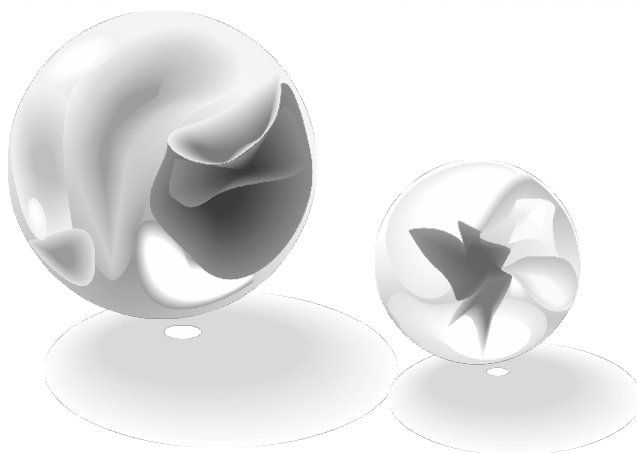


Strategy for  
success



2011-2012



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## 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](mailto:info@hiranorgochem.com)  
Website: [www.hiranorgochem.com](http://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](mailto:info@bigshareonline.com)

Website: [www.bigshareonline.com](http://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, 28<sup>th</sup> 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 30<sup>th</sup> 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:** 3<sup>rd</sup> December 2012

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

## **Registered Office:**

Unit No.439, 4<sup>th</sup> 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, 25<sup>th</sup> December 2012 to Friday, 28<sup>th</sup> 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;

# DIRECTORS' REPORT

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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 Eura 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.

# DIRECTORS' 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:** 3<sup>rd</sup> 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)
<b>A. Power and Fuel Consumption</b>			
<b>1. Electricity</b>			
Purchases	(Units)	909246	1700232
Total Amount	(Rs. in Lacs)	59.12	100.77
Unit Rate	(Rs.)	6.50	5.93
<b>2. L.D.O./F.O.</b>			
Quantity	(K. Ltrs)	Nil	Nil
Total Cost	(Rs. in Lacs)	Nil	Nil
Average rate/Unit	(Rs.)	Nil	Nil
<b>3. Others/Internal generation</b>			
Quantity	(Units)	11400	Nil
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)
<b>4. Gas Purchase</b>			
Purchases	(Units)	717696	1651809
Total Amount	(Rs. in Lacs)	106.96	225.23
Average rate/Unit	(Rs.)	14.90	13.64
<b>B. Consumption per Unit of Production:</b>			
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: 3<sup>rd</sup> December 2012