





FIFTEENTH ANNUAL REPORT 1998 - 99

DIRECTORS : MR. KANTILAL M. HIRAN, Chairman & Managing Director
MR. UTTAMCHAND HIRAN
MR. H. N. BAFNA
MR. S. MAHIMTURA
MR. ANJAN CHATTERJEE
MR. MUKESH NAIK
DR. V. P. SHAH
MR. S.P. TATED, Whole-Time Director

AUDITORS : M/S B. L. DASHARDA & ASSOCIATES
CHARTERED ACCOUNTANTS

BANKERS : STATE BANK OF INDIA
MIDC, ANDHERI (EAST),
MUMBAI - 400 093.

REGISTERED OFFICE : 1/5, JAYKAR SMRUTI,
1ST FLOOR,
AAREY ROAD,
GOREGAON (WEST),
MUMBAI - 400 062.

PLANT : PLOT NO. 663, GIDC,
PANOLI,
ANKLESHWAR,
GUJARAT.

**REGISTRARS &
TRANSFER AGENTS** : K. R. FINANCIAL & MANAGEMENT
SERVICES PVT. LTD.
103, OMEX APTS., 64, SAHAR ROAD,
KOLDONGRI, ANDHERI (EAST),
MUMBAI - 400 069.

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of **HIRAN ORGOCHEM LIMITED** will be held on Monday, the 27th September, 1999 at 11-00 A.M. at the Conference Hall of Kamat's Klub, S.V. Road, Goregaon (West), Mumbai - 400 062 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March 1999, Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Mukesh Naik, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. H. N. Bafna who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

By order of the Board of Directors

Place : Mumbai
Dated : 24th April, 1999

KANTILAL M. HIRAN
Chairman & Managing Director

REGISTERED OFFICE:

1/5, Jaykar Smruti,
1st Floor, Aarey Road,
Goregaon (West),
Mumbai - 400 062.

NOTES :

- a. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- b. Members are requested to notify the change in address, if any, immediately to the Company quoting their respective Folio Number.
- c. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 20th September, 1999 to Monday, the 27th September, 1999 (both days inclusive).

DIRECTORS' REPORT**REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH 1999.**

The Directors of your Company have pleasure in presenting their 15th Annual Report and Accounts for the year ended 31st March, 1999.

SUMMARISED FINANCIAL RESULTS :

	(Rupees in Lacs)	
	Year ended 31.03.1999	Year ended 31.03.1998
Sales and other Income	2333.01	1290.68
Profit before Interest, Depreciation and Taxation	244.42	173.53
Less : Interest & Depreciation	148.38	133.32
Profit before Taxation	96.04	40.21
Less : Provision for MAT	10.08	4.22
Profit after Taxation	85.96	35.99
Add : Balance of Profit brought forward from previous year	58.48	22.49
Balance carried forward to Balance Sheet	144.44	58.48

During the year under review, the performance of the Company was excellent, inspite of the slowdown of the industrial growth. The turnover of the Company has grown by approximately 81% to Rs. 2333.01 lacs and Net Profit after Taxation grown by 139% to Rs. 85.96 lacs. The steep increase in profit was primarily on account of better price realisation and increase in production due to completion of existing installed capacity from 30 TPA to 240 TPA of Ciprofloxacin Hydrochloride USP. During the year, the Company has also tapped the foreign markets and achieved Export Sales of Rs. 98.89 lacs.

Barring unforeseen circumstances, your Directors are confident of much better performance during the current year.

DIVIDEND

With a view to conserve resources for the future operations of the Company, your Directors have thought it prudent not to recommend any dividend for the year ended 31st March, 1999.

ALLOTMENT OF EQUITY SHARES ON PREFERENTIAL BASIS

In accordance with the resolutions passed by the Shareholders of the Company at the previous Annual General Meeting, the Company made allotment of 5,00,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs.50,00,000/- on 7th December, 1998 on Preferential Issue basis to the Promoters, Directors, their Friends, Relatives and Associates or Bodies Corporate in the group. Consequently, the Issued, Subscribed and Paid-up Share Capital of the Company has increased to Rs. 323.90 lacs.

PREFERENTIAL ISSUE OF SHARES

At the Extra-ordinary General Meeting of the Shareholders of the Company held on 24th April, 1999, necessary resolutions were passed for issue of 16,00,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs. 1,60,00,000/- on Preferential Allotment basis to the Promoters, Directors, their Friends, Relatives and Associates or Bodies Corporate in the group, for augmenting long term financial resources for the Company.

EMPLOYEE RELATIONS, DEVELOPMENT AND WELFARE

Realising that the human capital is the Company's greatest asset, the upgradation of skills and attitude of its employees and their sustained welfare will continue to be the Company's abiding objectives. Measures aimed at developing the human resources are contemplated which shall enhance their commitment, dedication and motivation.

The industrial relations continued to be harmonious during the year under review and the Board acknowledges the unremitting support and co-operation rendered by the workers, staff and executives of the Company at all levels, which have significantly contributed to the efficient and successful management of the Company's affairs and administration.

PARTICULARS OF EMPLOYEES

Particulars as per sub-section (2A) of section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and which should be forming part of the Directors' Report for the year ended 31st March 1999, being nil, have not been furnished.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to 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 is given in the Annexure to this Report.

DIRECTORS

Mr. Mukesh Naik and Mr. H.N. Bafna, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS' REPORT

Observations made in the Auditors' Report are self explanatory and therefore, do not call for any comments under Section 217 (3) of the Companies Act, 1956.

FIXED DEPOSITS

The Company has not accepted or renewed any deposits from public during the year under review.

INSURANCE

All insurable interests of the Company including inventories, building, plant and machinery and others are adequately insured.

STATUS OF Y2K COMPLIANCE

Your Company has carried out a study of various operations, processes and functions that could be affected due to the Year 2000 problem. The study revealed that there would be no system problem, as corrective measures are already in progress. The work carrying out the replacement/upgradation of software and hardware systems for the Y2K compliance will be completed on schedule and the expenditure to be incurred thereon is estimated to be Rs 50,000/-. Contingency plans are being finalised to deal with any emergency situation with respect to accounting and other related matters.

ACKNOWLEDGEMENT

Your Directors would like to place on record their gratitude for the continuous support and co-operation received from State Bank of India and Central Bank of India, Customers and Suppliers. We also convey our heartfelt thanks to the Shareholders for their unfailing trust, confidence and encouragement.

By order of the Board of Directors

Place : Mumbai
Dated : 24th April, 1999

KANTILAL M. HIRAN
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information in accordance with the Companies (Disclosure of the Particulars in the Report of the Board of Directors) Rules, 1988 and forming a part of the Directors' Report for the year ended 31st March, 1999.

A. CONSERVATION OF ENERGY

Energy conservation efforts continued in all operations. Continued thrust was maintained for tapping non-conventional energy sources. There was optimum utilisation of machines with regular maintenance and overhauling. Strict control was maintained on electric power consumption.

	Year Ended <u>31.3.1999</u>	Year Ended <u>31.3.1998</u>
ENERGY CONSERVATION		
A. Power and Fuel Consumption :		
1. <u>Electricity</u>		
Purchases (Units)	11,74,740	7,03,232
Total Amount (Rs. in lacs)	38.84	26.23
Unit rate (Rs.)	3.31	3.73
2. <u>L.D.O.</u>		
Quantity (K. Ltrs.)	4,06,852	2,66,785
Total Cost (Rs. in lacs)	37.43	24.71
Average rate/litre (Rs.)	9.20	9.26
3. <u>Others/Internal generation</u>		
Quantity	0.21	0.24
Total Cost (Rs. in lacs)	1.19	0.82
Rate/unit (Rs.)	5.67	3.42
B. Consumption per unit of Production :		
Electricity (Units/kg.)	16.43	13.26
L.D.O. (Litres/kg.)	5.59	5.03

B.1. RESEARCH AND DEVELOPMENT (R&D)**1. Specific areas in which R&D carried out by the Company.**

Research and Development efforts were carried out in several areas extending from raw materials to new product development.

Several problems connected with the existing process and products were successfully tackled by the R & D department.

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 above efforts.

3. Future plan of action.

R & D efforts will be continued in the area mentioned above to effect cost of saving and improve quality.