

THIRTEENTH ANNUAL REPORT
2000-2001



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PEARL ORGANICS LIMITED

Annual Report 2000-2001

BOARD OF DIRECTORS

Dr. S. P. Adarkar : *Director*
Mr. K. Chandran : *Whole-time Director*
Mr. K. R. N. Moorthy : *Executive Whole-time Director*

REGISTERED OFFICE

A-15, M.I.D.C. Industrial Area,
PATALGANGA, DIST. RAIGAD-410 220. MAHARASHTRA

PLANTS

Tarapur and Patalganga (Maharashtra)

SOLICITORS

Messrs Crawford Bayley & Co., Mumbai

AUDITORS

Messrs M. H. Balasubramanian & Associates,
Chartered Accountants, Mumbai

BANKERS

Bank of India, Mumbai

Pearl Organics Limited**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of Pearl Organics Limited will be held on Monday 10th September 2001 at Hotel Raigad Resorts, Opp. Balaji Petrol Pump, Mumbai - Pune Highway, Taluka Panvel, District Raigad at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Dr. S P Adarkar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Mr K R N Moorthy as Executive Wholtime Director, since as additional Director he holds office only upto the date of this Annual General Meeting.
4. To appoint Auditors, and fix their remuneration.

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be member. A proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed on 24/08/2001 to 10/09/2001.
3. Members are requested to intimate to the Company not later than 7th September 2001 the changes, if any, in the Registered address along with Pin Code Number.
4. All correspondence relating to Shares should be forwarded to the Company at the following address:

Pearl Organics Limited
Plot No. D-306, TTC Industrial Area, Turbhe, MIDC,
Vashi, NAVI MUMBAI - 400 705

REGISTERED OFFICE :

A-15, MIDC,
Patalganga,
Dist-Raigad-410 220,
Maharashtra

Mumbai : July 23, 2001

By Order of the Board of Directors

K. CHANDRAN
Whole-time Director

Annual Report 2000-2001**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting their 13th Annual Report together with Audited Accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	For the Year ended 31.3.2001	For the Year ended 31.3.2000
Profit/ (Loss) before Taxation	2.02	(92.72)
Provision for Taxation	—	—
Profit / (Loss) after Taxation	2.02	(92.72)
Balance brought forward from previous year	(216.71)	(123.99)
Prior Year Adj. (Proposed dividend adjusted)	—	—
Profit available for Appropriation	(214.69)	(216.71)
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	(214.69)	(216.71)

DIVIDEND :

On account of inadequate profits during the year, your Directors do not propose recommendation of dividend for the year.

OPERATIONS :

The sales turnover of the company for the year is Rs.1043.42 lakhs as against Rs.1070.93 lakhs in the previous year. The company has earned a profit of Rs. 2.02 lakhs as against the loss of Rs.92.72 lakhs in the previous year. The profit was possible primarily due to the increased efficiency in operations during the year under review.

EXPANSION PROGRAMME:

The Company has undertaken an expansion programme at its plant at Patalganga for obtaining US FDA approval. The officials from US FDA have visited the factory and completed their inspection. The Company is now awaiting their approval. The US FDA approval will result in higher turnover and improved profitability for your Company.

DIRECTORS:

- Mr Jaysimha Buddiga and Mr. Samir Sutaria, Directors of the Company have resigned as Directors of the Company during the year under review.

The Board wishes to place on record their deep sense of appreciation for their contributions to the Company during their tenure as Directors of the Company.

- Dr S P Adarkar, Director, retires by rotation and being eligible offers himself for reappointment at the ensuing Annual General Meeting of the Company.

Pearl Organics Limited

- Mr K R N Moorthy was appointed as Additional Director of the Company during the year under review. Since Mr K R N Moorthy holds the office as Director only upto the date of this Annual General Meeting, the Board recommends his appointment as Executive Whole Time Director of the Company at the ensuing Annual General Meeting of the Company.

AUDITORS :

M/s. M.H.Balasubramanian & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the Thirteenth Annual General Meeting of the Company. They have confirmed their eligibility to be re-appointed as Auditors of the Company and as such, your Directors recommend their re-appointment.

DISCLOSURE OF PARTICULARS:

The information 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, is given in Annexure "A" which forms part of the Report.

There is no employee falling under the particulars of employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

CORPORATE GOVERNANCE :

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended.

DIRECTORS' RESPONSIBILITY STATEMENT :

That in the preparation of the Annual Accounts : -

- the applicable accounting standards have been followed along with proper explanation relating to material deviations;
- consistently made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGMENTS :

Your Directors place on record their sincere appreciation for the valuable support extended to the Company by Bankers, Suppliers, Customers, Shareholders and Employees.

For and on behalf of the Board

Mumbai : July 23, 2001

K. Chandran
Whole-time Director

Annual Report 2000-2001**ANNEXURE "A" TO DIRECTORS' REPORT**

PARTICULARS PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988, AND FORMING PART OF THE DIRECTORS' REPORT.

1. CONSERVATION OF ENERGY

- a) Reaction time have been reduced significantly through process development activity as a result of which energy consumption per ton of the product has improved.
- b) With the installation of capacitors the power factor continues to show improvement.

INFORMATION AS PER PRESCRIBED FORM 'A'.

Power & Fuel Consumption :

	Year ended 31.3.2001	Year ended 31.3.2000
1. Electricity purchased :		
Units	5,58,317	5,51,390
Total amount (in Rupees)	23,78,429	25,36,395
Rate / Unit (in Rupees)	4.60	4.60
2. Furnace Oil, LSHS & LDO		
Quantity (K. Litres)	280	138
Total amount (in Rupees)	46,68,800	15,25,000
Average amount (in Rupees per K. Litres)	16.67	11.00

Note : Details relating to consumption per unit of production have not been given as the product mix has undergone a change.

2. ABSORPTION OF TECHNOLOGY AND RESEARCH & DEVELOPMENT :

The Company has been making constant and continuous efforts to develop processes for new products and commercialise the same. The Company has already developed two new products - Sertraline HCL and Pentaprozole which are expected to be marketed before end of September 2001.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Rs. in Lakhs)	
	Year ended 31.3.2001	Year ended 31.3.2000
<i>Income :</i>		
Foreign Exchange earned by the Company		
F.O.B. value of Exports	69.47	7.27
<i>Expenditure :</i>		
CIF Value of Imports	—	—

For and on behalf of the Board

Mumbai : July 23, 2001

Dr. S. P. Adarkar
Director

K. Chandran
Whole-time Director

K. R. N. Moorthy
Executive Whole-time Director

Pearl Organics Limited**AUDITORS' REPORT**

TO THE MEMBERS OF PEARL ORGANICS LTD. We have audited the attached Balance Sheet of PEARL ORGANICS LIMITED as at 31st March, 2001 and the annexed Profit & Loss Account of the Company for the year ended on that date and report that:

1. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company as far as it appears from our examination of these books.
3. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts and are also in compliance with the Accounting Standards prescribed under Section 211 (3C) of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanation given to us the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i. In the case of the Profit and Loss Account, of the profits for the year ended on 31st March, 2001.
 - and
 - ii. In the case of the Balance Sheet of the state of the Company's affairs as at 31st March, 2001.
5. Further as required by the Manufacturing and Other Companies (Auditors Report) Order, 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we report that:
 - i. As explained to us the records of quantitative details and situation of fixed assets are being updated. These fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
 - ii. None of the fixed assets have been revalued during the year.
 - iii. In respect of finished goods, stores & spares and raw materials other than stocks lying with third parties, physical verification has been conducted by the management at reasonable intervals.
 - iv. The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.