companies in Committees of which holds Membership/ Chairmanship	None	None
Shareholding in Hiran Orgochem Limited	107755 Shares	267291 Shares

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

Item No.5:

As per the provisions of the Section 23 (1) of the Sick Industrial Companies Act, 1985, the company is required to consider and note erosion of its net worth as at the end of any financial year by 50 % or more of its peak net worth in any of the immediately preceding four financial years.

Since the net worth of the company at Rs. 4126.99 Lacs as at 30<sup>th</sup> June, 2011 stands eroded by more than 50 % of its peak Net Worth at Rs. 8736.81 Lacs during the immediately preceding four financial years, the company is required to report this fact to the Board for Industrial and Financial Reconstruction (BIFR) and hold a General Meeting for the shareholders to consider such erosion. Such a significant

erosion of the net worth is on account of huge loss of work-in-progress inventory of Rs. 5959.11 Lacs due to non conformity with the Q.C. specifications. Quality deterioration was caused mainly because of serious problem of controlling process cycle, owing to various reasons chiefly effluent disposal bottleneck caused by restrictions enforced by Gujarat Pollution Control Board for discharge of effluent in Common Effluent Treatment Plant at Panoli. This disrupted the entire business cycle with a resultant impact on financial flow and its constrictions, created severe limitation to salvage the situation, which went beyond the control of the management.

The members are requested to consider and note the above fact and pass the resolution proposed at item 5 of the notice. None of the directors are interested or concerned in the proposed resolution.

# DIRECTORS' REPORT

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To,  
The Members,

The Directors hereby present the Twenty Seventh Annual Report on the business, operations and the Audited Accounts of your company for the financial period ended 30<sup>th</sup> June, 2011. Please note that this Annual Report is in respect of the financial period from 1<sup>st</sup> April, 2010 to 30<sup>th</sup> June, 2011 (i.e. for a period of 15 months) and hence the financial and other details provided are not comparable to the corresponding figures of previous year from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010 (i.e. 12 months).

## Financial Highlights:

Particulars	(Rs. in Lacs)	
	Current Year (1 <sup>st</sup> April 2010 to 30 <sup>th</sup> June 2011)	Previous Year (1 <sup>st</sup> April 2009 to 31 <sup>st</sup> March 2010)
Net Sales and other Income	15267.89	21223.23
<b>Profit/(Loss) before Interest, Depreciation &amp; Taxation (PBDIT)</b>	<b>(6365.82)</b>	<b>2146.64</b>
Less: Interest & Depreciation	1762.07	1096.05
Less: Extraordinary Item	156.27	-
<b>Profit/(Loss) before Taxation</b>	<b>(8284.16)</b>	<b>1050.59</b>
(Add)/Less : Provision for Taxation & Deferred Tax	54.03	305.71
<b>Profit/(Loss) after Taxation</b>	<b>(8338.19)</b>	<b>744.88</b>
Balance brought forward from Previous Year	608.43	63.55
<b>Profit/(Loss) available for appropriation (carried to Balance Sheet)</b>	<b>(7729.76)</b>	<b>808.43</b>
<b>Appropriations:</b>		
General Reserve	(257.74)	200.00
<b>Profit/(Loss) carried to Balance Sheet</b>	<b>(7472.02)</b>	<b>608.43</b>

## Performance:

During the year under review, the company achieved sales of Rs.15522.88 Lacs compared to Rs. 21399.25 Lacs for the previous financial year registering a decline by 27.46%. The company incurred Net Loss before Tax of Rs. 8284.16 Lacs as against Net Profit before Tax of Rs. 1059.59 Lacs for the previous financial year. After making provision for Taxation, the Net Loss stood at Rs. 8338.19 Lacs as against Net Profit of Rs.744.88 Lacs for the previous financial year. During the year under review, the company suffered a huge loss of

work-in-progress inventory of Rs. 5959.11 Lacs due to non conformity with the Q.C. specifications. Quality deterioration was caused mainly because of serious problem of controlling process cycle, owing to various reasons chiefly effluent disposal bottleneck caused by restrictions enforced by Gujarat Pollution Control Board for discharge of effluent in Common Effluent Treatment Plant at Panoli. This disrupted the entire business cycle with a resultant impact on financial flow and its constrictions, created severe limitation to salvage the situation, which went beyond the control of the management.

## Erosion of Net worth:

The peak net worth of the company during the immediately preceding four financial years was Rs. 8736.81 Lacs and the company's net worth as on 30<sup>th</sup> June, 2011 stands at Rs. 4126.99 Lacs reflecting erosion by 52.76%. The chief reason behind such erosion of net worth is on account of huge loss of work-in-progress inventory of Rs. 5959.11 Lacs due to non conformity with the Q.C. specifications. Further, in compliance of section 23(1)(a)(i) of the Sick Industrial Companies Act, 1985 this fact will be reported to Board for Industrial & Financial Reconstruction (BIFR). The foregoing be regarded as the board of directors' report as to the erosion and its causes pursuant to the provision of section 23(1)(b) of the Sick Industrial Companies Act, 1985.

## Dividend:

Considering the financial position of the company and with a view to conserve the resources for the future, your Directors express their inability to recommend any dividend for the financial year ended 30<sup>th</sup> June, 2011.

## Directors:

During the year under review, Mr. Vijay Hiran and Mr. Naresh Hiran, Whole Time Directors of the company, resigned from directorships of the company effective 5<sup>th</sup> May, 2011. The Board places on record its appreciation for the services rendered by Mr. Vijay Hiran and Mr. Naresh Hiran during their respective tenure as Directors of the company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Ashok A. Lunia and Mr. M. Kailash Kumar, Directors of the company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

A brief profile of Mr. Ashok A. Lunia and Mr. M. Kailash Kumar 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 30<sup>th</sup> June, 2011 and of the Loss 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 30<sup>th</sup> June, 2011 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. Pachori & Associates, Chartered Accountants, who were appointed as the Statutory Auditors of the company at the Extra – Ordinary General Meeting held on 26<sup>th</sup> May, 2011 to fill the vacancy caused by the resignation of M/s B. L. Dasharda & Associates, Chartered Accountants, earlier Statutory Auditors of the company, shall 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 and a certificate from M/s. Pachori & Associates, Chartered Accountants in Whole-Time practice, regarding compliance of the requirements of Corporate Governance along with the 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**

Sd/-

**Kantilal M. Hiran**

Chairman & Managing Director

**Place:** Mumbai

**Date:** 12<sup>th</sup> August, 2011



# ANNEXURE TO THE DIRECTOR'S REPORT

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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 30<sup>th</sup> June, 2011.

## 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 30-06-2011 (15 Months)	Year Ended 31-03-2010 (12 Months)
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
Purchases (Units)	1700232	2001018
Total Amount (Rs. in Lacs)	100.77	118.13
Unit Rate (Rs.)	5.93	5.90
<b>2. L.D.O./F.O.</b>		
Quantity (K. Ltrs)	Nil	Nil
Total Cost (Rs. in Lacs)	Nil	Nil
Average rate/Unit (Rs.)	Nil	Nil
<b>3. Others/Internal generation</b>		
Quantity (Units)	Nil	Nil
Total Cost (Rs. in Lacs)	Nil	Nil
Average Rate/Unit (Rs.)	Nil	Nil
<b>4. Gas Purchase</b>		
Purchases (Units)	1651809	2711882
Total Amount (Rs. in Lacs)	225.23	386.76
Average rate/Unit (Rs.)	13.64	14.26
<b>B. Consumption per Unit of Production:</b>		
Electricity (Units/Kg.)	4.15	2.08
Gas (Units/Kg.)	4.03	2.81

## 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 years: 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:

Foreign Exchange	Year Ended 30/06/2011 (Rs. in Lacs)	Year Ended 31/03/2010 (Rs. in Lacs)
Earnings	1474.85	2058.73
Outgo	80.67	170.62

For And on Behalf of the Board

Sd/-

**Kantilal M. Hiran**

Chairman & Managing Director

Place: Mumbai

Date: 12<sup>th</sup> August, 2011

# 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 appreciated in the context of unprecedented and unfortunate happenings of wip stock loss in the last quarter of the period under review, resulting in substantial erosion of capital. Hence, such statements are 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 future operations include economic conditions, 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 demand for Bulk Drugs is expected to increase considering growth of user industries viz. Pharmaceutical Formulating companies.

### (b) Opportunities and Threats

Although the company's opportunities lie in the adequate demand for Ciprofloxacin in the Bulk Drugs segment. Pharmaceutical is a continuous growth industry immune to economic recession and commodity cycles but due to huge financial loss as to how the company will be in a position to take advantage of market situation is some what obscure.

### (c) Segment-wise or Product-wise Performance

The segment results and other details of bulk drugs and other segment are furnished in the Notes to Accounts.

### (d) Outlook

The immediate task in hand is to arrive at an appropriate one time settlement with company's Banker. With this background the future business scenario is difficult to be contrived at the present juncture.

### (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 determines its success. As the business environment remains challenging and scale becomes the most critical component for survival. The company is presently focusing on debt redemption and business restructuring.

### (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.

### (g) Discussion on Financial performance with respect to operational performance

(Rs. In Lacs)

Highlights	2010-2011	2009-2010
Total quantity of Sales of Own Manufactured Bulk Drugs (in Kgs.)	437292	936375
Income from Operations	15522.88	21399.25
(Loss)/Profit before Interest, Depreciation and Tax	(6365.82)	2146.63
Interest Expenditure	1462.47	862.95
Depreciation	299.60	233.09
Extra Ordinary Item	156.27	Nil
Provision for taxation (Including Deferred Tax)	54.03	305.71
Net (Loss)/Profit after Tax	(8338.19)	744.88
Earnings per Share (in Rs.)		
- Basic	(8.45)	1.42
- Diluted	(8.45)	1.42

### (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 30<sup>th</sup> June, 2011, were 147.



# REPORT ON CORPORATE GOVERNANCE

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

The Directors of the company believe that good Corporate Governance improves company's 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 Five 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 One (1) Executive Directors and Four (4) Non-Executive Directors.

The composition of the Board and the number of directorships in other companies and committees are given below:

Director	Category	Number of others		
		Director-ships*	Commi-tee Member-ships #	Commi-tee Chairman-ships #
Mr. Kantilal M. Hiran	Chairman & Managing Director, Executive, Promoter	-	-	-
Mr. Vijay K. Hiran (resigned effective 5th May, 2011)	Whole-Time Director, Executive, Promoter	-	-	-
Mr. Naresh K. Hiran (resigned effective 5th May, 2011)	Whole-Time Director, Executive, Promoter	-	-	-
Mr. H. N. Bafna	Non-Executive, Independent	1	-	-
Mr. Mukesh Naik	Non-Executive, Independent	2	-	-
Mr. M. Kailash Kumar	Non-Executive, Independent	-	-	-
Mr. Ashok A. Lunia	Non-Executive, Independent	-	-	-

\* Other directorships exclude the directorships held in private limited companies.

# Committees of directors includes Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee 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 financial year ended 30<sup>th</sup> June, 2011, 10 Board Meetings were held i.e. on 21<sup>st</sup> May, 2010, 29<sup>th</sup> May, 2010, 14<sup>th</sup> August, 2010, 19<sup>th</sup> November, 2010, 13<sup>th</sup> December, 2010, 30<sup>th</sup> March, 2011, 20<sup>th</sup> April, 2011, 5<sup>th</sup> May, 2011, 27<sup>th</sup> May, 2011 and 2<sup>nd</sup> June, 2011. 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 2010-11 and at the last Annual General Meeting:

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Whether Last Annual General Meeting Attended
Mr. Kantilal M. Hiran	10	10	Yes
Mr. Vijay K. Hiran	10	2	No
Mr. H.N. Bafna	10	7	No
Mr. Mukesh Naik	10	9	Yes
Mr. M. Kailash Kumar	10	0	Yes
Mr. Ashok Lunia	10	1	Yes
Mr. Naresh Hiran	10	7	Yes

## 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 292A 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. Kantilal Hiran and Mr. Mukesh Naik.

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 30<sup>th</sup> June, 2011 five Audit Committee Meetings were held i.e. on 29<sup>th</sup> May, 2010, 14<sup>th</sup> August, 2010, 19<sup>th</sup> November, 2010, 15<sup>th</sup> March, 2011 and 27<sup>th</sup> May, 2011.

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	5	5
Mr. Mukesh Naik	5	5
*Mr. Vijay Hiran	4	2
*Mr. Kantilal Hiran	1	1

\* Mr. Vijay Hiran resigned from the directorship of the company effective 5<sup>th</sup> May, 2011 and ceased to be a member of the Audit Committee. Mr. Kantilal Hiran has been appointed as a member of the Audit Committee to fill the vacancy caused by the resignation of Mr. Vijay Hiran.

The Committee has recommended to the Board the appointment of M/s Pachori & Associates, Chartered

Accountants, as the Statutory Auditors of the company for the Financial Year ending 31<sup>st</sup> March, 2012 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 30<sup>th</sup> June, 2011, one meeting of the Committee was held on 29<sup>th</sup> May, 2010 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 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 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 30<sup>th</sup> June, 2011:

(Rs. In Lacs)

Name of the Directors	Sitting Fees paid for		Salary & Perks
	Board Meetings	Committee Meetings	
Mr. Kantilal M. Hiran	-	-	22.50
Mr. Vijay K. Hiran	-	-	19.40
Mr. H. N. Bafna	0.35	-	-
Mr. Mukesh Naik	0.30	-	-
Mr. M. Kailash Kumar	-	-	-
Mr. Ashok Lunia	0.05	-	-
Mr. Naresh Hiran	-	-	16.15

**Shares held by Non-Executive Directors as on 30<sup>th</sup> June, 2011:**

Name of the Non-Executive Director	Equity Shares held (No.)
Mr. H. N. Bafna	Nil
Mr. Mukesh Naik	Nil
Mr. M. Kailash Kumar	267291
Mr. Ashok Lunia	107755

**(III) Shareholders/Investors Grievance Committee:**

The company has set up a Shareholders/ Investors Grievance Committee consisting of Two (2) Non-Executive, Independent Directors. The Committee is headed by Mr. Mukesh Naik and comprises of Mr. H N Bafna as its Member.

Mr. Kantilal Hiran, Chairman and Managing Director, acts as the Compliance Officer of the company.

The Committee is entrusted with the responsibility to address the Shareholders' and Investor's complaint with respect to transfer of Shares, non-receipt of Annual Report, 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 Member	No. of Meetings Held	No. of meetings attended
Mr. Mukesh Naik	7	7
*Mr. Vijay Hiran	6	6
*Mr. Hirachand Bafna	1	1

\* Mr. Vijay Hiran resigned from the directorship of the company effective 5<sup>th</sup> May, 2011 and ceased to be a member of the Shareholders/Investors Grievance Committee. Mr. Hirachand Bafna has been appointed as member of the said committee to fill the vacancy caused by the resignation of Mr. Vijay Hiran.

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 30<sup>th</sup> June, 2011:

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 30<sup>th</sup> June, 2011 were 7. Hence there were no pending/unattended complaints as on 30<sup>th</sup> June, 2011.

**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 behavior, 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](http://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. Pachori & 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
2008	27.09.2008	Goregaon Sports Club, Link Road, Malad (West), Mumbai- 400064	11.00 A.M.
2009	29.08.2009	Goregaon Sports Club, Link Road, Malad (West), Mumbai- 400064	11.00 A.M.
2010	31.07.2010	Goregaon Sports Club, Link Road, Malad (West), Mumbai- 400064	11.00 A.M.

### Special Resolutions:

No Special Resolution was passed at the last Annual General Meeting.

### Postal ballots:

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 (English language) and Navashakti (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-Seventh Annual General Meeting

Date	29 <sup>th</sup> September, 2011
Time	3:00 p.m.
Venue	Palm Court, 601, A/1, M Block, Link Road, Malad (West), Mumbai- 400064.

### b. Financial Calendar

First Quarterly results	On or before 14 November, 2011
Second Quarterly results	On or before 14 February, 2012
Third Quarterly results (Audited yearly results for 9 months)	On or before 30 May, 2012

Annual General Meeting for the year ended 31<sup>st</sup> March, 2012 On or before 30 September, 2012

c. **Date of book closure** Tuesday, 27<sup>th</sup> September, 2011 to Thursday, 29<sup>th</sup> September, 2011

d. **Listing on Stock Exchange & Fees for 2011-12** Bombay Stock Exchange Limited (BSE).

Listing fees for 2011-12 paid to the said Stock Exchange

Luxembourg Stock Exchange Listing fees for 2011-12 are yet to be paid.

e. **Stock Code** 506170

f. **Demat ISIN No. for NSDL & CDSL** INE546E01016

## K. REGISTRAR AND SHARE TRANSFER AGENTS:

Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (E), Mumbai – 400 072  
Tel.: 022 – 4043 0200  
Fax: 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 Registrar & Share Transfer Agent, Bigshare 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.

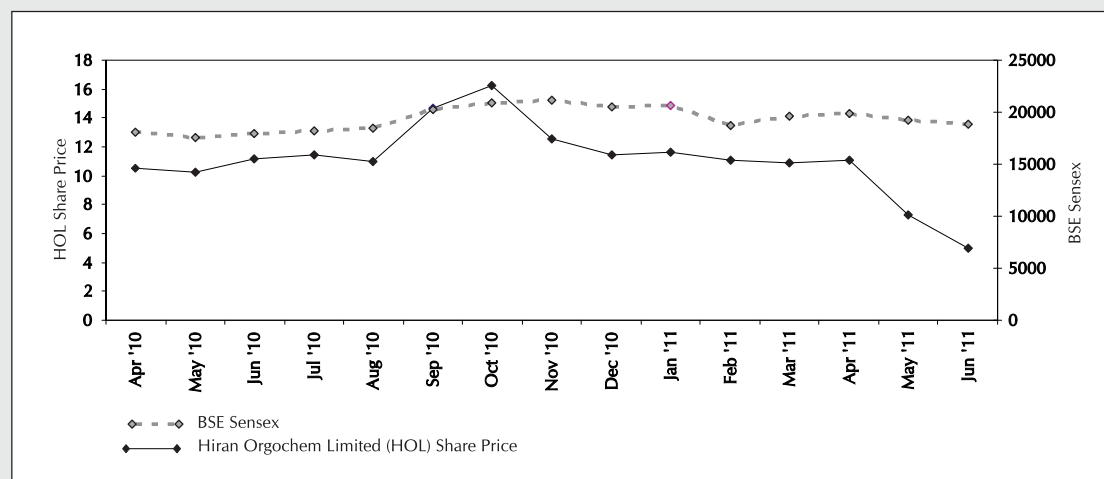
The total number of shares transferred in physical form during the year 2010-11 were 10,300 Equity Shares.

**M. STOCK MARKET PRICE DATA:**

(a) Monthly high and low at the Bombay Stock Exchange Limited for financial year ended 30th June, 2011:

Month	Volume	Hiran Orgochem Ltd.		BSE SENSEX	
		High (Rs)	Low (Rs)	High	Low
April, 2010	360,477	10.50	9.00	18047.86	17276.80
May, 2010	862,879	10.25	8.40	17536.86	15960.15
June, 2010	811,073	11.15	9.25	17919.62	16318.39
July, 2010	8,944,545	11.49	9.30	18237.56	17395.58
August, 2010	3,099,280	11.00	10.00	18475.27	17819.99
September, 2010	45,588,965	14.71	10.00	20267.98	18027.12
October, 2010	43,043,326	16.28	10.90	20854.55	19768.96
November, 2010	20,563,456	12.57	7.20	21108.64	18954.82
December, 2010	13,152,321	11.40	7.51	20552.03	19074.57
January, 2011	12,571,062	11.62	8.50	20664.80	18038.48
February, 2011	10,683,701	11.10	7.80	18690.97	17295.62
March, 2011	10,078,491	10.90	8.50	19575.16	17792.17
April, 2011	30,548,253	11.04	6.64	19811.14	18976.19
May, 2011	11,818,436	7.30	4.40	19253.87	17786.13
June, 2011	9,876,072	4.99	3.50	18873.39	17314.38

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



**N. DISTRIBUTION OF SHAREHOLDING AS ON 30<sup>th</sup> JUNE, 2011:**

No. of Equity Shareholders	Shareholders		Shares	
	Number	% to total Shareholders	Number	% to total Share Capital
1 - 500	4210	42.55	1323042	1.34
501 - 1000	1987	20.08	1819166	1.84
1001 - 2000	1334	13.48	2217020	2.25
2001 - 3000	694	7.01	1820127	1.85
3001 - 4000	267	2.70	992766	1.01
4001 - 5000	392	3.96	1908446	1.93
5001 - 10000	458	4.63	3565780	3.61
10001 - 99999999	553	5.59	85010513	86.17
<b>TOTAL</b>	<b>9895</b>	<b>100.00</b>	<b>98656860</b>	<b>100.00</b>

## O. CATEGORIES OF SHAREHOLDING AS ON 30TH JUNE, 2011:

Category	Shareholders		Shares	
	Number	% of total Shareholders	Number	% To Total Capital
<b>PROMOTER HOLDING</b>				
Indian Promoter	15	0.15	23043846	23.36
<b>Total of promoter holding (a)</b>	<b>15</b>	<b>0.15</b>	<b>23043846</b>	<b>23.36</b>
<b>NON – PROMOTER HOLDING</b>				
i) Institutional Investor				
Financial Institutions	3	0.03	2692668	2.73
Foreign Institutional Investors	1	0.01	3376936	3.42
ii) Others				
Bodies Corporate	331	3.35	7765581	7.87
Indian Public	9473	95.74	33577705	34.04
NRIs / OCBs	46	0.46	365232	0.37
Any Other (Clearing Members)	25	0.25	191032	0.19
<b>Total of Non-promoter holding (b)</b>	<b>9879</b>	<b>99.84</b>	<b>47969154</b>	<b>48.62</b>
<b>Shares held by Custodians against which DR issued</b>				
i) Public	1	0.01	27643860	28.02
<b>Total of shares held by Custodians (c )</b>	<b>1</b>	<b>0.01</b>	<b>27643860</b>	<b>28.02</b>
<b>Grand Total (a + b + c)</b>	<b>9895</b>	<b>100</b>	<b>98656860</b>	<b>100</b>

## 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 30<sup>th</sup> June, 2011, 9,81,53,355 Equity Shares representing 99.49% had been dematerialized.

## Q. ISSUE OF GDR UNDERLYING EQUITY SHARES:

The company had raised USD 10 millions through issue of 15,38,462 GDR's @ of USD 6.50 per GDR representing 30 equity shares with a face value of Rs.10/- each.

## R. 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.

## S. FOR SHAREHOLDERS HOLDING SHARES IN DEMATERIALIZED MODE:

Shareholders holding shares in dematerialized mode are requested to intimate all changes with respect to bank

details, 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 downloading of information from Depositories, which will help the company to provide better services to its shareholders.

## T. CONVERSION OF GDR'S :

As on 30<sup>th</sup> June, 2011 9,21,462 GDR's are outstanding for conversion.

## U. PLANT LOCATION:

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

## V. ADDRESS FOR CORRESPONDENCE:

### Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (East), Mumbai- 400 072  
Tel No.: 022- 4043 0200  
Fax No.: 022- 2847 5207  
Email: info@bigshareonline.com  
Website: www.bigshareonline.com



# CERTIFICATION BY CHAIRMAN AND MANAGING DIRECTOR

ANNUAL  
REPORT  
2010-11



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 30<sup>th</sup> June, 2011 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  
**Date:** 12<sup>th</sup> August, 2011

Sd/-  
**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 June 30, 2011, 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  
Pachori & Associates**  
Chartered Accountants

Sd/-  
**S.V. Pachori, Partner**  
M.No.: 33081.  
F. R. No.: 107219W

**Place:** Mumbai  
**Date:** 12<sup>th</sup> August 2011.

## CODE OF CONDUCT DECLARATION

Pursuant to clause 49I(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 30<sup>th</sup> June, 2011.

**Place:** Mumbai  
**Date:** 12<sup>th</sup> August, 2011

Sd/-  
**Kantilal M. Hiran**  
Chairman & Managing Director

# AUDITORS' REPORT

ANNUAL  
REPORT  
2010-11



To  
The Members of  
**Hiran Orgochem Limited.**

We have audited the attached Balance Sheet of **HIRAN ORGOCHEM LIMITED**, as at 30<sup>th</sup> June 2011 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 30<sup>th</sup> June, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30<sup>th</sup> June 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f. ***Without qualifying our opinion, we draw attention to note no. 7 of schedule -15 regarding export benefits of Rs. 119.18 Lacs and its consequential loss thereof if any and note no. 10 of schedule -15 regarding advance against orders of Rs. 2780.24 Lacs though unconfirmed, we have relied on management representation as they consider the amount is good and recoverable.***
  - g. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, 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;
    - i) In the case of the Balance Sheet, of the State of affairs of the company as at 30<sup>th</sup> June, 2011;
    - ii) In the case of the Profit and Loss Account, of the loss of the company for the year ended on that date, and
    - iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

**For And on Behalf of  
Pachori & Associates  
Chartered Accountants**

Sd/-  
**S.V. Pachori, Partner**  
M.No. 33081.  
F. R. No. 107219W

**Place:** Mumbai  
**Date:** 12<sup>th</sup> August 2011.

# ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 2 of our report of even date on the accounts for the year ended 30<sup>th</sup> June, 2011 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 not maintained proper records of fixed assets.
  - b) All fixed assets have not been physically verified by the management during the year, however certain fixed asset were physically verified and we have been informed that no material discrepancies were noticed on such verification.
  - c) 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 three 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 56.65 Lacs and the year end outstanding balance is Rs 56.65 Lacs.
  - 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. We have been informed that the company has an internal audit system commensurate with its size and nature of business.
8. On the basis of information provided by the management and 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 30<sup>th</sup> June, 2011 except income tax liability of Rs. 92.35 Lacs for assessment year 2010-11.

- 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	Classification of exempted goods	Rs. 18,99,400	2007-2008	Assistant Commissioner, Surat.
Central Excise Act, 1944	Classification of exempted goods	Rs. 40,03,740	2007-2008	Joint Commissioner Surat
Central Excise Act, 1944	Rebate of export duty	Rs. 7,15,892	2008-2009	Joint Commissioner New Delhi
Maharashtra Value Added Tax Act, 2002	Input VAT Credit	Rs. 5,95,320	2006-2007	Joint Commissioner, Mumbai
Maharashtra Value Added Tax Act, 2002	Input VAT Credit	Rs. 1,37,93,591	2008-2009	Joint Commissioner, Mumbai
Income Tax Act, 1961	Income Tax Demand	Rs. 4,80,259	2007-2008	Commissioner of Income Tax Mumbai

10. The company's accumulated losses at the end of financial year are more than fifty percent of its networth and have incurred cash losses in the current financial year. It has however not incurred cash losses in the immediately preceding financial year.
11. According to the information and explanations given to us, the company's overdue position to financial institutions or banks is as under.

S.N.	Name of Bank/Institution	Amount Overdue	Period of Default
1	State Bank of India	Rs. 77.47 Lacs	Installment of May, 11 and June, 11
2	State Bank of Patiala	Rs. 7.26 Lacs	Installment of June, 11
3	Barclays Bank	USD 2.43 Lacs	Installment of April, 11 May, 11 and June, 11

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 corporate guarantee of Rs.2700 Lacs for loans taken by M/s Actgen Pharma Private Limited from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions of gurantee are not prima facie prejudicial to the interest of the company.
16. The company has obtained Term Loan from Sicom Limited and applied for the purpose for which the loan was taken.
17. On the basis of an overall examination of the Balance Sheet of the company, 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 notice or reported during the course of our audit.

For And on Behalf of  
Pachori & Associates  
Chartered Accountants

Sd/-  
S.V. Pachori, Partner  
M.No. 33081.  
F. R. No. 107219W

Place: Mumbai  
Date: 12<sup>th</sup> August, 2011.

# BALANCE SHEET

## AS AT 30<sup>TH</sup> JUNE, 2011

	Schedule	Rupees	As At 30 <sup>th</sup> June, 2011	As At 31 <sup>st</sup> March, 2010
<b>I. SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	1	986,568,600		525,030,000
Reserves & Surplus	2	177,827,200		264,443,901
			1,164,395,800	
<b>LOAN FUNDS</b>				
Secured Loans	3	949,784,765		53,7029,526
Unsecured Loans	4	11,730,141		0
			961,514,906	537,029,526
		<b>TOTAL</b>	<b>2,125,910,706</b>	<b>1,326,503,427</b>
<b>II. APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross Block (At Cost)	5	541,131,036		495,412,975
Less : Depreciation		153,358,201		124,982,291
Net Block		387,772,835		370,430,684
Capital Work-in-Progress		430,500		1,342,735
			388,203,335	371,773,419
<b>INVESTMENTS</b>				
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
Inventories	6	129,211,085	46,929,310	48,029,310
Sundry Debtors	7	297,394,537		414,298,789
Cash and Bank Balances		251,079,317		89,085,033
Loans & Advances		818,019,797		594,379,569
		1,495,704,736		1,791,343,578
<b>LESS:CURRENT LIABILITIES &amp; PROVISIONS</b>				
Current Liabilities	8	533,161,456		872,476,800
Provisions		23,462,044		24,136,651
		556,623,500		896,613,452
<b>NET CURRENT ASSETS</b>			939,081,236	894,730,127
<b>DEFERRED TAX ASSETS</b>			0	5,403,507
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not Written off or adjusted)			4,494,232	6,567,064
<b>PROFIT &amp; LOSS ACCOUNT</b>			747,202,593	0
		<b>TOTAL</b>	<b>2,125,910,706</b>	<b>1,326,503,427</b>
Significant Accounting Policies and Notes to the Accounts	15			

As Per our Report of Even Date

For And on Behalf of The Board of Directors

For And on Behalf of  
**Pachori & Associates**  
Chartered Accountants

Sd/-  
**S. V. Pachori, Partner**  
M.No. 33081  
F.R.No.107219W  
Mumbai, Dated : 12<sup>th</sup> August, 2011

Sd/-  
**Kantilal M. Hiran**  
Chairman and Managing Director  
Mumbai, Dated : 12<sup>th</sup> August, 2011

Sd/-  
**H. N. Bafna**  
Director



# PROFIT & LOSS ACCOUNT

## FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011

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	Schedule	Rupees	For the year ended 30 <sup>th</sup> June, 2011 Rupees	For the year ended 31 <sup>st</sup> March, 2010 Rupees
<b>I. Income</b>				
Gross Sales (Pharmaceutical Division)		1,552,288,524		2,139,924,614
Less: Excise Duty on Sales		<u>73,836,045</u>		<u>110,297,494</u>
			1,478,452,479	2,029,627,120
Other Income	10		48,336,150	92,695,559
Increase(Decrease) in Stocks	11		(484,167,628)	92,737,132
			<u>1,042,621,001</u>	<u>2,215,059,811</u>
<b>II. Expenditure</b>				
Raw Material Consumed & Project Expenses	12		1,504,083,423	1,810,659,551
Power, Fuel & Water Charges			39,739,409	58,318,843
Employees Remuneration & Benefits			38,674,196	40,278,530
Director's Remuneration			5,757,970	4,274,860
Manufacturing & Other Expenses	13		80,835,891	67,260,041
Selling Expenses	14		10,111,892	19,604,223
Interest & Finance Charges			146,246,900	86,296,132
Depreciation			29,960,165	23,309,239
			<u>1,855,409,846</u>	<u>2,110,001,419</u>
<b>III. Profit / (Loss) for the year before Extraordinary Items and Tax</b>			<b>(812,788,845)</b>	<b>105,058,392</b>
<b>IV. Extraordinary Items</b>			<b>15,626,941</b>	<b>0</b>
<b>V. Profit / (Loss) for the year before Tax</b>			<b>(828,415,786)</b>	<b>105,058,392</b>
Less : Provision for Tax				
Current Tax		0		17,857,568
Earlier Year Tax		0		(2,839,407)
Mat Credit		0		(17,857,568)
Wealth Tax		0		7,554
Deferred Tax		5,403,508		33,402,645
			5,403,508	30,570,792
<b>VI. Profit / (Loss) for the year after Tax</b>			<b>(833,819,294)</b>	<b>74,487,600</b>
<b>VII. Balance of Profit brought forward from previous year</b>			<b>60,842,787</b>	<b>6,355,187</b>
<b>VIII. Amount available for appropriation</b>			<b>(772,976,507)</b>	<b>80,842,787</b>
<b>IX. Appropriations</b>				
General Reserve		(25,773,914)	(25,773,914)	20,000,000
<b>X. Balance carried to Balance Sheet</b>			<b>(747,202,593)</b>	<b>60,842,787</b>
Basic earnings per share of Rs 10 each (in rupees)			(8.45)	1.42
Diluted earnings per share of Rs 10 each (in rupees)			(8.45)	1.42
(Refer Note No 12 on Notes to Accounts)				
Significant Accounting Policies and Notes to the Accounts	15			

As Per our Report of Even Date

For And on Behalf of The Board of Directors

**For And on Behalf of**  
**Pachori & Associates**  
Chartered Accountants

Sd/-  
**S. V. Pachori, Partner**  
M.No. 33081  
F.R.No.107219W  
Mumbai, Dated : 12<sup>th</sup> August, 2011

Sd/-  
**Kantilal M. Hiran**  
Chairman and Managing Director

Sd/-  
**H. N. Bafna**  
Director

Mumbai, Dated : 12<sup>th</sup> August, 2011

# CASH FLOW STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011

	Rupees	As At June 30,2011 Rupees	As At March 31, 2010 Rupees
<b>A. Cash flow from operating activities</b>			
Net profit before tax		(812,788,845)	105,058,392
Adjustment for :			
Depreciation		29,960,165	23,309,239
Interest Income		(44,447,136)	(25,095,244)
Dividend Income		(643,045)	(172,127)
Share Issue Expenses		2,072,832	1,606,881
Unrealised Foreign Exchange		861,233	46,724,655
(Profit)/Loss on sale of Fixed Assets(Net)		4,720,103	1,939,368
Interest & Other finance charges		146,246,900	86,296,132
<b>Operating profit before working capital changes</b>		<b>(674,017,793)</b>	<b>239,667,296</b>
Adjustment for :			
Debtors	115,918,957		(235,817,308)
Inventories	564,369,102		(173,830,511)
Loans & Advances	(222,685,227)		81,850,802
Trade payables	(339,784,665)	117,818,167	209,244,442
<b>Cash generated from operations</b>		<b>(556,199,626)</b>	<b>121,114,722</b>
Fringe Benefit & Earlier Year Tax Paid			(195,000)
Taxes paid Net of Refund		(955,000)	(1,916,828)
<b>Net cash from operating activities</b>	<b>(A)</b>	<b>(557,154,626)</b>	<b>119,002,893</b>
<b>B. Cash flow from investing activities</b>			
Purchase of Fixed Assets (Including Capital Work in Progress)		(53,888,301)	(19,792,653)
Sale/Adjustment of Fixed Assets		2,778,117	625,000
Purchase of Investment(Net)		1,100,000	(19,040,000)
Dividend received		643,045	172,127
Interest received		44,447,136	25,095,244
<b>Net cash used in investing activities</b>	<b>(B)</b>	<b>(4,920,003)</b>	<b>(12,940,282)</b>
<b>C. Cash flow from Financing Activities</b>			
Proceeds from issue of Share Capital		461,538,600	0
Share Issue Expenses		0	(7,652,383)
GDR related expenses and Exchange Loss		(15,626,941)	
Proceeds from borrowings		424,404,155	6,765,461
Interest & Other finance charges		(146,246,900)	(86,296,132)
Dividend paid		0	(2,100,120)
Tax on Proposed Dividend		0	(356,915)
<b>Net cash from financing activities</b>	<b>(C)</b>	<b>724,068,914</b>	<b>(89,640,089)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>		<b>161,994,284</b>	<b>16,422,522</b>
<b>Cash and Cash equivalents (Opening Balance)</b>		<b>89,085,033</b>	<b>72,662,511</b>
<b>Cash and Cash equivalents (Closing Balance)</b>		<b>251,079,317</b>	<b>89,085,033</b>

As Per our Report of Even Date

**For And on Behalf of**  
**Pachori & Associates**  
Chartered Accountants

For And on Behalf of The Board of Directors

Sd/-  
**S. V. Pachori, Partner**  
M.No. 33081  
F.R.No.107219W  
Mumbai, Dated : 12<sup>th</sup> August, 2011

Sd/-  
**Kantilal M. Hiran**  
Chairman and Managing Director  
Mumbai, Dated :12<sup>th</sup> August, 2011

Sd/-  
**H. N. Bafna**  
Director

**Notes:**

- (1) 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.
- (2) Cash and Cash equivalents as at 30<sup>th</sup> June, 2011 include bank deposits of Rs 2459.06 Lacs with a maturity period exceeding three months.
- (3) Previous year's figures have been regrouped and rearranged wherever deemed necessary.

# SCHEDULES FORMING PART OF BALANCE SHEET AS AT 30<sup>TH</sup> JUNE, 2011

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	As At June 30,2011	As At March 31, 2010
Rupees	Rupees	Rupees
<b>SCHEDULE : 1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,50,00,000 Equity Shares of Rs. 10/- each (Previous Year '10,50,00,000 Equity Shares of Rs 10/- each)	<u>1,050,000,000</u>	<u>1,050,000,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
9,86,56,860 Equity Shares of Rs. 10/-each fully paid up (Of the above 4,61,53,860 shares of Rs 10/- each are representing 15,38,462 Global Depository Receipt)		
(Previous Year 5,25,03,000 Equity Shares of Rs 10/- each fully paid up)	<u>986,568,600</u>	<u>525,030,000</u>
<b>SCHEDULE : 2 : RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last Balance Sheet	25,773,914	5,773,914
Less : Transferred to Profit & Loss Account	(25,773,914)	20,000,000
	0	25,773,914
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	27,409,200	27,409,200
<b>Capital Subsidy</b>		
Balance as per last Balance Sheet	1,500,000	1,500,000
<b>Securities Premium Account</b>		
Balance as per last Balance Sheet	148,918,000	568,942,000
Less: Capitalised for issue of Bonus Shares	<u>0</u>	<u>420,024,000</u>
	148,918,000	<u>148,918,000</u>
<b>Profit &amp; Loss Account</b>		
Balance as per Profit and Loss Account	0	60,842,787
	<u>177,827,200</u>	<u>264,443,901</u>
<b>SCHEDULE : 3 : SECURED LOANS</b>		
<b>TERM LOAN FROM STATE BANK OF INDIA</b>	0	5,822,761
(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.)		
<b>WORKING CAPITAL TERM LOAN FROM STATE BANK OF INDIA</b>	122,318,023	160,000,000
(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, pledge of equity shares of the company held by promoters, equitable mortgage of office premise & corporate guarantee of Sunflower Trading & Investment Private Limited, equitable mortgage of residential flat and guarantee of D.K. Hiran and lien on Bank Fixed Deposits)		
<b>FROM STATE BANK OF PATIALA</b>	22,189,701	30,000,000
(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 first 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, pledge of equity shares of the company held by promoters, equitable mortgage of office premise & corporate guarantee of Sunflower Trading & Investment Private Limited, equitable mortgage of residential flat and guarantee of D.K. Hiran and lien on bank Fixed Deposits.)		

<b>WORKING CAPITAL LOAN FROM STATE BANK OF INDIA</b>	457,427,339	183,112,196
<p>(Secured by Mortgage and/or hypothecation of all present &amp; 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, pledge of equity shares of the company held by promoters, equitable mortgage of office premise &amp; corporate guarantee of Sunflower Trading &amp; Investment Private Limited, equitable mortgage of residential flat and guarantee of D.K. Hiran and lien on Bank Fixed Deposits)</p>		
<b>FROM STATE BANK OF PATIALA</b>	146,443,728	83,980,399
<p>(Secured by Mortgage and/or hypothecation of all present &amp; future fixed assets of the company located at Plot No 663 and Plot No 322 B GIDC Panoli by way of first 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, pledge of equity shares of the company held by promoters, equitable mortgage of office premise &amp; corporate guarantee of Sunflower Trading &amp; Investment Private Limited, equitable mortgage of residential flat and guarantee of D.K. Hiran and lien on bank Fixed Deposits.)</p>		
<b>FOREIGN CURRENCY LOAN FROM BARCLAYS BANK</b>	44,461,822	74,114,170
<p>(Secured by personal guarantee of the two directors of the company and mortgage of a land at palghar owned by a promoter)</p>		
<b>LOAN FROM SICOM LIMITED</b>	150,000,000	0
<p>(Secured by mortgage of office premises owned by promoters, pledge of equity shares of the company and Actgen Pharma Pvt. Ltd., and personal guarantee of four promoters of the company.)</p>		
<b>LOAN AGAINST PURCHASE OF CARS</b>		
<b>From Bank</b>	2,544,152	0
<p>(Secured by hypothecation of vehicles)</p>		
<b>Loan Against Keyman Insurance Policy</b>	4,400,000	0
<p>(Lien on Keyman Insurance Policy)</p>		
	<u>949,784,765</u>	<u>537,029,526</u>
<b>SCHEDULE : 4 : UNSECURED LOANS</b>		
From Directors	5,664,698	0
From Others	6,065,443	0
	<u>11,730,141</u>	<u>0</u>

**SCHEDULE : 5 : FIXED ASSETS**

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	AS AT 1.4.2010	ADD.(DEDU.) DURING THE YEAR	TOTAL AS AT 30.06.2011	UP TO 31.03.2010	FOR THE YEAR	DEDUCTION FOR THE YEAR	UP TO 30.06.2011	AS AT 30.06.2011	AS AT 31.03.2010
Leasehold Land	5,550,111		5,550,111					5,550,111	5,550,111
Plant & Machinery	407,744,145	50,709,426	450,112,971	102,445,755	24,414,282	(1,482,684)	125,377,353	324,735,618	305,298,390
		(8,340,600)							
Factory Building	44,370,825		44,370,825	10,209,167	1,851,467		12,060,634	32,310,191	34,161,658
Electrical Installations	7,041,450	47,354	7,088,804	1,641,623	419,651		2,061,274	5,027,530	5,399,827
Vehicles	9,588,564	3,675,773	12,522,462	4,248,736	1,345,187	(101,571)	5,492,352	7,030,110	5,339,828
		(741,875)							
Office Equipments	2,267,163	108,612	2,375,775	568,357	134,846		703,203	1,672,572	1,698,806
Computers	4,060,445	138,285	4,198,730	2,606,613	829,044		3,435,657	763,073	1,453,832
Air Conditioners	1,189,738		1,189,738	231,554	70,602		302,156	887,582	958,184
Furniture & Fixtures	4,210,368		4,210,368	1,188,915	332,963		1,521,878	2,688,490	3,021,453
Lab Equipments	9,390,166	121,086	9,511,252	1,841,571	562,123		2,403,694	7,107,558	7,548,595
<b>TOTAL</b>	<b>495,412,975</b>	<b>45,718,061</b>	<b>541,131,036</b>	<b>124,982,291</b>	<b>29,960,165</b>	<b>(1,584,255)</b>	<b>153,358,201</b>	<b>387,772,835</b>	<b>370,430,684</b>
<b>PREVIOUS YEAR</b>	<b>467,456,144</b>	<b>27,956,831</b>	<b>495,412,975</b>	<b>102,202,643</b>	<b>23,309,239</b>	<b>(529,592)</b>	<b>124,982,290</b>	<b>370,430,684</b>	

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

			As At June 30,2011	As At March 31, 2010
<b>SCHEDULE : 6 : INVESTMENTS (AT COST)</b>				
<b>Long Term Investments</b>				
	<b>No</b>	<b>Face Value</b>	<b>Rupees</b>	<b>Rupees</b>
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 (144,431)	10	1,444,310	1,444,310
Actgen Pharma Pvt.Ltd.	4,410,000 (4,410,000)	10	44,100,000	44,100,000
<b>In Mutual Funds</b>				
UTI Infrastructure Fund Series I	100,000 (100,000)	10	1,000,000	1,000,000
UTI Wealth Builder Fund	0 (107,579)	10	0	1,100,000
			<b>46,929,310</b>	<b>48,029,310</b>
Book Value Unquoted Investments			45,929,310	45,929,310
Repurchase price of Mutual fund units, representd by Net Asset Value.			853,000	2,474,517
<b>SCHEDULE : 7 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>CURRENT ASSETS</b>				
Inventories (Taken, valued and certified by the Management)				
Raw Materials (At Cost)			67,835,669	147,701,557
Stores,Spares & Packing Materials (At Cost)			2,367,068	2,702,654
Work in Progress / Material in Process (At estimated Cost)				
Pharmaceutical Division			23,441,923	470,863,098
Construction Division			33,386,587	33,386,587
Finished Goods (At Cost or Net Realisable Value whichever is lower)			2,179,838	38,926,291
			<b>129,211,085</b>	<b>693,580,187</b>
<b>Sundry Debtors-Unsecured</b>				
Debts over six months				
Considered Good	208,164,214			230,194,483
Considered Doubtful	22,925,409			6,485,475
Less : Provision for Doutful Debtors (Refer Note No.4 on Notes to the Accounts)	(22,925,409)			
	208,164,214			236,679,958
Others Debts - Considered Good	89,230,323			177,618,831
			<b>297,394,537</b>	<b>414,298,789</b>
<b>CASH AND BANK BALANCES</b>				
Cash on hand	77,799			2,667,028
Balance with Banks :				
In Current Accounts with Scheduled banks	5,095,048			7,612,505
In Fixed Depost Accounts :				
With scheduled banks	25,705,056			78,805,500
With unscheduled bank	220,201,414			0
			<b>251,079,317</b>	<b>89,085,033</b>

	Rupees	As At June 30,2011 Rupees	AS At March 31, 2010 Rupees
<b>LOANS AND ADVANCES</b>			
(Unsecured, Considered Good)			
Advances Receivable In Cash or In Kind or for Value To Be Received	1,851,920		2,049,779
Interest Receivable	8,965,372		9,997,666
Short Term Loans & Advances	347,763,536		238,065,679
Export Benefit Receivable	16,981,718		22,074,886
Insurance Claim Receivable	0		30,000
Advance Income Tax	15,047,905		14,092,905
Mat Credit Entitlement	17,857,568		17,857,568
Deposits	53,291,714		55,721,427
Modvat Credit Availed, Excise Duty Service Tax and VAT	76,465,622		92,016,985
Advances against Orders	278,024,423		137,887,626
Sundry Creditors with Debit Balances	822,244		2,889,973
Prepaid Expenses	947,775		1,695,075
		<u>818,019,797</u>	<u>594,379,569</u>
		<b><u>1,495,704,736</u></b>	<b><u>1,791,343,578</u></b>
<b>SCHEDULE : 8 : CURRENT LIABILITIES &amp; PROVISIONS</b>			
<b>CURRENT LIABILITIES</b>			
Sundry Creditors for Goods (Refer Note No 6. on Notes to Account)	524,917,482		761,112,654
Unclaimed Dividends*	423,760		430,655
Sundry Debtors with Credit Balances	3,483,694		36,380,407
Sundry Deposits	482,500		482,500
Book Bank Overdraft	0		68,947,632
Duties & Taxes Payable	3,854,520		5,122,952
		533,161,456	872,476,800
<b>PROVISIONS</b>			
Income Tax	18,307,568		18,307,568
Wealth Tax	7,554		7,554
Leave Encashment	2,478,040		2,646,187
Gratuity	2,668,882		3,175,342
		23,462,044	24,136,651
		<b><u>556,623,500</u></b>	<b><u>896,613,452</u></b>
<b>SCHEDULE : 9 : MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>			
Share issue Expenses	6,567,064		521,562
Add: Share Issue expenses incurred during the year	0		7,652,383
	6,567,064		8,173,945
Less : Written off	2,072,832		1,606,881
		4,494,232	6,567,064
		<b><u>4,494,232</u></b>	<b><u>6,567,064</u></b>

\* 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 AND LOSS ACCOUNT FOR THE YEAR EDNED 30<sup>TH</sup>, JUNE 2011

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	Rupees	For the year ended 30 <sup>th</sup> June, 2011 Rupees	For the year ended 31 <sup>st</sup> March, 2010 Rupees
<b>SCHEDULE : 10 : OTHER INCOME</b>			
Interest (TDS Rs.36,55,691/-) (Previous Year TDS Rs 26,30,676/-)		44,447,136	25,095,244
Miscellaneous Income		494,038	1,063,873
Profit on Sale of Asset		0	11,004
Dividend Income		643,045	172,127
Sundry Credit Balances Written Back (Net)		1,074,145	80,260
Foreign Exchange Fluctuation Loss/(Profit)		1,677,786	65,967,502
Prior Period Income		0	305,549
		<b>48,336,150</b>	<b>92,695,559</b>
<b>SCHEDULE : 11 : INCREASE / (DECREASE)IN STOCKS</b>			
Closing Stocks			
Finished Goods : Pharmaceutical Division	2,179,838		38,926,291
Material in Process: Pharmaceutical Division	23,441,923		470,863,098
		25,621,761	509,789,389
Less Opening Stocks			
Finished Goods : Pharmaceutical Division	38,926,291		5,450,219
Material in Process: Pharmaceutical Division	470,863,098		411,602,038
		509,789,389	417,052,257
		<b>(484,167,628)</b>	<b>92,737,132</b>

Rupees	For the year ended 30 <sup>th</sup> June,2011 Rupees	For the year ended 31 <sup>st</sup> March,2010 Rupees
<b>SCHEDULE : 12 : RAW MATERIAL CONSUMED &amp; PROJECT EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Raw Materials Consumed-Pharmaceutical Division	694,447,557	1,124,464,205
Trading Purchases-Pharmaceutical Division	809,635,866	686,195,346
<b>Cost of Projects</b>		
Opening Stock		
Work in Progress	33,386,587	32,438,282
Add: Expenses incurred during the year:	0	948,305
Less: Closing Stock		
Work in Progress	33,386,587	33,386,587
	<u>1,504,083,423</u>	<u>1,810,659,551</u>
<b>SCHEDULE : 13 :MANUFACTURING &amp; OTHER EXPENSES</b>		
R & D Expenses & Testing Charges	1,657,312	2,719,190
Packing Materials	4,546,203	9,140,431
Repairs & Maintenance	6,591,703	11,322,174
Excise Duty	(4,701,710)	4,631,930
<b>(Refer Note No 17 on Notes to Accounts)</b>		
Vehicle Maintenance & Fuel Charges	2,672,921	952,603
Legal & Professional Charges	8,425,045	3,167,527
Printing and Stationery	1,294,341	1,074,061
Bad Debts	22,925,409	0
Postage & Telephone	1,777,285	1,368,118
Conveyance & Travelling Exp.	2,646,168	1,775,697
Bank Charges	5,823,128	4,638,823
Internal Auditors' Remuneration	52,200	208,800
Auditor's Remuneration :		
Audit Fees	200,000	150,000
Tax Audit Fees	15,000	15,000
Income Tax Matter	67,000	69,000
Limited Review Report Fees	15,000	22,500
Certification and Other Consultancy charges	92,700	49,900
	<u>389,700</u>	
Insurance	4,192,526	3,577,342
Loss on Sale/Discard of Assets	4,720,103	1,950,372
Directors Sitting Fees	70,000	37,500
ETP Expenses	3,200,212	9,918,080
Miscellaneous & Office Expenses	2,634,978	1,383,340
Prior Period Expenses	1,465,353	0
Advertisement	252,587	158,560
Service Tax Paid	1,124,869	1,703,757
Rent, Rates & Taxes	6,913,726	5,127,455
Fines & Penalties	50,000	140,000
Donation	39,000	351,000
Share Issue Exp Written Off	2,072,832	1,606,881
	<u>80,835,891</u>	<u>67,260,041</u>
<b>SCHEDULE : 14 : SELLING EXPENSES</b>		
Sales Promotion Expenses	1,399,772	2,655,246
Sales Tax paid	0	387,366
Transportation, Freight & Forwarding Charges	6,291,668	6,204,116
Brokerage,Commission & Cash Discount	2,420,452	10,357,495
	<u>10,111,892</u>	<u>19,604,223</u>

# NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2011.

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## 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 contributions 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 and Deferred Tax. Current Income 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.

**NOTES ON ACCOUNTS**

2. The Board of Directors at its board meeting held on 27<sup>th</sup> May, 2011 had approved extension of Accounting year of the company to end on 30<sup>th</sup> June, 2011. Thus the figures of the current accounting period relate to 15 Months (1<sup>st</sup> April, 2010 to 30<sup>th</sup> June, 2011), are not comparable with previous year figures related to 12 Months (1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010).

**3. CONTINGENT LIABILITIES**

(Rs. In Lacs)

Particulars	Current Year 30.06.2011	Previous Year 31.03.2010
(i) Liability in respect of Bills Discounted with bank	Nil	447.37
(ii) Letter of Credit	Nil	346.58
(iii) Claims against the company not acknowledged as debts		
(a) Sales Tax	143.89	Nil
(b) Excise Duty	68.02	21.74
(c) Income Tax	4.80	Nil

4. Sundry debtors include Rs. 229.25 Lacs (P.Y. Rs. 64.85 Lacs) due from local debtors Rs. 117.18 Lacs and from export debtors Rs. 112.07 Lacs, which are considered doubtful of recovery and provision for the same is made.

**5. MANAGERIAL REMUNERATION**

(Rs. In Lacs)

Particulars	Current Year 30.06.2011	Previous Year 31.03.2010
(i) Remuneration to Managing Director Salaries	22.50	24.00
(ii) Remuneration to Whole Time Director Salaries and Allowances etc	35.08	18.75
(iii) Directors Sitting Fees	0.70	0.43

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. 169.82 Lacs (previous year 179.32 Lacs) includes Rs. 119.18 Lacs (previous year 119.18 Lacs) incentive under the target plus scheme announced by the Union Government. However due to subsequent reduction of incentive under target plus scheme there may be a lapse of Export incentive to the extent of Rs. 119.18 Lacs. No provision has been created for the said loss as management anticipates some relief from the Union Government in this respect.
8. The company has suffered huge loss of WIP inventory of Rs. 5959.11 lacs due to non conformity with Q.C. specifications. Quality deterioration was caused mainly because of serious problem of controlling process cycle, owing to various reasons chiefly effluent disposal bottleneck caused by restrictions enforced by Gujarat Pollution Control Board for discharge of effluent in Common Effluent Treatment Plant at Panoli. This disrupted the entire business cycle with a resultant impact on financial flow and its constrictions reflected in severe limitation to salvage the situation, which went beyond the control of the management.
9. In view of substantial business loss and no virtual certainty to adjust losses against future profit, Deferred Tax Asset has not been considered for the year.
10. The company has advanced against orders Rs. 2780.24 Lacs to various parties pertaining mainly to construction division. In the opinion of the management these are good and recoverable. The increase in advance against order during the period under review was caused by non materialization of reduction in advance against order of Rs. 1850 Lacs in the previous year.

**11. 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)
<b>A. LICENSED CAPACITY</b>				
Pharmaceutical Intermediates	N.A.	-	N.A.	-
<b>B. INSTALLED CAPACITY</b>				
Pharmaceutical Intermediates (As certified by the Management)	960000 Kgs	-	960000 Kgs	-
<b>C. ACTUAL PRODUCTION INCLUDING PRODUCTION AT LOAN LICENSEE LOCATIONS</b>				
Pharmaceutical Intermediates	314679 Kgs	-	942242 Kgs	
Reprocessing of Intermediates	95080 Kgs		20443 Kgs	
	409759 Kgs		962685 Kgs	
<b>D. SALES</b>				
i) Pharmaceutical Intermediates	437292 Kgs	7,007.71	936375 Kgs	14,521.25
ii) Chemicals & Other	6803541 Kgs	8,220.75	11766397 Kgs	6,878.00
iii) Pharmaceutical Intermediates resale	21020 Kgs	294.43		
		15,522.89		21,399.25
<b>E. OPENING STOCK OF FINISHED GOODS</b>				
Pharmaceutical Intermediates	28625 Kgs	389.26	2315 Kgs	54.50
<b>F. CLOSING STOCK OF FINISHED GOODS</b>				
Pharmaceutical Intermediates	1093 Kgs	21.80	28625 Kgs	389.26
<b>G. CONSUMPTION OF RAW MATERIALS</b>				
For Own Production				
i) Raw Materials	2135120 Kgs 812451 Ltrs	7,250.93	6265464 Kgs 2418032 Ltrs	11,244.65

**PURCHASE OF FINISHED GOODS FOR RESALE**

i) Chemicals & Other	6803541 Kgs	7,789.91	11766397 Kgs	6,861.95
ii) Pharamceutical Intermediates	21020 Kgs	306.45	NIL	NIL
		<u>15,040.83</u>		<u>18,106.60</u>

**H. VALUE OF IMPORTS ON CIF BASIS**

Raw Materials	684770 Kgs	1,958.07	1650875 Kgs	7,412.93
Capital Goods	NIL	NIL	1 No.	7.60

**I. INCOME IN FOREIGN CURRENCY**

Export on FOB Basis	96219 Kgs	1,474.85	166341 Kgs	2,058.73
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**J. VALUE OF RAW MATERIALS, STORES & SPARES**

Component Consumed For Own Production	Value (Rs. In Lacs)	%	Value (Rs. In Lacs)	%
Raw Materials :				
Imported	2,223.30	30.66	7,038.28	62.59
Indigenous	5,027.63	69.34	4,206.37	37.41
	<u>7,250.93</u>	<u>100.00</u>	<u>11,244.65</u>	<u>100.00</u>
Stores & Spares : Indigenous	43.82	100.00	78.89	100.00

	Value (Rs. In Lacs)	Value (Rs. In Lacs)
--	------------------------	------------------------

**K EXPENDITURE IN FOREIGN CURRENCY**

Commission on Sales	11.36	7.99
Traveling Expenses	4.89	5.59
Sales Promotion	6.00	NIL
Interest & Finance charges	58.42	157.04

**12. 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
	(iv) Shri M. Kailash Kumar	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)	(Rs. in Lacs)		
	Referred in 1 above	Referred in 2 above	Referred in 3 above
(1) Rent Paid	-	53.39	-
	(-)	(41.79)	(-)
(2) Remuneration	57.58	-	-
	(42.75)	(-)	(-)
(3) Sales	-	-	1443.04
	(-)	(-)	(286.93)
(4) Purchase	-	-	1241.85
	(-)	(-)	(361.44)
(5) Unsecured Loan	-	-	-
Balance As on 1.04.2010	(-)	(-)	(-)
Taken During The Period	85.22	-	-
	(-)	(-)	(-)
Repaid During the Period	28.58	-	-
	(-)	(-)	(-)
Balance As on 30.06.2011	56.64	-	-
	(-)	(-)	(-)
<b>C) Year End Outstanding:</b>			
(i) Sundry Creditors	2.86	-	-
	(5.21)	(-)	(239.18)
(ii) Sundry Debtors	-	-	494.78
	-	-	(-)
(ii) Deposits	-	383.32	-
	(-)	(428.48)	(-)
(iii) Investments	-	-	441
	(-)	(-)	(441)
(iv) Unsecured Loan	56.64	-	-
	(-)	(-)	(-)

Previous year figures are given in bracket.

**13. Basic & Diluted Earning Per Share**

Particulars	Current Year 30.06.2011	Previous Year 31.03.2010
(i) Profit / (Loss) after taxation as per Profit and Loss Account	Rs. (833,819,294)	Rs.74,488,188
(ii) No of Equity Shares		
For Basic earning per share	(Nos.) 9,86,56,860	(Nos.) 5,25,03,000
For Diluted earning per share	(Nos.) 9,86,56,860	(Nos.) 5,25,03,000
(iii) Face value of Equity Share	Rs.10/- each	Rs.10/- each
(iv) Basic earning per share	Rs. (8.45)	Rs. 1.42
(v) Diluted earning per share	Rs. (8.45)	Rs. 1.42



#### 14. FINANCIAL & DERIVATIVE INSTRUMENTS

(a) Derivative Contract entered into by the company and outstanding as on 30<sup>th</sup> June, 2011.

For hedging currency and Interest rate related Risks:-

Nominal amounts of derivative contracts entered into by the company and outstanding as on 30<sup>th</sup> June, 2011 amount to Rs. 268.32 Lacs (Previous Year Rs. 508.36 Lacs). Category wise break-up is given below:-

(Rs. In Lacs)			
Sr.No.	Particulars	As At 30th June 2011	As At 31st March 2010
1	Forward Contracts	268.32	508.36

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

(Rs. In Lacs)

Particulars	Currency	Current Year 30.06.2011		Previous Year 31.03.2010	
		Amount in foreign currency	Equivalent INR (Rs In Lacs)	Amount in foreign currency	Equivalent INR (Rs In Lacs)
Liabilities Payable	USD	12.53	560.34	120.57	5418.41
Assets Receivable	USD	49.24	2202.01	3.96	177.96

#### 15. 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:

(Rs. In Lacs)

Particulars	Current Year 30.06.2011	Previous Year 31.03.2010
Employer's Contribution to Provident Fund & Other Funds (Included in Employees Remuneration and Benefits)	11.54	10.14

i) Defined Benefit Plans

In accordance with Accounting Standard 15 (R), actuarial valuation was done as on 30<sup>th</sup> June 2011 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 and Benefits.

a) Changes in present value of obligation

(Rs. In Lacs)

Particulars	Current Year 30.06.2011 Gratuity (Unfunded)	Previous Year 31.03.2010 Gratuity (Unfunded)	Current Year 30.06.2011 Leave Encashment (Unfunded)	Previous Year 31.03.2010 Leave Encashment (Unfunded)
Present Value of Obligation as at April 1, 2010	31.75	29.12	26.46	25.22
Current Service Cost	5.19	4.48	3.53	2.35
Benefits Paid	1.13	1.46	0.52	1.38
Interest Cost	2.94	2.04	2.52	1.77
Actuarial (gain)/ loss on obligation	-12.06	2.43	-7.21	1.49
Present value of Obligation as at June 30, 2011	26.69	31.75	24.78	26.46

**(B) RECONCILIATION OF PRESENT VALUE OF DEFINED OBLIGATION AND THE FAIR VALUE OF PLAN ASSETS**

(Rs. In Lacs)

Particulars	As At 30th June 2011 Gratuity (Unfunded)	As At 31st March 2010 Gratuity (Unfunded)	As At 30th June 2011 Leave Encashment (Unfunded)	As At 31st March 2010 Leave Encashment (Unfunded)
Present value of Obligation as at June 30, 2011	26.69	31.75	24.78	26.46
Fair Value of Plan Assets as at June 30, 2011	Nil	Nil	Nil	Nil
Liability Recognised in the Balance Sheet	26.69	31.75	24.78	26.46

**EXPENSES RECOGNIZED IN THE PROFIT AND LOSS ACCOUNT**

(Rs. In Lacs)

Particulars	Current Year 30.06.2011 Gratuity (Unfunded)	Previous Year 31.03.2010 Gratuity (Unfunded)	Current Year 30.06.2011 Leave Encashment (Unfunded)	Previous Year 31.03.2010 Leave Encashment (Unfunded)
Current Service Cost	5.19	4.48	3.53	2.35
Interest Cost	2.94	2.04	2.52	1.77
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Actuarial (gain)/loss	-12.06	2.43	-7.21	1.49
Net Cost/(Gain)	-3.93	4.09	-1.16	2.62

**(D) ACTUARIAL ASSUMPTIONS:**

(Rs. In Lacs)

Particulars	Current Year 30.06.2011 Gratuity (Unfunded)	Previous Year 31.03.2010 Gratuity (Unfunded)	Current Year 30.06.2011 Leave Encashment (Unfunded)	Previous Year 31.03.2010 Leave Encashment (Unfunded)
Retirement Age	58 years	58 years	58 years	58 years
Withdrawal Rates	1.00% P.A.	1.00% P.A.	1.00% P.A.	1.00% P.A.
Future Salary Rise	5.00% P.A.	5.00% P.A.	5.00% P.A.	5.00% P.A.
Rate of Discounting	7.50% P.A.	8.00% P.A.	7.50% P.A.	7.00% P.A.
Return on Plan Assets	N.A.	N.A.	N.A.	N.A.
Mortality Table	L.I.C. Ultimate (1994-96)	L.I.C. Ultimate (1994-96)	L.I.C. Ultimate (1994-96)	L.I.C. Ultimate (1994-96)

**(e) Note:**

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.

## 16. 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	Pharmaceutical		Construction		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Gross Sales	15,522.88	21,399.25	0	0	15,522.89	21,399.25
Total Revenue	15,522.88	21,399.25	0.00	0.00	15,522.89	21,399.25
Segment Results	(7,069.12)	1,643.20	0.00	0.00	(7,069.12)	1,643.20
Interest and Dividend Income					450.90	250.95
Interest Expense					(1,462.47)	(862.96)
Profit/(Loss) on sale/discard of Assets					(47.20)	19.39
Profit / (Loss) for the year before Extraordinary Items and Tax					(8,127.89)	1,050.58
Extraordinary Items					(156.27)	0.00
Profit/(Loss) before Tax					(8,284.16)	1,050.58
Provision for Current Tax					0.00	178.65
Provision for Mat Credit					0.00	(178.58)
Provision for Earlier Year Tax					0.00	(28.39)
Provision for Deferred Tax					54.04	334.03
<b>Net Profit/(Loss) after tax</b>					<b>(8,338.19)</b>	<b>744.88</b>
<b>OTHER INFORMATION</b>						
Segment Assets	9,533.89	20,715.60	2,948.34	3,533.22	12,482.23	22,089.83
Unallocated Corporate Assets					6,826.14	87.30
Total Assets					19,308.37	22,177.13
Segment Liabilities	5,566.24	16,495.42	0.00	0.00	5,566.24	14,336.43
Unallocated Corporate Liabilities					9,615.15	0.00
Total Liabilities					15,181.38	14,336.43
Capital Expenditure Incurred During The Year	548.01	293.01	0.00	0.00	548.01	293.01
Unallocated Cost					39.23	24.92
Depreciation					281.12	219.56
Unallocated Depreciation					18.48	13.53
Other Non Cash Expenditure					20.73	16.07
<b>GEOGRAPHICAL SEGMENT</b>						
Revenue (Gross Sales)						
Domestic sales					13,772.77	19,073.27
Export sales					1,750.12	2,325.98
					<b>15,522.89</b>	<b>21,399.25</b>

17. 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.
18. Exceptional Item of Rs. 156.27 lacs include foreign exchange loss relating to GDR Issue, expenses incurred and income accrued in connection thereto.
19. The company has issued 15,38,462 GDR at an offer price of USD 6.50 per GDR aggregating to USD 10 million. Each GDR represents 30 Equity Shares of Rs. 10 each. Out of the above USD 5 Million equivalent to Rs. 2210.53 Lacs has been transferred to India and balance is lying in the form of FDR in a foreign bank.
20. Previous year figures have been regrouped and recast wherever deemed necessary.

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Signature to Schedules 1 to 15

As Per our Report of Even Date

For And on Behalf of The Board of Directors

**For And on Behalf of  
Pachori & Associates**  
Chartered Accountants

Sd/-  
**S. V. Pachori, Partner**  
M.No. 33081  
F.R.No.107219W  
Mumbai, Dated : 12<sup>th</sup> August, 2011

Sd/-  
**Kantilal M. Hiran**  
Chairman and Managing Director  
Mumbai, Dated :12<sup>th</sup> August, 2011

Sd/-  
**H. N. Bafna**  
Director

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

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

<b>I Registration Details</b>			
Registration No.	29596	State Code	11
Balance Sheet Date	30.06.2011		
<b>II Capital raised during the year ( in Rupees)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	461,538,600
<b>III Position of Mobilisation &amp; Deployment of Funds (in Rupees)</b>			
Total Liabilities	2,682,534,206	Total Assets	2,682,534,206
<b>SOURCES OF FUNDS</b>			
Paid-up-Capital	986,568,600	Reserves and Surplus	177,827,200
Secured Loans	949,784,765	Unsecured Loans	11,730,141
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	388,203,335	Investments	46,929,310
Net Current Assets	939,081,236	Misc.Expenditure	4,494,232
Deferred Tax Assets	0	Accumulated Loss	747,202,593
<b>IV PERFORMANCE OF COMPANY</b>			
Turnover	1,526,788,629	Total Expenditure	2,339,577,473
Profit/(Loss) before Tax	(812,788,845)	Profit/(Loss) After Tax	(833,819,294)
Earning Per Share (Annualised)	Rs (8.45)	Dividend	0
<b>V Generic Name of Principal Product :</b>			
(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 The Board of Directors

**For And on Behalf of  
Pachori & Associates**  
Chartered Accountants

Sd/-  
**S. V. Pachori, Partner**  
M.No. 33081  
F.R.No.107219W  
Mumbai, Dated : 12<sup>th</sup> August, 2011

Sd/-  
**Kantilal M. Hiran**  
Chairman and Managing Director  
Mumbai, Dated :12<sup>th</sup> August, 2011

Sd/-  
**H. N. Bafna**  
Director

# HIRAN ORGOCHEM LIMITED

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

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a Shareholder/Shareholders of HIRAN ORGOCHEM LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
or failing him/ her \_\_\_\_\_ of \_\_\_\_\_ as my /  
our Proxy to attend and vote for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company to be held on  
Thursday, 29<sup>th</sup> September, 2011 at 3:00 p.m. and at any adjournment thereof.

Regd. Folio. No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Client I.D. No. \_\_\_\_\_ DP. ID. No. \_\_\_\_\_

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Signature of Shareholder \_\_\_\_\_

Affix  
Re 1.00  
Revenue  
Stamp

### **Note:**

The Proxy form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.



# HIRAN ORGOCHEM LIMITED

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

## ATTENDANCE SLIP

I/We hereby record my/our presence at the 27<sup>th</sup> Annual General Meeting of the Company at the Registered Office of the Company at Palm Court, M Block, 601/A1, Link Road, Malad (West), Mumbai – 400 064 on Thursday, 29<sup>th</sup> September, 2011 at 3:00 p.m. and at any adjournment thereof.

Name \_\_\_\_\_

Address \_\_\_\_\_

Regd. Folio. No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

Client ID. No. \_\_\_\_\_ DP ID No. \_\_\_\_\_

Name of Proxy/Representative, if any \_\_\_\_\_

Signature of the Shareholder(s)/Proxy/Representative \_\_\_\_\_

**Shareholder / proxy attending the Meeting must fill in this Attendance slip and hand it over at the entrance of the venue of the meeting**





Palm Court, M Block, 601/A1, Link Road, Malad (W),  
Mumbai – 400 064. Tel.: 022-40953000 Fax: 022-40953099  
Email: [info@hiranorgochem.com](mailto:info@hiranorgochem.com) Website: [www.hiranorgochem.com](http://www.hiranorgochem.com)