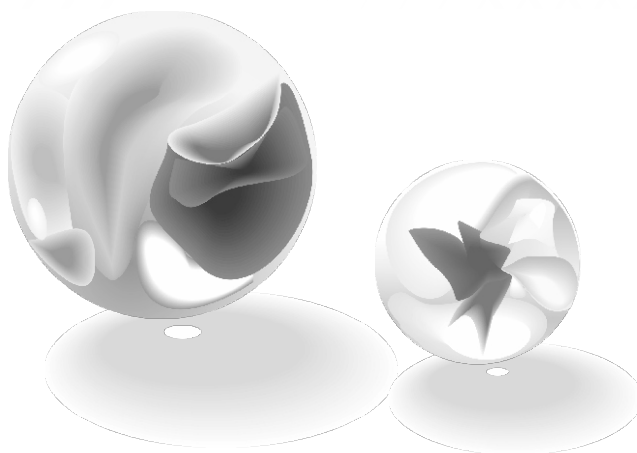


Strategy for
success



2011-2012



28TH ANNUAL REPORT

BOARD OF DIRECTORS:

Mr. Kantilal M. Hiran

(Chairman and Managing Director)

Mr. Mukesh Naik (upto 26th December 2011)

Mr. H. N. Bafna

Mr. M. Kailash Kumar

Mr. Ashok Lunia

AUDITORS:

M/s. Pachori & Associates

(Chartered Accountants)

BANKERS:

State Bank of Patiala

State Bank of India

REGISTERED OFFICE:

Unit No. 439, 4th Floor,
Ijmina-Imitation Jewellery Market Co-op Society Ltd.
Off Link Road,
Malad (W) Mumbai – 400 064.
Tel.: 022-40953000
Fax: 022-40953099
Email: info@hiranorgochem.com
Website: www.hiranorgochem.com

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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

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 2011-2012 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, 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 Eighth Annual General Meeting of the Members of **HIRAN ORGOCHEM LIMITED** will be held on Friday, 28th December, 2012 at 10:00 a.m. at Goregaon Sports Club, Link Road, Malad (West), Mumbai - 400064 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2012 and Profit and Loss Account (Statement of Profit and Loss) for the year ended on that date along with the Reports of Directors' and Auditor thereon.
2. To appoint a Director in place of Mr. H. N. Bafna who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. MVK Associates, Chartered Accountants, having Firm Registration No. 120222W as the Statutory Auditors of the Company in place of the retiring auditors namely M/s. Pachori & Associates, Chartered Accountant, who has not offered himself for re-appointment, to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting at the remuneration as may be decided by the Board at a later date.

By Order of the Board

Place: Mumbai
Date: 3rd December 2012

Kantilal M. Hiran
Chairman & Managing Director

Registered Office:

Unit No.439, 4th Floor,
IJMIMA Immitation Jewellery Market Co-op Society Ltd.
Off Link Road, Malad (West), Mumbai 400 064

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, 25th December 2012 to Friday, 28th December 2012 (both days inclusive).
4. M/s. Pachori & Associates, Chartered Accountants, who are the Statutory Auditors of the Company, hold office upto the conclusion of the forthcoming Annual General Meeting (AGM). For the financial year 2012-13, they have not offered themselves for re-appointment as Statutory Auditors of the Company. A Special Notice in terms of Section 190 of the Companies Act, 1956 has been received under Section 225(1) from a member proposing



appointment of M/s. MVK Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion AGM until the conclusion of next AGM.

5. 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.
6. **Green Initiative:** As informed in the notice convening 27th AGM, in order to support the Green Initiative implemented by the Ministry of Corporate Affairs, for receipt of various documents and notices through electronic mode the Members who have not yet registered their email address with the Depository through their concerned Depository Participants (DPs) are requested to register the same with their DPs. Members who hold shares in physical form are requested to register their email address with 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.
7. 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.
8. Members/proxies are requested to bring the Attendance Slips sent herewith duly filled for attending the Meeting.
9. **A brief resume of person proposed to be re-appointed as Director of the Company is as follows:**

Name	Mr. H. N. Bafna
Age	53 Years
Qualification	M. Com, L.L.B, A.C.S, F.C.A.
Nature of Expertise	Practicing Chartered Accountant
Experience	28 years
Name of other Public Companies in which holds Directorship	World Water Fun Resorts Ltd.
Name of other Companies in Committees of which holds Membership/ Chairmanship	None
Shareholding in Hiran Orgochem Limited	Nil

DIRECTORS' REPORT

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To,
The Members,

The Directors hereby present the Twenty Eighth Annual Report on the business, operations and the Audited Accounts of your company for the financial year ended 30th June, 2012.

Financial Highlights:

(Rs. in Lacs)

Particulars	Current Year (1st July 2011 to 30th June 2012)	Previous Year (1st April 2010 to 30th June 2011)
Net Sales and other Income	4688.19	15113.08
Less: Expenditure except Finance Cost & Depreciation	5131.60	21554.74
Profit/(Loss) before Finance Cost, Depreciation & Taxation	(443.41)	(6441.66)
Less: Finance Cost & Depreciation	466.08	1842.50
Less: Extraordinary Item	-	-
Profit/(Loss) before Taxation	(909.49)	(8284.16)
(Add)/Less : Provision for Taxation & Deferred Tax	-	54.04
Profit/(Loss) after Taxation	(909.49)	(8338.19)

Performance:

During the year under review, the company registered sales including other income, of Rs.4688.19 Lacs. The figures shown of the previous financial year are of 15 months due to extension of financial year from April 2011 to June 2011 and hence the same are not comparable with the current financial year. The Company incurred Net Loss before Tax of Rs. 909.49 Lacs. After making the provision for taxation the net loss stood at Rs.909.49 Lacs. As the Company is facing Financial Constraints for quite sometime, the bank account of the Company has become NPA and factory at

Ankleshwar has come to an absolute halt which has hampered the performance of the Company.

Dividend:

Considering the financial position of the Company, your Directors express their inability to recommend any dividend for the financial year ended 30th June, 2012.

Directors:

During the year under review, Mr. Mukesh Dhirubhai Naik, Director of the Company, resigned from the Directorship of the Company effective from 26th December 2011. The Board places on record its appreciation for the services rendered by Mr. Mukesh Dhirubhai Naik during his tenure as Director of the Company.

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

A brief profile of Mr. H. N. Bafna as required by Clause 49 (VI) A of the Listing Agreement entered into with the Stock Exchange is given in the notice convening the ensuing Annual General Meeting.

Directors' Responsibility Statement:

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

- the Company has followed the applicable accounting standards in the preparation of the Annual Accounts and there had been no material departure except accounts drawn as per revised Schedule VI as per the Companies Act, 1956;

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- 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 30th June, 2012 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 30th June, 2012 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:

The Company has received a letter from the Statutory Auditors, M/s. Pachori & Associates, Chartered Accountants, expressing their unwillingness to be appointed as Auditors of the Company due to their preoccupation. Further, the Board has received a special notice pursuant to Section 225 of the Companies Act, 1956 from one of the Members of the Company proposing name of M/s. MVK Associates, Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2012-13 in place of retiring Auditors. The Board proposes their appointment as Statutory Auditors of the Company.

Auditors' Report:

The Auditors of the Company have made observations in their report. The observations of the Auditors' and the Management's reply for the same are as under:

Sr. No.	Auditors' Observation	Management's Reply
1.	Note No. 6(ii) & 6(iv) State Bank of India and State Bank of Patiala have recalled their loans during the year and reversed interest amounting to Rs. 83.39 lacs pertaining to period 01.04.2011 to 30.06.2011, accordingly company has also reversed the same. Therefore, loss to that extent of Rs. 83.39 lacs is understated for the current period. Further, no provision for interest is made for the current period since amount is not quantified. Accordingly, current year loss is understated to that extent.	The qualification is self explanatory. The Company's accounts have become NPA and the banks have recalled the loan amount and also reversed the interest for the current year. The total loss is unquantifiable and hence not provided for. Once the amount becomes quantifiable, the same will be included in the loss of that financial year.
2.	Note no. 6(vi) SICOM Ltd. have also recalled their loans amounting to Rs. 15 Crores and accrued interest amount during the year and no provision for interest is made in the books of account after NPA date since amount is not quantified. Accordingly current loss is understated to that extent.	Once the amount becomes quantifiable, the same will be included in the loss of that financial year and appropriate treatment will be given.
3.	Note No. 11 (iii) regarding investment in Actgen Pharma Private Limited of Rs. 441.00 lacs, we have relied on the management	The diminution in the value of investment is temporary. The management is

DIRECTORS' REPORT

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Sr. No.	Auditors' Observation	Management 's Reply
	representation that there is no permanent diminution in the value of the investment and no provision is required as there is no permanent diminution in the value of the investment;	confident that the investment will grow in near future.
4.	Note No. 14 (i) regarding trade receivables with respect to allied Pharma trading activity relating to earlier period and overdue of Rs. 1820.85 lacs though unconfirmed, we have relied on the management representation as they consider the amount is good and recoverable and no provision is required.	The management is confident of the receipt of trade receivables with respect to allied Pharma and hence no provision is considered necessary.
5.	Note No. 15 regarding cash and cash equivalents includes balance of Rs. 2832.85 lacs with Euram bank, unscheduled foreign bank in retail and money market account equivalent to USD 50.31 lacs. This amount includes foreign exchange gain of Rs. 575.18 lacs for the year. This amount does not include accrued interest of Rs. 6.08 lacs equivalent to USD 10805/-. We have not independently verified balances with foreign bank, however we have relied on the confirmation/ documents provided by the management;	The note of the auditor is self explanatory and no further explanation is necessary.

Sr. No.	Auditors' Observation	Management 's Reply
6.	Note No. 16 (iv) regarding amount advanced against orders of Rs. 2194.65 lacs in earlier years though unconfirmed, we have relied on the management representation as they consider the amount is good and recoverable and no provision is required;	The note of the auditor is self explanatory and no further explanation is necessary.
7.	Note No. 29- Other Expenses includes amount of Rs. 152.66 lacs being amount of interest income relating to last year which has been written off during the year as management realized that this amount has been excess charged in last year;	The amount of Rs.152.66 lacs was included in other expenses being return off during the year as the same has been excess charged in the last year. Debiting the expenses is compensatory in nature.

Other comments of the Auditors are self explanatory and do not require further explanation.

Corporate Governance:

A Report on Corporate Governance and a certificate from M/s. Hemanshu Kapadia & Associates, Company Secretaries 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 entered into with the Stock Exchange are annexed hereto.

Management Discussion and Analysis Report

Management Discussion and Analysis Report for the financial year under review as stipulated in Clause 49 of the Listing Agreement entered into with the stock Exchange is set out in a separate section forming part of the Annual Report.

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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 Board of Directors

Kantilal M. Hiran
Chairman & Managing Director

Place: Mumbai

Date: 3rd December 2012

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 30th June, 2012.

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 30-06-2012 (12 mts)	Year Ended 30-06-2011 (15 mts)
A. Power and Fuel Consumption			
1. Electricity			
Purchases	(Units)	909246	1700232
Total Amount	(Rs. in Lacs)	59.12	100.77
Unit Rate	(Rs.)	6.50	5.93
2. L.D.O./F.O.			
Quantity	(K. Ltrs)	Nil	Nil
Total Cost	(Rs. in Lacs)	Nil	Nil
Average rate/Unit	(Rs.)	Nil	Nil
3. Others/Internal generation			
Quantity	(Units)	11400	Nil
		kwh	
Total Cost	(Rs. in Lacs)	0.96	Nil
Average Rate/Unit	(Rs.)	8.42	Nil

ENERGY CONSUMPTION		Year Ended 30-06-2012 (12 mts)	Year Ended 30-06-2011 (15 mts)
4. Gas Purchase			
Purchases	(Units)	717696	1651809
Total Amount	(Rs. in Lacs)	106.96	225.23
Average rate/Unit	(Rs.)	14.90	13.64
B. Consumption per Unit of Production:			
Electricity	(Units/Kg.)	4.44	4.15
Gas	(Units/Kg.)	3.50	4.03

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 are 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

ANNEXURE TO THE DIRECTOR'S REPORT

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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	Year Ended
	30-06-2012 (Rs. In Lacs)	30-06-2011 (Rs. In Lacs)
Earnings	752.50	1474.85
Outgo	7.19	80.67
Value of Import on CIF Basis	-	1958.07

For and on behalf of Board

Kantilal M. Hiran
Chairman & Managing Director

Place: Mumbai

Date: 3rd December 2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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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 Work In Progress stock loss in the last year quarter of the period under review and closure of the plant due to NPA resulting in substantial erosion of capital. 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:

As a country we continue to battle inflation with Gross Domestic Product (GDP) growth projected to dip below 6.9 percent in 2011-12 from 8.4 percent growth achieved during the two preceding years. The pharmaceutical industry however retains a healthy growth rate despite signs of deceleration in the larger economy. The Pharmaceutical sector will continue to attract investments with Merger and Acquisitions paving growth; giving it substantial value. However, the recent government curbs on FDI in Pharma will keep the M&A story in the background with India well missing the bus. Policy reforms are critical to ensure the growth of the pharmaceutical sector but the recent regulatory uncertainties like the proposed new drug policy coupled with the policy paralysis and economic downturn could cripple the growth curve. The demand for Bulk Drugs is expected to increase considering growth of user industries viz. Pharmaceutical Formulating Companies.

(b) Opportunities and Threats

The government website on India-opportunities a guide to do business in India states that the

government along with the participation from the private sector, is planning to invest USD 1 billion to USD 2 billion in an effort to make India one of the top five global pharmaceutical innovation hubs by 2020. This will clearly emphasize the opportunities that will unfold for pharmaceutical sector in the coming years. Growth drivers like increase awareness of health care technology and focus on accessibility will drive innovation for the industry. Although the company's opportunities lay 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 & inadequate fund requirement the Company could not take advantage of market situation.

(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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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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	2011-12	2010-2011
Total quantity of Sales of Own Manufactured Bulk Drugs (in Kgs.)	182667	437292
Income from Operations	4688.19	15113.08
(Loss)/Profit before Finance Cost, Depreciation and Tax	(443.41)	(6441.66)
Finance Cost	190.12	1522.16
Depreciation	275.96	320.33
Extra Ordinary Item	-	-
Provision for taxation (Including Deferred Tax)	-	54.04
Net (Loss)/Profit after Tax	(909.49)	(8338.19)
Earnings per Share (in Rs.)		
- Basic	-0.92	-8.45
- Diluted	-0.92	-8.45

(h) Human Resource Development

We recognize the critical role that our people play in the success and growth of the business. It is the skill and the initiative of our workforce that sets us apart from our peers in today's technology driven economy. It is their commitment and dedication that lends us competitive edge. 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 30th June 2012, were 89.

For and on behalf of Board

Kantilal M. Hiran
Chairman & Managing Director

Place: Mumbai
Date: 3rd December 2012

REPORT ON CORPORATE GOVERNANCE

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

Your Company's philosophy on Corporate Governance envisages attainment of highest level of integrity, fairness, transparency, equity and accountability in all facets of its functioning and in its interactions with shareholders, employees, government, regulatory bodies and the community at large. Your Company has been uploading fair and ethical business and corporate practices and transparency in its dealings. 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.

B. BOARD OF DIRECTORS:

(i) Board Composition:

The Board consists of 4 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 Director and Three (3) Non-Executive Directors. During the year, Mr. Mukesh Naik resigned on 26th December 2011 due to pre-occupation.

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

Director	Category	Number of others		
		Directorships*	Committee Member ships #	Committee Chairman ships#
Mr. Kantilal M. Hiran	Chairman & Managing Director, Executive, Promoter	-	-	-
Mr. H. N. Bafna	Non-Executive, Independent	1	-	-
Mr. M. Kailash Kumar	Non-Executive, Independent	-	-	-
Mr. Ashok A. Lunia	Non-Executive, Independent	-	-	-
Mr. Mukesh Naik (upto 26th December 2011)	Non-Executive, Independent	2	-	-

* Other Directorships exclude the Directorships held in Private Limited companies, foreign Companies and Companies under Section 25

Committees of Directors includes Audit Committee and Shareholders/Investors Grievance Committee alone shall be considered.

(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 30th June 2012, 6 (Six) Board Meetings were held i.e. on 12th August 2011, 12th September 2011, 10th November 2011, 06th December 2011, 13th February 2012 & 14th May 2012. 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 2011-12 and at the last Annual General Meeting:

Name of the Directors	Number of Board Meetings attended	Whether Last Annual General Meeting Attended
Mr. Kantilal M. Hiran	6	Yes
Mr. H.N. Bafna	6	No
Mr. M. Kailash Kumar	3	No
Mr. Ashok Lunia	3	No
Mr. Mukesh Naik (upto 26th December 2011)	4	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.

REPORT ON CORPORATE GOVERNANCE

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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 their 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 Three (3) 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. Kailash Meethalal. The Committee earlier comprised of Mr. Mukesh Naik as a member who resigned on 26/12/2011.

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:

- Overseeing the company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending the appointment, re-appointment and removal of the statutory Auditors, fixation of Audit fee and approval for payment of any other services;
- Reviewing with management the Annual Financial Statements before submission to the Board;
- Reviewing with the management, performance of statutory and internal auditors, adequacy of internal control systems;
- Reviewing the adequacy of Cost Audit function;
- Discussing with Cost Auditors any significant findings and follow up on such issues;

- Discussing with the internal auditors any significant findings and follow up there on;
- Reviewing the company's financial and risk management policies; and
- Examining reasons for substantial default in the payment to Shareholders (in case of non-payment of declared dividends) and creditors, if any.
- Any other matter duly specified under the applicable provisions of the Companies Act, 1956, read with Clause 49 of the Listing Agreement.

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 30th June, 2012, 4 (Four) Audit Committee Meetings were held i.e. on 12th August 2011, 10th November, 2011, 13th February 2012 and 14th May, 2012.

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

Name of the Audit Committee Member	No. of meetings attended
Mr. H. N. Bafna	4
Mr. Mukesh Naik (upto 26/12/2011)	2
Mr. Kantilal Hiran	4
Mr. Kailash Meethalal	2

(II) Remuneration Committee:

The Company had set up a Remuneration Committee which consisted of three (3) Non-Executive, Independent Directors and post resignation of Mr. Mukesh Naik comprises of two (2) Non-Executive, Independent Directors. The Committee is headed by Mr. H. N. Bafna and comprises of Mr. M. Kailash Kumar as its Member. Mr. Mukesh Naik was Chairman of the Committee upto 26/12/2011.

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.

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Attendance of Members at the Remuneration Committee Meetings:

During the year ended 30th June 2012, no meeting of the Committee was held Remuneration policy:

Non-Executive Directors have informed the Company that they intend to forgo sitting fees as decided due to poor financial condition. Consequently no sitting fees was paid to Non-Executive Directors for attending Board Meeting. 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 given to all the Directors for the financial year ended 30th June, 2012: (Rs. In Lacs)

Name of the Directors	Sitting Fees paid for		Salary & Perks
	Board Meetings	Committee Meetings	
Mr. Kantilal M. Hiran	-	-	7.75
Mr. H. N. Bafna	-	-	-
Mr. Mukesh Naik (upto 26/12/2011)	-	-	-
Mr. M. Kailash Kumar	-	-	-
Mr. Ashok Lunia	-	-	-

Shares held by Non-Executive Directors as on 30th June, 2012:

Name of the Non-Executive Director	Equity Shares held (No.)
Mr. H. N. Bafna	Nil
Mr. Mukesh Naik (upto 26/12/2011)	Nil
Mr. M. Kailash Kumar	267291
Mr. Ashok Lunia	107755

(III) Shareholders/Investors Grievance cum Share Transfer Committee:

The company has set up a Shareholders/ Investors Grievance cum Share Transfer Committee consisting of Two (2) Non-executives, Independent

Directors. The Committee is headed by Mr. Mukesh Naik (upto 26/12/2011) and after his resignation the committee is headed by Mr. H.N.Bafna and Mr. Ashok Lunia is a Member.

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.

During the financial year ended 30th June, 2012, 4 (Four) Shareholders/ Investors Grievance cum Share Transfer Committee Meetings were held i.e. on 12th August 2011, 10th November, 2011, 13th February 2012 and 14th May, 2012.

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

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

Name of the Committee Member	No. of meetings attended
* Mr. Mukesh Naik (upto 26/12/2011)	2
Mr. Ashok Lunia	2
Mr. Hirachand Bafna	4

* Mr. Mukesh Naik resigned from the directorship of the company effective 26th December, 2011 and ceased to be a member of the Shareholders/Investors Grievance cum Share Transfer Committee. Mr. Ashok Lunia has been appointed as member of the said committee to fill the vacancy caused by the resignation of Mr. Mukesh Naik.

Details of Shareholders' complaints received, not solved and pending during the Financial Year ended 30th June, 2012:

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 30th June, 2012 were 2. Hence there were no pending/unattended complaints as on 30th June 2012.

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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. 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. Hemanshu Kapadia & Associates, Practising Company Secretaries, 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

Year	Date	Venue	Time
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.
2011	29.09.2011	Palm Court, M Block, 601/A1, Link Road, Malad (West), Mumbai-400 064	3.00 P.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 Navshakti (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.

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J. GENERAL SHAREHOLDERS INFORMATION:

a. Twenty-Eight Annual General Meeting	
Date	28th December 2012
Time	10:00 p.m.
Venue	Goregaon Sports Club, Link Road, Malad (West), Mumbai - 400064.
b. Financial Year	1st July 2011 to 30th June 2012
c. Date of book closure	Tuesday, 25th December 2012 to Friday 28th December 2012 (both days inclusive) for taking records of the Members of the Company for the purpose of AGM
d. Listing on Stock Exchange & Fees for 2011-12	Bombay Stock Exchange Limited (BSE). Listing fees for 2012-13 are yet to be paid. Luxembourg Stock Exchange for GDR Listing fees for 2012-13 are yet to be paid.
e. Stock Code - BSE	506170
f. Demat ISIN No. for NSDL & CDSL	INE546E01016

M. STOCK MARKET PRICE DATA:

Monthly high and low at the Bombay Stock Exchange Limited for financial year ended 30th June, 2012:

Month	Volume	Hiran Orgochem Ltd.		BSE Sensex	
		High (Rs)	Low (Rs)	High	Low
July, 2011	65,85,832	3.88	3.05	19,131.70	18,131.86
August, 2011	49,54,355	3.30	2.24	18,440.07	15,765.53
September, 2011	35,73,599	2.77	1.97	17,211.80	15,801.01
October, 2011	12,39,054	2.25	1.60	17,908.13	15,745.43
November, 2011	14,14,488	2.95	1.48	17,702.26	15,478.69
December, 2011	4,80,506	2.35	1.67	17,003.71	15,135.86
January, 2012	4,96,124	2.51	1.71	17,258.97	15,358.02
February, 2012	6,87,670	3.03	1.91	18,523.78	17,061.55
March, 2012	8,33,592	2.38	1.62	18,040.69	16,920.61
April, 2012	5,00,461	1.91	1.60	17,664.10	17,010.16
May, 2012	4,01,824	1.81	1.51	17,432.33	15,809.71
June, 2012	2,22,652	1.64	1.42	17,448.48	15,748.98

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 cum Share Transfer 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 in physical form as on 30th June 2012 were 4,80,005 Equity Shares.

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N. DISTRIBUTION OF SHAREHOLDING AS ON 30TH JUNE, 2012:

No. of Equity Shares held	Shareholders		Shares	
	Number	% to total Share holders	Number	% to total Capital
1 - 500	4103	40.8015	1295279	1.3129
501 - 1000	2009	19.9781	1839591	1.8646
1001 - 2000	1391	13.8325	2305302	2.3367
2001 - 3000	744	7.3986	1959500	1.9862
3001 - 4000	304	3.0231	1118591	1.1338
4001 - 5000	435	4.3258	2117550	2.1464
5001 - 10000	486	4.8329	3744550	3.7955
10001 - above	584	5.8075	84276497	85.4239
TOTAL	10056	100.00	98656860	100.00

O. CATEGORIES OF SHAREHOLDING AS ON 30TH JUNE, 2012:

CATEGORY	Shareholders		Shares	
	Number	% of total Share holders	Number	% of total Capital
PROMOTER HOLDING				
Indian Promoter	11	0.09	22668800	22.98
Total of promoter holding (a)	11	0.09	22668800	22.98
NON – PROMOTER HOLDING				
i) Institutional Investor				
Financial Institutions	3	0.03	2672831	2.71
Foreign Institutional Investors	2	0.02	3681587	3.73
ii) Non Institutions				
Bodies Corporate	277	2.76	4283266	4.34
Indian Public	9710	96.58	36909413	37.41
NRIs / OCBs	43	0.43	412154	0.42
Clearing Members	7	0.07	9903	0.01
Director/ Relatives	2	0.02	375046	0.38
Total of Non-promoter holding (b)	10044	99.90	48344200	49.00
Shares held by Custodians against which DR issued				
i) Public	1	0.01	27643860	28.02
Total of shares held by Custodians (c)	1	0.01	27643860	28.02
Grand Total (a + b + c)	10056	100.00	98656860	100.00

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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 30th June 2012, 98176855 Equity Shares representing 99.51% 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. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT:

As stipulated by the Securities and Exchange Board of India (SEBI), a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital 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. OUTSTANDING GDR'S/ADR'S/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

As on 30th June 2012, 921,462 GDR's are outstanding for conversion.

U. NON MANDATORY REQUIREMENTS

The Board is taking guidance from the non mandatory requirements as mentioned in Corporate Governance. It is always an endeavor of the Board to implement the suggestions of non mandatory requirement

V. PLANT LOCATION:

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

W. 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 & MANAGING DIRECTOR

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To,

The Board of Directors
Hiran Orgochem Limited
Unit No. 439, 4th Floor
Ijmina-Immitation Jewellery
Market Co-op Society Ltd, Off Link Road,
Malad (W) Mumbai – 400 064.

1. We have reviewed the Balance Sheet, Profit and Loss account (Statement of Profit & Loss) and Notes to Accounts, as well as the Cash Flow Statements as at 30th June, 2012 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: 3rd December 2012

Sd/-
Kantilal M.Hiran
Chairman & Managing Director

CERTIFICATE

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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 financial year ended June 30, 2012, as stipulated in Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited (BSE).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause 49. 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 and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

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

For Hemanshu Kapadia & Associates
Company Secretaries

Place: Mumbai
Date: 3rd December 2012

Hemanshu Kapadia
Proprietor
C.P. No. 2285

CODE OF CONDUCT DECLARATION

Pursuant to clause 49I(D) of the Listing Agreement entered into with Stock Exchange, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with code of conduct for the year ended 30th June, 2012

Place: Mumbai
Date: 3rd December 2012

Kantilal M.Hiran
Chairman & Managing Director

AUDITORS' REPORT

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To
The Members of
Hiran Orgochem Limited.

- 1 We have audited the attached Balance Sheet of **HIRAN ORGOCHEM LIMITED**, as at 30th June 2012 and also the related statement of 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.
- 2 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.
- 3 As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) order 2004 (together the 'order') 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.
- 4 Further to our comments in the Annexure referred to in paragraph 3 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 purposes 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, statement of 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, statement of 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 30th June, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2012 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 the following:
 - i Note No.6(ii) & 6(iv) State Bank of India and State Bank of Patiala have recalled their loans during the year and reversed interest amounting to Rs. 83.39 lacs pertaining to period 01.04.2011 to 30.06.2011, accordingly company has also reversed the same. Therefore loss to that extent of Rs. 83.39 lacs is understated for the current period. Further, no provision for interest is made for the current period since amount is not quantified. Accordingly current year loss is understated to that extent;
 - ii Note No.6(vi) SICOM Ltd. have also

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- recalled their loans amounting to Rs.15 crores and accrued interest amount during the year and no provision for interest is made in the books of account after NPA date since amount is not quantified. Accordingly current year loss is understated to that extent;
- iii Note No.11(iii) regarding investment in Actgen Pharma Private Limited of Rs. 441.00 lacs, we have relied on the management representation that there is no permanent diminution in the value of the investment and no provision is required as there is no permanent diminution in the value of the investment;
- iv Note No.14(l) regarding trade receivables with respect to allied pharma trading activity relating to earlier period and over due of Rs. 1820.85 lacs though unconfirmed, we have relied on the management representation as they consider the amount is good and recoverable and no provision is required;
- v Note No. 15 regarding cash and cash equivalents includes balance of Rs. 2832.85 lacs with Euran bank, unsheduled foreign bank in retail and money market account equivalent to USD 50.31 lacs. This amount includes foreign exchange gain of Rs. 575.18 lacs for the year. This amount does not include accrued interest of Rs.6.08 lacs equivalent to USD 10805/-. We have not independently verified balances with foreign bank, however we have relied on the confirmation / documents provided by the management;
- vi Note No.16(iv) regarding amount advanced against orders of Rs. 2194.65 lacs in earlier years though unconfirmed, we have relied on the management representation as they consider the amount is good and recoverable and no provision is required;
- vii Note No. 29 - Other expenses includes amount of Rs.152.66 lacs being amount of interest income relating to last year which has been written off during the year as management realised that this amount has been excess charged in last year;
- g In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements together with the notes thereon give, in the prescribed manner, the information required by the act, Accounts give a true and fair view in conformity with the accounting principles generally accepted in India;
- (i) In the case of the Balance Sheet, of the State of affairs of the company as at 30th June, 2012;
- (ii) In the case of the Statement of 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 of the company for the year ended on that date.

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

Place: Mumbai
Dated: 29.08.2012

S.V Pachori, Partner
M.NO.33081.
F R N. No. 107219 W

ANNEXURE TO THE AUDITORS' REPORT

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Referred to in paragraph 3 of our report of even date on the accounts for the year ended 30th June 2012 of Hiran Organochem Limited

- 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 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 10.00 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, comments regarding terms and conditions are not required.
- 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 According to information and explanation given to us the company has not accepted the Deposits from public during the year.
- 7 We have been informed that company has its own internal audit system commensurate with its size and nature of business.

ANNEXURE TO THE AUDITORS' REPORT

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- 8 On the basis of information provided by the management and 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 have not made a detailed examination of the cost records with a view to ascertain whether they are accurate or incomplete.
- 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, Profession Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues have been delayed deposited 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 30th June, 2012 **except the followings.**

Nature of Liability	Amount due for more than six months as on 30.06.2012	Status As on 29.08.2012
TDS	Rs. 4,83,510	Paid
Income Tax	Rs. 92,34,930	Unpaid
Profession Tax	Rs. 46,185	Unpaid
Maharashtra VAT	Rs. 52,01,321	Unpaid

- (b) According to the records of the company produced before us and information & explanations given to us, there are following dues outstanding in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty, Cess and Service Tax on account of dispute:-

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	2008-2009	Assistant Commissioner, Surat.
Central Excise Act, 1944	Classification of exempted goods	Rs 2,60,318	2008-2009	Assistant Commissioner, Surat.
Central Excise Act, 1944	Rebate Claim	Rs 4,89,239	2009-2010	Assistant Commissioner, Surat.
Central Excise Act, 1944	Classification of exempted goods	Rs. 32,00,967	2011-2012	Joint Commissioner Surat
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. 2,66,990	2007-2008	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Penalty	Rs. 32,26,986	2009-2010	Commissioner of Income Tax

ANNEXURE TO THE AUDITORS' REPORT

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- 10 The company's accumulated losses at the end of financial year are more than fifty percent of its network and have incurred cash losses in the current financial year and in immediately preceding financial year.
- 11 According to the information and explanations given to us by the management, we are of the opinion that company has defaulted in repayment of its dues to the banks and financial institutions and overdue position to financial institutions and banks are as under.

Name of Bank/Institution	Amount Overdue	Period of Default	Remarks
State Bank of India	Rs. 56,09,32,856	Loan has been recalled on 23.12.2011	Interest for current period is not provided
State Bank of Patiala	Rs. 15,42,88,358	Loan has been recalled on 28.01.2012	Interest for current period is not provided
SICOM Ltd.	Rs. 16,35,90,199	Loan has been recalled on 23.01.2012	Interest after NPA date 16.01.2012 not provided

- 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 In our opinion the is company is not a dealer or trader has not dealt or traded in shares, securities, debentures and other investments.
- 15 The company has given corporate guarantee of Rs, 2700 Lacs in eariler period and is continuing 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 guarantee are not prima facie prejudicial to the interest of the company.
- 16 During the period company has not obtained any Term Loan.
- 17 On the basis of an overall examination of the Balance Sheet of the company, in our opinion and according to the information and explanations given to us, there are 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 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Chartered Accountants
S.V Pachori, Partner
M.NO. 33081.
F R N. No. 107219W

Place: Mumbai
Dated: 29-08-2012

BALANCE SHEET

BALANCE SHEET

AS AT 30TH JUNE, 2012

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Particulars	Note No.	Rs. As At 30.06.2012	Rs. As At 30.06.2011
I. EQUITY & LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	986,568,600	986,568,600
(b) Reserves & Surplus	4	(660,324,836)	(569,375,393)
(2) Share Application Money Pending Allotment			
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	5	5,430,290	6,224,893
(4) Current Liabilities			
(a) Short-Term Borrowings	6	884,311,413	954,570,754
(b) Trade Payables	7	252,310,716	488,172,042
(c) Other Current Liabilities	8	38,302,456	45,708,673
(d) Short-Term Provisions	9	18,884,630	23,462,044
TOTAL		<u>1,525,483,269</u>	<u>1,935,331,613</u>
II. ASSETS			
(1) Non - Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	355,810,435	387,772,835
(ii) Capital Work in Progress		430,500	430,500
(b) Non-Current Investments	11	46,929,310	46,929,310
(c) Other Non-Current Assets	12	2,859,966	4,494,232
(2) Current Assets			
(a) Inventories	13	37,581,514	129,211,085
(b) Trade Receivables	14	198,531,806	297,394,537
(c) Cash & Cash Equivalents	15	279,702,504	251,079,317
(d) Short term Loans and Advances	16	458,489,081	637,427,495
(e) Other Current Assets	17	145,148,153	180,592,302
TOTAL		<u>1,525,483,269</u>	<u>1,935,331,613</u>

Statement on significant accounting policies and notes to the financial statements are an integral part of this Balance Sheet.

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 : 29.08.2012

Sd/-
Kantilal M. Hiran

Chairman and Managing Director

Mumbai, Dated : 29.08.2012

Sd/-
H. N. Bafna

Director

STATEMENT OF PROFIT AND LOSS

FOR THE PERIOD ENDED 30TH JUNE 2012

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	Note No	Rs. For The Period Ended 30.06.2012	Rs. For The Period Ended 30.06.2011
INCOME			
Revenue From Operations	18	389,340,865	1,478,452,479
Other Income	19	79,477,955	32,855,928
Total Revenue		<u>468,818,820</u>	<u>1,511,308,407</u>
EXPENSES			
Cost of Materials Consumed	20	342,932,107	694,447,557
Purchase of Stock in Trade		15,068,727	809,635,866
Change in Inventories of FG, WIP and Stock in Trade	25	10,468,479	484,167,628
Employee Benefits Expenses	26	15,727,872	44,432,166
Finance Costs	27	19,012,122	152,216,747
Depreciation and Amortisation Expenses	28	27,596,079	32,032,997
Other Expenses	29	128,962,877	122,791,232
Total Expenses		<u>559,768,263</u>	<u>2,339,724,193</u>
Profit Before Tax		(90,949,443)	(828,415,786)
Tax Expense			
Current Tax		-	-
Deferred Tax		-	5,403,508
		-	5,403,508
Profit/(Loss) For The Period		(90,949,443)	(833,819,294)
Earnings Per Equity Share			
Basic (Face Value of Rs. 10 each)		-0.92	-8.45
Diluted (Face Value of Rs. 10 each)		-0.92	-8.45

Statement on significant accounting policies and notes to the financial statements are an integral part of this Statement of Profit and Loss.

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 : 29.08.2012

Sd/-
Kantilal M. Hiran
Chairman and Managing Director
Mumbai, Dated : 29.08.2012

Sd/-
H. N. Bafna
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2012

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	Rs. For The Period Ended 30.06.2012	Rs. For The Period Ended 30.06.2011
A. Cash Flow From Operating Activities		
Net Profit Before Tax	(90,949,443)	(828,415,786)
Adjustment For:		
Depreciation And Amortisation Expenses	25,961,813	29,960,165
Interest Income	(19,921,845)	(44,447,136)
Dividend Income	0	(643,045)
Share Issue Expenses	1,634,266	2,072,832
Unrealised Foreign Exchange Loss/(Gain)	(54,637,696)	6,989,418
(Profit)/Loss On Sale Of Fixed Assets(Net)	3,134,602	4,720,103
Interest & Other Finance Charges	19,012,122	146,246,900
Operating Profit Before Working Capital Changes	(115,766,181)	(683,516,549)
Adjustment for :		
Receivables	99,043,280	115,918,957
Inventories	91,629,571	564,369,102
Short Term Loans & Advances	178,938,414	(246,506,772)
Other Current Assets	37,437,221	23,821,545
Trade Payables	(238,922,441)	(415,019,500)
Other Current Liabilities	(7,406,217)	75,909,442
Short Term Provisions	(4,577,414)	(674,607)
Cash Generated From Operations	40,376,233	(565,698,382)
Taxes Paid Net of Refund	(1,993,072)	(955,000)
Net Cash From Operating Activities	(A) 38,383,161	(566,653,382)
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets (Including Capital Work In Progress)	(434,015)	(53,888,301)
Sale/Adjustment of Fixed Assets	3,300,000	2,778,117
Sale/(Purchase) of Investment(Net)	0	1,100,000
Dividend Received	0	643,045
Interest Received	19,921,845	44,447,136
Net Cash From Investing Activities	(B) 22,787,830	(4,920,003)
C. Cash Flow From Financing Activities		
Proceeds From Issue of Share Capital	0	461,538,600
Share Issue Expenses	0	0
Proceeds From Borrowings	(71,053,944)	424,404,155
Interest & Other Finance Charges	(19,012,122)	(146,246,900)
Net Cash From Financing Activities	(C) (90,066,066)	739,695,855
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(28,895,076)	168,122,470
Cash and Cash equivalents (Opening Balance)	251,079,317	89,085,033
Add : Unrealised Foreign Exchange Gain/(Loss)	57,518,263	(6,128,186)
Cash and Cash equivalents (Closing Balance)	279,702,504	251,079,317

As Per Our Report of Even Date

For And on Behalf of
Pachori & Associates
Chartered Accountants

Sd/-

S. V Pachori, Partner
M.No. 33081
F.R.No. 107219W
Mumbai, Dated : 29.08.2012

For And on Behalf of The Board of Directors

Sd/-

Kantilal M. Hiran
Chairman and Managing Director

Mumbai, Dated : 29.08.2012

Sd/-

H. N. Bafna
Director

Notes:

(i) 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.

(ii) Previous year's figures have been regrouped and rearranged wherever deemed necessary.



COMPANY INFORMATION

Hiran Organochem Limited (the 'Company') is a public limited company and is listed on the Bombay Stock Exchange (BSE). The company is a leading integrated manufacturer of active pharmaceutical ingredients. The Company is manufacturing the Quinolones group of APIs with its principal products comprising Ciprofloxacin, Ofloxacin, Levofloxacin and Enrofloxacin.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared on 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. To meet with various operational financial obligations many measures are taken and accordingly these statements are continued to be prepared on the assumption of going concern, which contemplates realisation of assets and settlement of liabilities in the normal course of the business.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current - non current classification of assets and liabilities.

(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) Foreign currency transactions relating loans taken are recorded at the exchange rate prevailing at the time of transactions & exchange difference, if any, on settlement of transaction is recognised in the Finance Costs.
- (iv) 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.
- (v) Foreign currency assets and liabilities at the end of the year, is converted in Indian currency at the exchange rate prevailing at that time.

(l) 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.

- 2 The Board of Directors at its board meeting held on 27th May 2011 had approved extension of Accounting year of the Company to end on 30th June 2011. Thus the figures of the previous accounting period relates to 15 months (1st April 2010 to 30th June 2011), are not comparable with current year figures related to 12 months (1st July 2011 to 30th June 2012).

3 SHARE CAPITAL

	30.06.2012	30.06.2011
(i) AUTHORISED		
10,50,00,000 Equity Shares of Rs. 10/-each (Previous Year 10,50,00,000 Equity Shares of Rs 10/- each)	1,050,000,000	1,050,000,000
(ii) ISSUED, SUBSCRIBED & PAID UP		
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 9,86,56,860 Equity Shares of Rs 10/- each fully paid up)	986,568,600	986,568,600
(iii) Reconciliation of number of shares outstanding at the beginning and end of the year.		
Shares issued & subscribed at the beginning of the Year	98,656,860	98,656,860
Add: Issued during the year	-	-
Shares issued & subscribed at the end of the Year	98,656,860	98,656,860
(iv) Details of equity shares held by shareholders holding more than 5% shares of the aggregate shares in the Company		
The Bank of New York Mellon	28.02%	28.02%
Vijay K. Hiran	7.05%	7.05%
Naresh K. Hiran	5.71%	5.71%
(v) Aggregate numbers of shares allotted as fully paid bonus share during the period of five years immediately preceding the date of reporting		
Aggregate number of shares allotted as fully paid bonus shares during F.Y. 2009-10	42,002,400	42,002,400
(vi) Rights, preferences and restrictions in respect of equity shares and GDRs issued by the Company		
(a) The Equity shareholders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 1956.		
(b) The rights, preferences and restrictions of the GDR holders are governed by the terms of their issue, and the provisions of the Companies Act 1956. Each GDR holder is entitled to receive 30 equity shares of Rs. 10 each, per GDR, and their voting rights can be exercised through the Depository.		

4 RESERVES & SURPLUS	30.06.2012	30.06.2011
(i) General Reserve		
Balance as per last Balance Sheet	-	25,773,914
Less : Transferred to Profit & Loss Account		(25,773,914)
	<u>-</u>	<u>-</u>
(ii) Capital Reserve		
Balance as per last Balance Sheet	27,409,200	27,409,200
(iii) Capital Subsidy		
Balance as per last Balance Sheet	1,500,000	1,500,000
(iv) Securities Premium Reserve		
Balance as per last Balance Sheet	148,918,000	148,918,000
(v) Surplus/(Deficit) in Statement of Profit and Loss		
Balance as per last Balance Sheet	(747,202,593)	60,842,787
Add : Transferred from General Reserve	-	25,773,914
Add : Profit/(Loss) for the period	(90,949,443)	(833,819,294)
	<u>(838,152,036)</u>	<u>(747,202,593)</u>
Total	<u>(660,324,836)</u>	<u>(569,375,393)</u>
5 LONG-TERM BORROWINGS	30.06.2012	30.06.2011
Secured		
(i) Loan Against Purchase of Cars* (Secured by hypothecation of vehicles)	1,030,290	1,824,893
(ii) Loan Against Keyman Insurance Policy (Lien on Keyman Insurance Policy)	4,400,000	4,400,000
Total	<u>5,430,290</u>	<u>6,224,893</u>
* Repayable in monthly instalments of Rs. 78,450		
6 SHORT-TERM BORROWINGS	30.06.2012	30.06.2011
Secured Loan		
(i) Working Capital Term Loan from State Bank of India *	120,926,540	122,318,023
(ii) Working Capital Loan from State Bank of India *	440,006,316	457,427,339

*(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, pledge of equity shares of Actgen Pharama Pvt Ltd., 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)



(iii) Working Capital Term Loan from State Bank of Patiala *	21,342,820	22,189,701
(iv) Working Capital Loan from State Bank of Patiala *	132,945,538	146,443,728
'(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.)		
(v) Foreign Currency Loan From Barclays Bank	-	44,461,822
(Secured by personal guarantee of the two directors of the company and mortgage of a land at palghar owned by a promoter)		
(vi) Loan From Sicom Limited **	163,590,199	150,000,000
'(Secured by mortgage of office premises owned by promoters, pledge of equity shares of the company and Actgen Pharma Pvt. Ltd. held by promoters, and personal guarantee of four promoters of the company.)		
	878,811,413	942,840,613

*Secured loans taken from State Bank of India and State Bank of Patiala have been turned into NPA during the year. Thereafter, State Bank of India and State Bank of Patiala have issued notices on 23.12.2011 & 28.01.2012 U/s 13(2) of SARFAESI Act, 2002 and recalled their dues. Further, State Bank of India has issued notice on 21.06.2012 u/s 13(4) demanding possession of secured assets, but they have not effectuated upon the same. Thereafter company has submitted a proposal for restructuring the loan, which is neither been rejected nor till date accepted. The above figures does not include interest accrued after 01.04.2011.

** Secured loans taken from SICOM Ltd. have been turned into NPA during the year. Thereafter, SICOM has issued notices on 23.01.2012 U/s 13(2) of SARFAESI Act, 2002 and recalled their dues. Thereafter they issued notice on 04.05.2012 U/s 13(4) of SARFAESI Act, 2002 demanding possession of the secured assets. The above figures does not include interest accrued after 16.01.2012.

Unsecured Loan

(vii) From Directors	1,000,000	5,664,698
(viii) From Others	4,500,000	6,065,443
	5,500,000	11,730,141
Total	884,311,413	954,570,754

7 TRADE PAYABLES	30.06.2012	30.06.2011
Sundry Payables for Goods*	252,310,716	488,172,042

* 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.

8 OTHER CURRENT LIABILITIES	30.06.2012	30.06.2011
(i) Unclaimed Dividends*	416,564	423,260
(ii) Current Maturities of Long Term Debt	794,603	719,259
(iii) Sundry Deposits	-	482,500
(iv) Other Payables	23,845,044	36,745,440
(v) Sundry Receivables with Credit Balances	2,932,392	3,483,694
(vi) Duties & Taxes Payable	10,313,853	3,854,520
Total	38,302,456	45,708,673

9 SHORT-TERM PROVISIONS	30.06.2012	30.06.2011
(i) Income Tax	18,307,568	18,307,568
(ii) Wealth Tax	7,554	7,554
(iii) Leave Encashment	125,796	2,478,040
(iv) Gratuity	443,712	2,668,882
Total	18,884,630	23,462,044

10 TANGIBLE ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As At 01.07.2011	Addition/ (Deduction) During The Year	Total As At 30.06.2012	Up To 30.06.2012	For The Year	Deduction For The Year	Up To 30.06.2012	As At 30.06.2012	As At 30.06.2011
Leasehold Land	5,550,111	0	5,550,111	0	0	0	0	5,550,111	5,550,111
Plant & Machinery	450,112,971	434,015 (8,340,600)	442,206,386	125,377,353	21,385,200	(1,905,998)	144,856,555	297,349,831	324,735,618
Factory Building	44,370,825	0	44,370,825	12,060,634	1,481,985	0	13,542,619	30,828,206	32,310,191
Electrical Installation	7,088,804	0	7,088,804	2,061,274	336,718	0	2,397,992	4,690,812	5,027,530
Vehicles	12,522,462	0	12,522,462	5,492,352	1,189,634	0	6,681,986	5,840,476	7,030,110
Office Equipments	2,375,775	0	2,375,775	703,203	112,849	0	816,052	1,559,723	1,672,572
Computers	4,198,730	0	4,198,730	3,435,657	680,614	0	4,116,271	82,459	763,073
Air Conditioners	1,189,738	0	1,189,738	302,156	56,513	0	358,669	831,069	887,582
Furniture & Fixtures	4,210,368	0	4,210,368	1,521,878	266,516	0	1,788,394	2,421,974	2,688,490
Lab Equipments	9,511,252	0	9,511,252	2,403,694	451,784	0	2,855,478	6,655,774	7,107,558
TOTAL	541,131,036	(7,906,585)	533,224,451	153,358,201	25,961,813	(1,905,998)	177,414,016	355,810,435	387,772,835
PREVIOUS YEAR	495,412,975	45,718,061	541,131,036	124,982,291	29,960,165	(1,584,255)	153,358,201	387,772,835	370,430,684

11 NON-CURRENT INVESTMENTS			30.06.2012	30.06.2011
Long Term Investments	No	Face Value		
In Equity Shares - Unquoted , fully paid up				
(i) Panoli Enviro Technology Ltd	38,500	10	385,000	385,000
	(38,500)			
(ii) Bharuch Eco Aqua Infrastructure Ltd	144,431	10	1,444,310	1,444,310
	(144,431)			
(iii) Actgen Pharma Pvt.Ltd.	4,410,000	10	44,100,000	44,100,000
(Pledge with State Bank of India)	(4,410,000)			
In Mutual Funds				
(iv) UTI Infrastructure Fund Series I	100,000	10	1,000,000	1,000,000
	(100,000)			
		Total	46,929,310	46,929,310

Investments are stated at cost and there is no permanent diminution in the value of the investment.
All investments are held in company's own name.

12 OTHER NON-CURRENT ASSETS		30.06.2012	30.06.2011
Share Issue Expenses		4,494,232	6,567,064
Add: Share Issue expenses incurred during the year		-	-
		4,494,232	6,567,064
Less : Written off		1,634,266	2,072,832
	Total	2,859,966	4,494,232

13 INVENTORIES		30.06.2012	30.06.2011
(Taken, valued and certified by the Management)			
(i) Raw Materials (At Cost)		9,400,148	67,835,669
(ii) Stores, Spares & Packing Materials (At Cost)		2,306,506	2,367,068
(iii) Work in Progress / Material in Process (At estimated Cost)			
Pharmaceutical Division		7,636,792	23,441,923
Construction Division		10,721,578	33,386,587
(vi) Finished Goods		7,516,490	2,179,838
(At Cost or Net Realisable Value whichever is lower)			
	Total	37,581,514	129,211,085

14 TRADE RECEIVABLES	30.06.2012	30.06.2011
Receivables over six months		
(i) Considered Good	182,084,997	208,164,214
(ii) Considered Doubtful*	22,925,409	22,925,409
Less : Provision for Doughtful Receivables	(22,925,409)	(22,925,409)
	<u>182,084,997</u>	<u>208,164,214</u>
Others Receivables - Considered Good		
(i) Considered Good	16,446,809	89,230,323
Total	<u>198,531,806</u>	<u>297,394,537</u>

*Trade receivables include Rs. 229.25 Rs. (P.Y. Rs. 229.25 Lacs) due from local receivables Rs. 117.18 Lacs and from export receivables Rs. 112.07 Lacs, which are considered doubtful of recovery and provision for the same has been made.

15 CASH & CASH EQUIVALENTS	30.06.2012	30.06.2011
(i) Cash on hand	22,089	77,799
(ii) Balance with Banks :		
With scheduled banks		
In Current Accounts*	(3,624,454)	1,807,220
In Fixed Depost Accounts :	20,084	25,705,056
With unscheduled Euram Bank**		
In Retail Account***	6,019,101	3,287,828
In Money Market Account	277,265,684	0
In Fixed Depost Accounts :	-	220,201,414
Total	<u>279,702,504</u>	<u>251,079,317</u>

*Negative balance is due to cheque issued to various parties.

**Balance with unscheduled bank are in foreign bank accounts.

*** Retail account balance does not include accrued interest of \$ 10,805

16 SHORT TERM LOANS AND ADVANCES	30.06.2012	30.06.2011
(Unsecured, Considered Good)		
(i) Advances Receivable In Cash or In Kind or for Value To Be Received	-	1,851,920
(ii) Interest Receivable	3,361,538	8,965,372
(iii) Short Term Loans & Advances	234,765,486	347,763,536
(iv) Advances against Orders	219,464,847	278,024,423
(v) Sundry Payables with Debit Balances	897,210	822,244
Total	<u>458,489,081</u>	<u>637,427,495</u>

17 OTHER CURRENT ASSETS	30.06.2012	30.06.2011
(i) Modvat Credit Availed, Excise Duty Service Tax and VAT	70,371,394	76,465,622
(ii) Export Benefit Receivable	7,077,161	16,981,718
(iii) Advance Income Tax	17,040,977	15,047,905
(iv) MAT Credit Entitlement	17,857,568	17,857,568
(v) Deposits	32,282,439	53,291,714
(vi) Prepaid Expenses	518,614	947,775
Total	145,148,153	180,592,302
18 REVENUE FROM OPERATIONS	30.06.2012	30.06.2011
(i) Pharmaceuticals	400,421,218	1,539,187,507
(ii) Construction	25,161,325	-
(iii) Export Incentives	2,600,389	10,805,955
(iv) Scrap Sales	1,956,516	2,295,062
	430,139,448	1,552,288,524
Less : Excise Duty	40,798,583	73,836,045
Total	389,340,865	1,478,452,479
19 OTHER INCOME	30.06.2012	30.06.2011
(i) Interest Income	19,921,845	44,447,136
(ii) Miscellaneous Income	568,689	494,038
(iii) Dividend Income	-	643,045
(iv) Sundry Credit Balances Written Back (Net)	-	1,074,145
(v) Foreign Exchange Fluctuation Gain/(Loss)*	58,987,421	(13,802,436)
Total	79,477,955	32,855,928
*Foreign Exchange Fluctuation Gain/(Loss) includes mark to market provision of Rs. 5,75,18,263 [P.Y. Rs. (1,52,89,535)] pertaining to money lying in foreign bank accounts.		
20 COST OF MATERIALS CONSUMED	30.06.2012	30.06.2011
(i) Pharmaceuticals		
Opening Stock	67,835,669	147,701,557
Add : Purchases	261,831,577	614,581,669
Less : Closing Stock	9,400,148	67,835,669
	320,267,098	694,447,557
(ii) Construction		
Opening Stock	33,386,587	33,386,587
Add : Purchases	-	-
Less : Closing Stock	10,721,578	33,386,587
	22,665,009	-
Total	342,932,107	694,447,557

21 VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED FOR OWN PRODUCTION (Rs. In Lacs)

	30.06.2012		30.06.2011	
	%	Amount	%	Amount
(i) Raw Material				
Imported Items	37.85	1,298.09	30.66	2,223.30
Indigenous	62.15	2,131.23	69.34	5,027.63
	100.00	3,429.32	100.00	7,250.93
(ii) Stores and Spares				
Imported Items	-	-	-	-
Indigenous	100.00	27.46	100.00	43.82
	100.00	27.46	100.00	43.82

22 VALUE OF IMPORTS ON CIF BASIS (Rs. In Lacs)

	30.06.2012	30.06.2011
(i) Raw Material	-	1,958.07
(ii) Stores and Spares	-	-
	-	1,958.07

23 EARNINGS IN FOREIGN EXCHANGE (Rs. In Lacs)

	30.06.2012	30.06.2011
(i) Export on FOB Basis	752.50	1,474.85

24 EXPENDITURE IN FOREIGN EXCHANGE (Rs. In Lacs)

	30.06.2012	30.06.2011
(i) Commission on Sales	2.76	11.36
(ii) Travelling Expenses	2.54	4.89
(iii) Sales Promotion	1.89	6.00
(iv) Interest & Finance charges	-	58.42
Total	7.19	80.67

25 CHANGE IN INVENTORIES OF FG, WIP AND STOCK IN TRADE

	30.06.2012	30.06.2011
Closing Stocks		
(i) Finished Goods : Pharmaceutical Division	7,516,490	2,179,838
(ii) Material in Process: Pharmaceutical Division	7,636,792	23,441,923
	15,153,282	25,621,761
Less : Opening Stocks		
(i) Finished Goods : Pharmaceutical Division	2,179,838	38,926,291
(ii) Material in Process: Pharmaceutical Division	23,441,923	470,863,098
	25,621,761	509,789,389
Total	(10,468,479)	(484,167,628)

26 EMPLOYEE BENEFITS EXPENSES	30.06.2012	30.06.2011
(i) Salary, Wages and Bonus*	15,572,727	35,935,459
(ii) Contribution to provident, gratuity and other funds**	(1,566,682)	1,216,226
(iii) Director's Remuneration	775,216	5,757,970
(iv) Staffwelfare Expenses	946,611	1,522,511
Total	15,727,872	44,432,166

*Salary, Wages and Bonus includes actuarial gain of leave encashment of Rs. 23,26,508

**Contribution to provident, gratuity and other funds includes actuarial gain of gratuity of Rs. 21,75,551

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	30.06.2012	30.06.2011
Employer's Contribution to Provident Fund & Other Funds (Included in Employees Benefits Expenses)	5.56	11.54

(ii) Defined Benefit Plans

In accordance with Accounting Standard 15 (R), actuarial valuation was done as on 30th June 2012 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 30.06.2012 Gratuity (Unfunded)	Previous Year 30.06.2011 Gratuity (Unfunded)	Current Year 30.06.2012 Leave Encashment (Unfunded)	Previous Year 30.06.2011 Leave Encashment (Unfunded)
Present Value of Obligation as at July 1, 2011	26.69	31.75	24.78	26.46
Current Service Cost	1.48	5.19	1.01	3.53
Benefits Paid	0.50	1.13	0.26	0.52
Interest Cost	2.14	2.94	1.98	2.52
Actuarial (gain)/ loss on obligation	-25.37	-12.06	-26.25	-7.21
Present value of Obligation as at June 30, 2012	4.44	26.69	1.26	24.78

(b) Reconciliation of present value of defined obligation and the fair value of plan assets (Rs. In Lacs)

Particulars	Current Year 30.06.2012 Gratuity (Unfunded)	Previous Year 30.06.2011 Gratuity (Unfunded)	Current Year 30.06.2012 Leave Encashment (Unfunded)	Previous Year 30.06.2011 Leave Encashment (Unfunded)
Present value of Obligation as at June 30, 2012	4.44	26.69	1.26	24.78
Fair Value of Plan Assets as at June 30, 2012	Nil	Nil	Nil	Nil
Liability Recognised in the Balance Sheet	4.44	26.69	1.26	24.78

(c) Expenses recognized in the Profit and Loss Account (Rs. In Lacs)

Particulars	Current Year 30.06.2012 Gratuity (Unfunded)	Previous Year 30.06.2011 Gratuity (Unfunded)	Current Year 30.06.2012 Leave Encashment (Unfunded)	Previous Year 30.06.2011 Leave Encashment (Unfunded)
Current Service Cost	1.48	5.19	1.01	3.53
Interest Cost	2.14	2.94	1.98	2.52
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Actuarial (gain)/loss	-25.37	-12.06	-26.25	-7.21
Net Cost/(Gain)	-21.75	-3.93	-23.26	-1.16

(d) Actuarial Assumptions:

Particulars	Current Year 30.06.2012 Gratuity (Unfunded)	Previous Year 30.06.2011 Gratuity (Unfunded)	Current Year 30.06.2012 Leave Encashment (Unfunded)	Previous Year 30.06.2011 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	8.00% P.A.	7.50% P.A.	8.00% P.A.	7.50% P.A.
Return on Plan Assets	N.A.	N.A.	N.A.	N.A.
Mortality Table	L.I.C.(1994-96) Ultimate	L.I.C.(1994-96) Ultimate	L.I.C.(1994-96) Ultimate	L.I.C.(1994-96) Ultimate

(e) 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.

27 FINANCE COSTS

	30.06.2012	30.06.2011
(i) Interest Expense*	10,904,559	146,246,900
(ii) Bank Charges	1,393,611	5,823,128
(iii) Net (Gain)/Loss on Foreign Currency Loans	6,713,952	146,719
Total	19,012,122	152,216,747

*State Bank of India and State Bank of Patiala have reversed interest amounting to Rs. 83,38,581 pertaining to period 01.04.2011 to 30.06.2012 and they have not charged the interest for the current period in view of accounts turned into NPA. Accordingly, company have also reversed the interest and not provided interest for the current period. Company has also not provided interest on loan taken from SICOM Ltd after turning into NPA.

28 DEPRECIATION AND AMORTISATION EXPENSES	30.06.2012	30.06.2011
(i) Depreciation on Tangible Assets	25,961,813	29,960,165
(ii) Amortisation on Share Issue Expenses	1,634,266	2,072,832
Total	27,596,079	32,032,997
29 OTHER EXPENSES	30.06.2012	30.06.2011
Power, Fuel & Water	18,063,041	39,739,409
Sales Promotion Expenses	267,327	1,399,772
Transportation, Freight & Forwarding Charges	2,435,956	6,291,668
Brokerage, Commission & Cash Discount	1,363,221	2,420,452
R & D Expenses & Testing Charges	1,567,564	1,657,312
Packing Materials	2,706,565	4,546,203
Repairs & Maintenance to Plant and Machinery	4,112,535	6,591,703
Excise Duty*	623,284	(4,701,710)
Vehicle Maintenance & Fuel Charges	499,357	2,672,921
Legal & Professional Charges**	3,270,096	8,866,945
Printing and Stationery	455,740	1,294,341
Bad Debts	11,249,360	22,925,409
Construction Advances W/o	54,000,025	-
Interest Receivable W/o	15,265,935	-
Postage & Telephone	768,234	1,777,285
Conveyance & Travelling Exp.	1,763,458	2,646,168
Insurance	1,656,713	4,192,526
Loss on Sale/Discard of Assets	3,134,602	4,720,103
Directors Sitting Fees	-	70,000
ETP Expenses	493,483	3,200,212
Miscellaneous & Office Expenses	2,168,306	2,634,978
Prior Period Expenses	1,706,111	1,465,353
Advertisement	207,450	252,587
Service Tax Paid	179,537	1,124,869
Rent	711,896	5,339,220
Rates & Taxes	157,029	1,574,506
Fines & Penalties	133,552	50,000
Donation	2,500	39,000
Total	128,962,877	122,791,232

*Excise duty shown under the head 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.

** Legal & Professional Charges include Auditor's remuneration as follows:

(i) Statutory Audit Fees	200,000	200,000
(ii) Statutory Auditor's Certification Fees	67,500	15,000
Total	267,500	215,000

30 CONTINGENT LIABILITIES

	30.06.2012	30.06.2011
Claims against the company not acknowledged as debts		
(i) Sales Tax	143.89	143.89
(ii) Excise Duty	60.31	68.02
(iii) Income Tax	34.94	4.80
Total	239.14	216.71

31 RELATED PARTY DISCLOSURES

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

Name of the Party	Relationship
1 (a) Shri K.M. Hiran	Managing Director
(b) Shri. V.K.Hiran	Relative
(c) Shri. N.K.Hiran	Relative
(d) Shri. M. Kailash Kumar	Director
2 (a) Smt. Dariyadevi Hiran	Relative
3 (a) Actgen Pharma Pvt.Ltd.	Associate

(ii) Transactions with related parties are as follows:

Nature of Transaction (Excluding Reimbursement)	Referred in 1 Above	Referred in 2 Above	Referred in 3 Above
(a) Rent Paid	-	7.12	-
	(-)	(53.39)	(-)
(b) Remuneration	7.75	-	-
	(57.58)	(-)	(-)
(c) Sales	-	-	410.90
	(-)	(-)	(1443.04)
(d) Purchase	-	-	1373.74
	(-)	(-)	(1241.85)
(e) Unsecured Loan			
Balance As on 01.07.2011	56.64	-	-
Taken During The Period	0	-	-
Repaid During The Period	46.64	-	-
Balance As on 30.06.2012	10.00	-	-

(ii) Year End Outstandings			
(a) Sundry Creditors	-	-	27.92
	(-)	(-)	0
(b) Sundry Debtors	-	-	0
	(-)	(-)	(494.78)
(c) Deposits	-	213.29	-
	(-)	(383.32)	(-)
(d) Investments	-	-	441.00
	(-)	(-)	(441.00)
(d) Unsecured Loan	10.00	-	-
	(56.64)	(-)	(-)

(Previous year figures are give in bracket)

32 BASIC & DILUTED EARNING PER SHARE

(i) Profit / (Loss) After Taxation As Per Profit and Loss Account	(90,949,443)	(833,819,294)
(ii) No of Equity Shares		
For Basic Earning Per Share	98,656,860	98,656,860
For Diluted Earning Per Share	98,656,860	98,656,860
(iii) Face Value of Equity Share	Rs.10/- each	Rs.10/- each
(iv) Basic Earning Per Share	(0.92)	(8.45)
(v) Diluted Earning Per Share	(0.92)	(8.45)

33 FINANCIAL & DERIVATIVE INSTRUMENTS

- (i) Derivative Contract entered into by the company and outstanding as on 30th June, 2012.
For hedging currency and Interest rate related Risks:-
Nominal amounts of derivative contracts entered into by the company and outstanding as on 30th June, 2012 amount to Rs. NIL (Previous Year Rs. 268.32 Lacs). Category wise break-up is given below:-

(Rs. In Lacs)		
Particulars	30.06.2012	30.06.2011
(a) Forward Contracts	0	268.32

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

(Rs. In Lacs)					
Particulars	Currency	30.06.2012		30.06.2011	
		Amount in foreign currency	Equivalent INR	Amount in foreign currency	Equivalent INR
Liabilities Payable	USD	2.71	152.54	12.53	560.34
Assets Receivable	USD	51.11	2877.94	49.24	2202.01

34 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.

	Pharmaceuticals		Construction		Total	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011	30.06.2012	30.06.2011
REVENUE						
Gross Sales	4,049.78	15,522.89	251.61	0.00	4,301.39	15,522.89
Total Revenue	4,049.78	15,522.89	251.61	-	4,301.39	15,522.89
Segment Results	(968.54)	(7,043.35)	(514.27)	0.00	(1,482.81)	(7,043.35)
Interest, Dividend and other Income					794.78	328.56
Interest Expense					(190.12)	(1,522.17)
Profit/(Loss) on Sale/ Discard of Assets					(31.35)	(47.20)
Profit/(Loss) Before Tax					(909.49)	(8,284.16)
Provision for Current Tax					-	0.00
Provision for Deferred Tax					-	54.04
Net Profit/(Loss) After Tax					(909.49)	(8,338.19)
OTHER INFORMATION						
Segment Assets	7,212.82	9,533.89	2,028.27	2,948.34	9,241.09	12,482.23
Unallocated Corporate Assets					6,013.74	6,826.14
Total Assets					15,254.83	19,308.37
Segment Liabilities	3,094.98	5,566.24	0.00	0.00	3,094.98	5,566.24
Unallocated Corporate Liabilities					8,897.42	9,615.15
Total Liabilities					11,992.40	15,181.39
Capital expenditure incurred during the year	4.34	548.01	0.00	0.00	4.34	548.01
Unallocated Cost					0.00	39.23
Depreciation					243.48	281.12
Unallocated Depreciation					16.14	18.48
Other Non Cash Expenditure					16.34	20.73
GEOGRAPHICAL SEGMENT						
Revenue (Gross Sales)						
Domestic Sales					3,522.89	13,772.77
Export Sales					778.50	1,750.12
					4,301.39	15,522.89

-
- 35 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.
- 36 The revised schedule VI has become effective from 1.4.2011 for the preparation of financial statements. This has significant impact on the preparation and disclosure of financial statements. Previous year figures have been regrouped/reclassified wherever necessary to correspond with the current year classifications / disclosures.

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 : 29.08.2012

Sd/-
Kantilal M. Hiran
Chairman and Managing Director
Mumbai, Dated : 29.08.2012

Sd/-
H. N. Bafna
Director

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956.
Balance Sheet Abstract and Company's General Business Profile

1 REGISTRATION DETAILS

Registration Number	29596	State Code	11
Balance Sheet Date	30 06 12		

2 CAPITAL RAISED DURING THE YEAR (Rs.)

Public Issue	NIL	Right Issue	NIL
Bonus Shares	NIL	Private Placement	NIL

3 DETAILS OF MOBILISATION & DEVELOPMENT OF FUNDS (Rs.)

Total Liabilities	1,199,239,504	Total Assets	1,525,483,269
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SOURCES OF FUNDS

Paid-up Capital	986,568,600	Reserve & Surplus	177,827,200
Share Application Money	NIL		
Secured Loans	884,241,702	Unsecured Loans	5,500,000

APPLICATION OF FUNDS

Net Fixed Assets	356,240,935	Investments	46,929,310
Net Current Assets	809,955,256	Misc. Expenditure	2,859,966
Accumulated Losses	838,152,036		

4 PERFORMANCE OF THE COMPANY (Rs.)

Total Income	468,818,820	Total Expenditure	559,768,263
Profit Before Tax	(90,949,443)	Profit After Tax	(90,949,443)
Earning Per Share	-0.92	Dividend	NIL

5 GENERIC NAMES OF 3 PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (As Per Monetary Terms)

Item Code	294190-3	Product Description	Ciprofloxacin HCL, Ofloxacin
Item Code	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 : 29.08.2012

Sd/-
Kantilal M. Hiran
Chairman and Managing Director
Mumbai, Dated : 29.08.2012

Sd/-
H. N. Bafna
Director

HIRAN ORGOCHEM LIMITED

Registered Office: Unit No.439, 4th Floor, IJMIMA Immitation Jewellery Market Co-op Society Ltd.
off Link Road, Malad (West), 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 28th Annual General Meeting of the Company to be held on
Friday, 28th December, 2012 at 10:00 a.m. at Goregaon Sports Club, Link Road, Malad (West), Mumbai -
400064. and at any adjournment thereof.

Regd. Folio. No. _____ No. of Shares held _____
Client I.D. No. _____ DP. ID. No. _____
Signed on this _____ day of _____ 2012
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: Unit No.439, 4th Floor, IJMIMA Immitation Jewellery Market Co-op Society Ltd.
off Link Road, Malad (West), Mumbai – 400 064

ATTENDANCE SLIP

I/We hereby record my/our presence at the 28th Annual General Meeting of the Company held on Friday, 28th December, 2012 at 10:00 a.m. and at any adjournment thereof at Goregaon Sports Club, Link Road, Malad (West), Mumbai - 400064.

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.



Registered Office: Unit No.439, 4th Floor, IJMIMA Immitation Jewellery Market Co-op Society Ltd.
off Link Road, Malad (West), Mumbai – 400 064. Tel.: 022-40953000 Fax: 022-40953099
Email: info@hiranorgochem.com Website: www.hiranorgochem.com