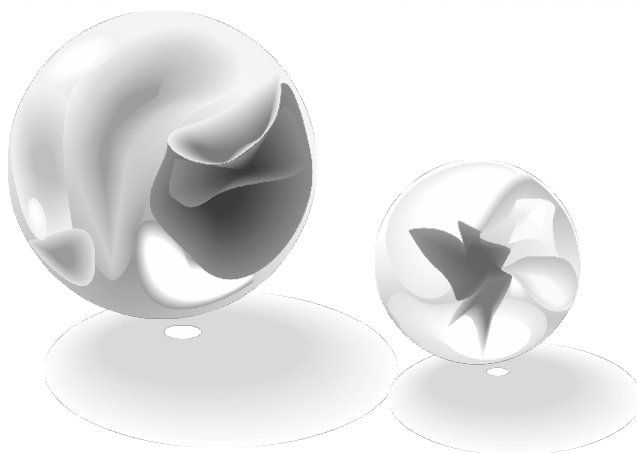


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2012-2013



29<sup>TH</sup> ANNUAL REPORT

## BOARD OF DIRECTORS:

**Mr. Kantilal M. Hiran**

(Chairman and Managing Director)

**Mr. H. N. Bafna**

**Mr. M. Kailash Kumar**

**Mr. Ashok Lunia**

## AUDITORS:

**M/s. MVK Associates**

(Chartered Accountants)

## BANKERS:

State Bank of Patiala

State Bank of India

## REGISTERED OFFICE:

Unit No. 439, 4<sup>th</sup> Floor

Ijmima-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)

## 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)

## CONTENTS

Notice

Directors' Report

Annexure to the Director's Report

Management Discussion and Analysis

Report on Corporate Governance

Certification by Chairman  
& Managing Director

Certificate

Auditors' Report

Annexure to the Auditors' Report

Balance Sheet

Statement of Profit and Loss Account

Cash Flow Statement

Notes to the Financial Statement

Balance Sheet Abstract

### 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 2012-2013 in an electronic mode to the shareholders on their email addresses registered with our RTA M/s Bigshare Services Pvt. Ltd. Further we request the Members to support this initiative and register their E-mail addresses in respect of shares held in: (1) dematerialized mode, with their Depository Participants; and (2) physical mode with M/s Bigshare Services Pvt. Ltd. (RTA). Please quote the following particulars in the E-mail Registration Request: Folio No./ DP ID-Client ID, PAN, Name(s) of Registered Holder(s), Address, Telephone and E-mail Address (to be registered for sending future communication through E-mail) and send the same under your signature(s).

### Forward – Looking Statement

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future information or otherwise.

# NOTICE

ANNUAL  
REPORT  
2012-13



**NOTICE** is hereby given that the Twenty Ninth Annual General Meeting of the Members of **HIRAN ORGOCHEM LIMITED** will be held on Monday, 30<sup>th</sup> December, 2013 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, 2013 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. Ashokchand A. Lunia who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint M/s. MVK Associates, Chartered Accountants, having Firm Registration No. 120222W as the Statutory Auditors of the Company 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.

## **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** as per the recommendation of Remuneration Committee and pursuant to Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, such other approvals and sanctions, if any, as may be necessary and subject to such conditions and modifications, as may be prescribed or imposed while granting such approvals, permissions and sanctions, Mr. Kantilal Hiran be and is hereby appointed as the Chairman & Managing Director of the Company w.e.f. 1<sup>st</sup> June 2013 for a period of three years not subject to retirement by rotation, on such terms and conditions as mentioned in the agreement entered into between the Company and Mr. Kantilal Hiran, which is submitted to this meeting and initialed by Mr. Hirachand Bafna, Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned and ratified with liberty to the Board of Directors (hereinafter referred to "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the agreement subject to the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr. Kantilal Hiran.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to take such actions and do all such things as may be necessary or desirable to give effect to this resolution."

**By Order of the Board**

**Place:** Mumbai  
**Date:** 3<sup>rd</sup> December 2013

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

**Registered Office:**  
Unit No.439, 4<sup>th</sup> Floor,  
IJMIMA Imitations Jewellery Market Co-op Society Ltd  
Off Link Road, Malad (West), Mumbai – 400 064

# NOTICE

ANNUAL  
REPORT  
2012-13



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## 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 Thursday, 26<sup>th</sup> December 2013 to Monday, 30<sup>th</sup> December 2013 (both days inclusive).
4. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act') and other applicable provisions of the Companies Act, 1956, setting out material facts relating to the business at Item no. 4 of the Notice as set out above is annexed hereto.
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: 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 Directors proposed to be appointed/re-appointed at this Annual General Meeting pursuant to Clause 49 of the Listing Agreement is as follows:

# NOTICE

ANNUAL  
REPORT  
2012-13



Name	Mr. Ashok A. Lunia	Mr. Kantilal M. Hiran
Age	55 years	57 years
Qualification	M. Com	Matriculation
Nature of Expertise	Business Administration and Tax Planning	Management & Marketing
Experience	30 years	41 Years
Name of other Public Companies in which holds Directorship	1. CSX Securities Limited 2. Coimbatore Enterprises and Holdings Limited	None
Name of other Companies in Committees of which holds Membership/ Chairmanship	None	None
Shareholding in Hiran Orgochem Limited	1,07,755 equity shares of Rs.10/- each	44,46,500 equity shares of Rs.10/- each

By Order of the Board

**Place:** Mumbai

**Date:** 3<sup>rd</sup> December 2013

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

**Registered Office:**

Unit No.439, 4<sup>th</sup> Floor,  
IJMIMA Imitations Jewellery Market Co-op Society Ltd  
Off Link Road, Malad (West), Mumbai – 400 064

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## EXPLANATORY STATEMENT PURSUANT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

### Item no. 4:

The tenure of Mr. Kantilal Hiran's office as the Chairman & Managing Director of the Company expired on 31<sup>st</sup> May 2013. The Board based on the recommendation of remuneration committee in its meeting held on 31<sup>st</sup> May 2013 re-appointed him as the Chairman & Managing Director of the Company w.e.f. 1<sup>st</sup> June 2013 for a further period of three years, not liable to retire by rotation so long as he hold office as the Chairman & Managing Director of the Company, subject to the approval of the Members and subject to all other necessary approvals/sanctions and on the terms and condition mentioned herein below:

- a) Period of re-appointment:  
The aforesaid reappointment of Mr. Kantilal Hiran shall be for the period of 3 (three) years commencing from June 1, 2013 and ending on May 31, 2016, on continuation basis, without any interruption/ break in service. His office shall not be liable to retire by rotation.
- b) Remuneration:  
Mr. Kantilal Hiran shall not be paid any remuneration.
- c) Mr. Kantilal Hiran shall be entitled to reimbursement of all expenses relating, including but not limited to traveling, field visits, mobile, e-mail devices, communication facilities, entertainment, other out-of-pocket expenses, etc. incurred by him in connection with or relating to the business of the Company.

The other terms and conditions of his re-appointment will be as mentioned in the Agreement. The Agreement of the proposed re-appointment of Mr. Kantilal Hiran is available for inspection by the Shareholders at the Registered office of the Company on any working day except public holidays, Saturdays and Sundays between 10.00 a.m. and 12.00 Noon upto the date of ensuing Annual General Meeting.

The re-appointment of the Chairman & Managing Director requires your approval as a Special Resolution. The Board considers that the services of Mr. Kantilal Hiran as the Chairman & Managing Director of the Company will be valuable for the growth of the Company and therefore recommends the said resolution for your approval.

Mr. Kantilal Hiran is a Promoter Director of the Company holding 44,46,500 equity shares directly (4.51% of the paid up capital of the Company) and indirectly holds 1,82,22,300 equity shares (18.47% of the paid up capital of the Company) through his relatives/persons acting in concert. Except the aforesaid, none of the Directors or their relatives are concerned/interested, financially or otherwise in the resolution at Item no.4 of the Notice.

# DIRECTORS' REPORT

ANNUAL  
REPORT  
2012-13



To,  
The Members,

The Directors hereby present the Twenty Ninth Annual Report on the business, operations and the Audited Accounts of your company for the financial year ended 30<sup>th</sup> June, 2013.

## Financial Highlights: (Rs. in Lacs)

Particulars	Current Year (1 <sup>st</sup> July 2012 to 30 <sup>th</sup> June 2013)	Previous Year (1 <sup>st</sup> April 2011 to 30 <sup>th</sup> June 2012)
Net Sales and other Income	2547.92	4688.19
Less: Expenditure except Finance Cost & Depreciation	8263.59	5131.60
Profit/(Loss) before Finance Cost, Depreciation & Taxation	(5715.67)	(443.41)
Less: Finance Cost & Depreciation	285.37	466.08
Less: Extraordinary Item	-	-
Profit/(Loss) before Taxation	(6001.04)	(909.49)
(Add)/Less : Provision for Taxation & Deferred Tax	-	-
Profit/(Loss) after Taxation	(6001.04)	(909.49)

## Performance:

During the year under review, the Company registered sales including other income, of Rs.2547.92 Lacs compare to previous year figures of Rs. 4688.19 Lacs. The Company suffered Net Loss after Tax of Rs. 6001.04 Lacs. The Company's factory at Ankleshwar has come to an absolute halt which has hampered the performance of the Company and as a result the Company is facing financial constraints and the bank account of the Company has become NPA last year. The Sales shown in the Annual Accounts is mainly due to trading turnover. The Management is taking effort to

ensure that the machineries remain in working condition.

## Dividend:

Considering the financial position of the Company, your Directors express their inability to recommend any dividend for the financial year ended 30<sup>th</sup> June, 2013.

## Directors:

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

The Board of Directors have also, on the recommendation of Remuneration Committee, re-appointed Mr. Kantilal Hiran as the Chairman & Managing Director of the Company for a period of 3 years with effect from 1<sup>st</sup> June 2013 subject to approval of members. The Board recommends for your approval the appropriate resolution as set out in the Notice for the Annual General Meeting.

A brief profile of Mr. Ashok A. Lunia & Mr. Kantilal Hiran 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;

# DIRECTORS' REPORT

ANNUAL  
REPORT  
2012-13



- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 30<sup>th</sup> June, 2013 and of the Loss of the Company for that year;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts for the year ended 30<sup>th</sup> June, 2013 have been prepared on going concern basis.

## Public Deposits:

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended.

## Auditors:

M/s. MVK Associates, Chartered Accountants, having Firm Registration No. 120222W, 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 under Section 224(1B) of the Companies Act, 1956 confirming their eligibility and willingness to accept office, if appointed. 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. 5(i) to 5(v) - State Bank of India, State Bank of Patiala and SICOM Ltd has recalled their loans during the previous year and 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. The total interest 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. 10 (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;	The diminution in the value of investment is temporary. The management is confident that the investment will grow in near future.
3.	Note No.15(iii) regarding amount advanced against orders of Rs. 934.94 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.
4.	Under point 9(a) of Annexure to Auditors Report few instances of delay in payment of undisputed Statutory dues has been pointed out.	The management has to inform that the Company is facing financial constrain and thus could not pay the same on time. However, as the situation improves the payment shall be done immediately.



# DIRECTORS' REPORT

ANNUAL  
REPORT  
2012-13



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

## Global Depository Receipts:

The Company has learnt that amount of USD 49,45,613 [Equivalent to Rs. 27,50,74,047 as per the exchange rate prevalent at that time] with EURAM Bank in retail account has been seized by the bank on 27.05.2013 to recover an alleged third party loan to Alta Vista International FZE pursuant to a Pledge Agreement alleged to have been executed by the Company with EURAM Bank. The Company has neither relationship with the said Alta Vista International FZE nor authorized or executed any such Pledge Agreement. Therefore, the Company has demanded the amount back from the Bank. Pending the recovery and without prejudice, and in line with the prudent account practices, the Company has made provision for the amount seized by the bank. The Company is in process of taking legal recourse to recover the said amount from Euram Bank.

## 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.

## 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 2013

# ANNEXURE TO THE DIRECTOR'S REPORT

ANNUAL  
REPORT  
2012-13



Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30<sup>th</sup> June, 2013.

## 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 30-06-2013	Year Ended 30-06-2012
<b>A. Power and Fuel Consumption</b>			
<b>1. Electricity</b>			
Purchases	(Units)	107220	909246
Total Amount	(Rs. in Lacs)	8.46	59.12
Unit Rate	(Rs.)	7.89	6.50
<b>2. I.D.O./F.O.</b>			
Quantity	(K. Ltrs)	Nil	Nil
Total Cost	(Rs. in Lacs)	Nil	Nil
Average rate/Unit	(Rs.)	Nil	Nil
<b>3. Others/Internal generation</b>			
Quantity	(Units)	Nil	11400 Kwh
Total Cost	(Rs. in Lacs)	Nil	.96
Average Rate/Unit	(Rs.)	Nil	8.42

ENERGY CONSUMPTION		Year Ended 30-06-2013	Year Ended 30-06-2012
<b>4. Gas Purchase</b>			
Purchases	(Units)	63332	717696
Total Amount	(Rs. in Lacs)	15.00	106.96
Average rate/Unit	(Rs.)	23.68	14.90
<b>B. Consumption per Unit of Production:</b>			
Electricity	(Units/Kg.)	2.68	4.44
Gas	(Units/Kg.)	1.58	3.50

## II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION AND RESEARCH & DEVELOPMENT

### FORM-B

Form of disclosure of particulars with respect to Technology Absorption

### A. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

#### 1. Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company has a full-fledged Laboratory continuously engaged in research and development of existing products. As soon as the development work is done, its contribution to the cost reduction and quality is tested and thereafter it is included in the standard operating procedure of commercial production. However currently the Company's plant is closed.

#### 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