

19th Annual Report

2002-03

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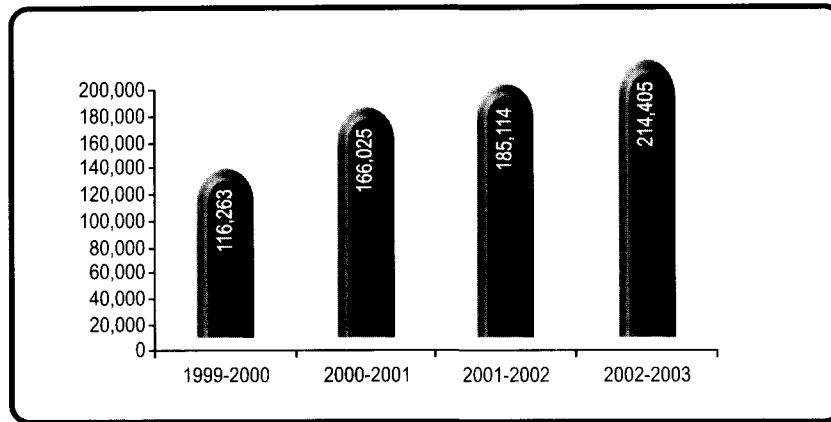


Hiran
ORGOCHEM LTD.

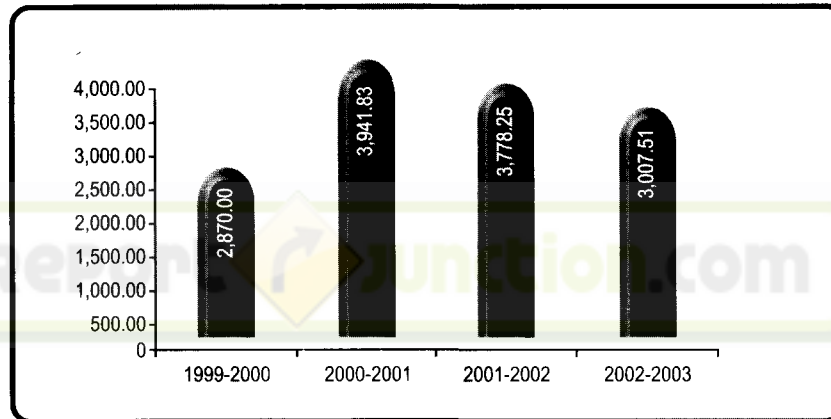
Making our presence through Quality

PRODUCTION

QUANTITY IN KGS.

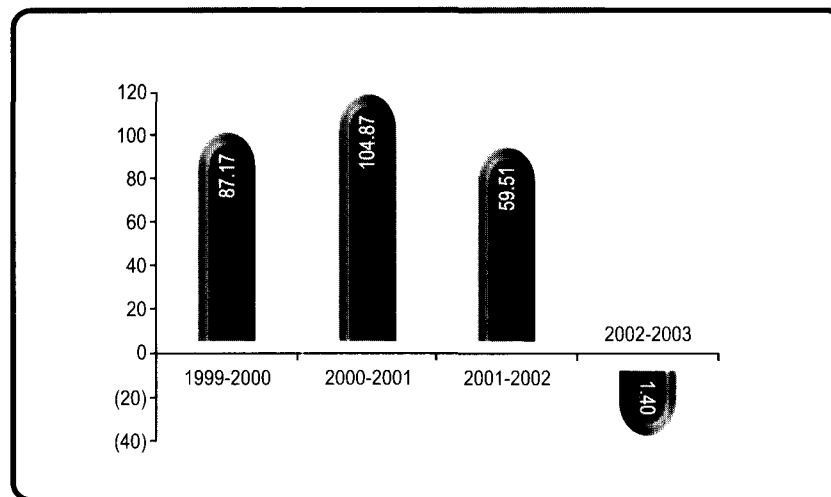


RUPEES IN LACS



NET PROFIT (After Tax)

RUPEES IN LACS





Nineteenth Annual Report 2002 - 2003

DIRECTORS : **MR. KANTILAL M. HIRAN** Chairman & Managing Director
MR. UTTAMCHAND HIRAN
MR. S. R. TATED Whole Time Director
MR. H. N. BAFNA
MR. MURSH NAIK
MR. VIJAY K. HIRAN Whole Time Director

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

BANKERS : **STATE BANK OF INDIA**

REGISTERED OFFICE : B-501/502/503, SOMI BIZ COURT,
 OFF. VEERABHAI ROAD,
 K. SHAH INDUSTRIAL ESTATE,
 ANDHERI (EAST), MUMBAI - 400 053
 info@hiranorgochem.com / hiran@vsnl.com
 www.hiranorgochem.com

PLANT : PLOT NO. 863, GIDC,
 PANOLI,
 ANKLESHWAR,
 GUJARAT - 394 116.

**REGISTRAR &
 SHARE TRANSFER AGENTS :** B&S SHARE SERVICES PVT. LTD.,
 B-2, ANSA INDUSTRIAL ESTATE,
 ANDHERI (EAST),
 MUMBAI - 400 029.

PARTICULARS	PAGE NOS.
Notice	1
Directors' Report	4
Annexure To Directors' Report	6
Management Discussion and Analysis Report.....	7
Corporate Governance Report.....	8
Auditors' Report	16
Balance Sheet	19
Profit & Loss Account	20
Schedules "1" To "15"	21
Balance Sheet Abstract	32
Cash Flow Statement	33



Nineteenth Annual Report 2002 - 2003

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of **Hiran Orgochem Limited** will be held at E-501/502/503, Remi Biz Court, 9, Shah Industrial Estate, Off. Veera Desai Road, Andheri (West), Mumbai 400 053 on Tuesday, the 30th day of September 2003 at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2003 and Balance Sheet as on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Uttamchand Hiran, 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 to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be necessary, Mr. Vijay K. Hiran be and is hereby appointed as a Whole Time Director of the Company for a period of three years with effect from 1st November, 2002 on a remuneration of Rs. 40,000/- per month with liberty to the Board of Directors of the Company to vary the terms and conditions including remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any other amendments thereto, as may be agreed to between the Directors and Mr. Vijay K. Hiran."

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

By order of the Board of Directors

Place: Mumbai
Dated: 30th June, 2003

Kantilal M. Hiran
Chairman & Managing Director

Registered Office:

E-501/502/503, Remi Biz Court,
9, Shah Industrial Estate,
Off. Veera Desai Road,
Andheri (West),
Mumbai 400 053.



Nineteenth Annual Report 2002 - 2003

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, in order to be effective, must be received at the Company's Registered Office not later than 48 (fortyeight) hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Tuesday, 23rd September 2003 to Tuesday, 30th September 2003 (both days inclusive).
4. Members are requested to bring their copy of Annual Report to the Meeting.
5. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.

BRIEF RESUME OF PERSONS PROPOSED TO BE RE-APPOINTED AS DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING:

Name	Mr. Uttamchand Hiran	Mr. H. N. Bafna
Age	44 years	44 years
Qualification	PUC	M. Com., L.L.B., A.C.S., F.C.A.
Expertise in specific functional areas	Businessman	Practising Chartered Accountant
Name of other Companies in which also holds Directorship (excluding private Companies)	Nil	World Water Fun Resorts Limited
Name of other Companies in Committees of which holds membership / Chairmanship	Nil	Nil
Chairman / Member of the Committee of the Board of Directors of the Company	Chairman - Shareholders / Investors Grievance Committee Member - Audit Committee Member - Remuneration Committee	Chairman - Audit Committee Member - Remuneration Committee



Nineteenth Annual Report 2002 - 2003

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

Item No. 5:

The Board of Directors of the Company at their meeting held on 30th October, 2002, appointed Mr. Vijay Hiran as a Whole Time Director of the Company for a period of three years with effect from 1st November, 2002 on terms and conditions as stated in the resolution.

The appointment of Mr. Vijay K. Hiran as the Whole Time Director of the Company, would require the consent of the shareholders of the Company pursuant to Section 269, 309, 311 and other applicable provisions of the Companies Act, 1956 and in accordance with the provisions of Schedule XIII to the said act. The said resolution is therefore, recommended for your approval.

Mr. Vijay K. Hiran is concerned or interested in the resolution in item no. 5 for his appointment as Whole Time Director. None of the other Directors except Mr. Kantilal M. Hiran and Mr. Uttamchand Hiran are interested or concerned in the said resolution.

Place: Mumbai
Dated: 30th June, 2003

By order of the Board of Director
Kantilal M. Hiran
Chairman & Managing Director

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Nineteenth Annual Report 2002 - 2003

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report on the operations of the Company together with the audited accounts for the year ended 31st March 2003.

Financial Results :

Particulars	(Rs. in Lacs)	
	Current Year	Previous Year
Sales and other income	3037.18	3827.92
Profit before Depreciation, Interest & Financial Charges and Tax (PBDIT)	207.00	321.01
Interest & Financial Charges and Depreciation	201.73	216.48
Profit before Taxation	5.27	104.53
Provision for Taxation & Deferred Tax	6.67	45.02
Profit/(Loss) after Taxation	(1.40)	59.51
Balance brought forward from previous year	302.57	336.47
Deferred Tax liability for earlier years	0	93.41
Balance carried forward to the Balance Sheet	301.17	302.57

Performance :

The turnover of the Company has decreased from Rs. 3778.25 Lacs in the previous year to Rs. 3007.51 Lacs for the year under review. The said decrease in the turnover is mainly on account of the stoppage of production during the last quarter of the year under review. The said stoppage was a result of the closure of the unit at Hyderabad through which the Company obtained the intermediate products used in the manufacturing of the final product of the Company. However, the Company has found an alternate unit at Mumbai itself and the production has re-commenced from April, 2003.

The fall in turnover has led to a decrease in the Operating Profit i.e. Profit before Depreciation, Interest & Financial Charges and Tax from Rs. 321.01 Lacs in the previous year to Rs. 207.00 Lacs for the year under review. The Company has incurred a Net Loss of Rs. 1.40 Lacs after providing for Income Tax and Deferred Tax. After adjusting the balance brought forward from the previous year, a balance of Rs. 301.17 Lacs has been carried to the Balance Sheet.

Barring unforeseen circumstances, your Directors are confident of achieving better results in the ensuing year.

Dividend :

In view of the losses, the Directors do not recommend any dividend for the year ended 31st March, 2003.

Directors' Responsibility Statement :

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Your 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 at 31st March, 2003 and of the loss of the Company for the year ended on that date.



Nineteenth Annual Report 2002 - 2003

- Your 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.
- Your Directors have prepared the attached Statement of Accounts for the year ended March 31, 2003 on a going concern basis.

Public Deposits :

During the year under review, the Company has accepted/renewed deposits from the public in compliance with the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended.

Directors :

Mr. Uttamchand Hiran and Mr. H.N. Bafna, Directors, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. Brief profile of these Directors is given in the notes of the Notice of the ensuing Annual General Meeting.

Auditors :

M/s B.L. Dasharda & Associates, Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office. Members are requested to appoint auditors for the current year and to authorize the Board to fix their remuneration.

Auditors' Report :

The observations made by the Auditors in their Report read with the relevant notes as given in the Notes on Accounts, are self-explanatory except Note No. 4 in the Notes on Accounts regarding non-provision of doubtful debts.

Corporate Governance :

A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the requirements of Corporate Governance, as also a Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

Conservation of Energy and Technology Absorption etc. :

The relevant data 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 annexed hereto and forms part of this report.

Particulars of Employees :

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not given as none of the employees of the Company is covered under the provisions of the said section.

Acknowledgements :

Your Directors take this opportunity to express their gratitude for the support and co-operation from the investors, Financial Institutions, Banks, Statutory Authorities, Customers and Suppliers. Your Directors also take pleasure in commending the valuable contributions made by the Company's employees at all levels during the year.

Place: Mumbai
Dated: 30th June, 2003

By order of the Board of Director
Kantilal M. Hiran
Chairman & Managing Director



Nineteenth Annual Report 2002 - 2003

ORGOCHEM LTD.

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 2003.

I. CONSERVATION OF ENERGY:

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

ENERGY CONSUMPTION

		Year Ended 31-03-2003	Year Ended 31-03-2002
A. Power and Fuel Consumption			
1	Electricity		
	Purchases (Units)	949712	1124272
	Total Amount (Rs. in Lacs)	45.52	55.14
	Unit Rate (Rs.)	4.79	4.90
2	L.D.O./F.O.		
	Quantity (K. Ltrs)	Nil	269035
	Total Cost (Rs. in Lacs)	Nil	34.46
	Average rate/Litre (Rs.)	Nil	12.81
3	Others/Internal generation		
	Quantity (Units)	19787	36292
	Total Cost (Rs. in Lacs)	4.08	6.75
	Rate/Units (Rs.)	20.64	18.60
4	Gas Purchase		
	Purchases (Units)	340890	163088M ³
	Total Amount (Rs. in Lacs)	36.57	13.34
	Average rate/Litre (Rs.)	10.73	8.18
B. Consumption per Unit of Production:			
	Electricity (Unit/Kg.)	4.43	6.07
	L.D.O. (Unit/Kg.)	Nil	1.45

II. A) RESEARCH AND DEVELOPMENT (R&D):

- Specific areas in which R&D carried out by the Company**
Research and Development efforts were carried out in several areas.
- Benefits derived as a result of the above R & D**
The Company has derived the benefits of reduction in cost and Industrialist improvement in quality due to the above efforts.
- Future Plan of action**
To reduce cost and improve quality, R & D efforts will be continued in several industrial areas.

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- The Company has full-fledged Laboratory continuously engaged in research and development of existing products. As soon as the development work is done, its contribution to the cost reduction and quality is tested and thereafter it is included in the standard operating procedure of commercial production.
- Benefits derived as a result of the above efforts:
Benefits derived as a result of the above efforts, e.g. product quality improvement, cost reduction, product development, import substitution etc. The continuous up-gradation and adoption of technology has benefited the Company in the form of production process, better yields and quality of the end product and the cost reduction.
- Purchase of technology imported during the last 5 years: **NIL**

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Year ended 31-03-2003	(Rs. In lacs) Year ended 31.03.2002
Foreign Exchange		
Earnings	799.94	744.69
Outgo	5.75	10.68

For and on behalf of the Board

Place: Mumbai
Dated: 30th June, 2003

KANTILAL HIRAN
Chairman & Managing Director



Nineteenth Annual Report 2002 - 2003

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:-

(a) **Industry structure and developments**

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

(b) **Opportunities and threats**

The Company's opportunities lie in the adequate demand for the Ciprofloxacin in the Bulk Drug segment. The Company may face tough competition from the leading players in the industry.

(c) **Segment-wise or product-wise performance**

The Company has only one business segment i.e. Bulk Drugs. The figures of production and sales for Bulk Drugs are furnished in the Notes on Accounts.

(d) **Outlook**

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

(e) **Risks and Concerns**

The Company continues to remain focused on its core competence product i.e. Ciprofloxacin. Competition in the market place continues to have an impact on the Company's realisations and also exerts pressure on the margins.

(f) **Internal Control Systems and their adequacy**

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

(g) **Discussions on financial performance with respect to operational performance**

(Rs. in Lacs)

Particulars	2002-2003	2001-2002	% Change
Total quantity of Sales of Own Manufactured Bulk Drug (in Kgs.)	221387	195023	13.52
Income from Operations	3007.51	3778.25	(20.40)
Profit before Interest, Depreciation and Tax	207.00	321.01	35.52
Interest Expenditure	156.04	168.40	(7.34)
Depreciation	45.69	48.08	(4.97)
Net Profit/(Loss) after Tax	(1.40)	59.51	(102.35)
Earnings per Share (in Rs.)	(0.03)	1.40	(102.14)

(h) **Human Resource Development**

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

The total number of personnel employed as on 31st March 2003 were 85 (staff 53 and workers 32).