

FOURTEENTH ANNUAL REPORT

2001-2002



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PEARL ORGANICS LIMITED

Annual Report 2001-2002

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 Fourteenth Annual General Meeting of Pearl Organics Limited will be held on Friday 20th September 2002 at Hotel Garden at Plot No. 66, TPS-1 Panvel, (Mumbai - Pune Highway), Navi Mumbai-400 206, District Raigad at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2002 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 K. Chandran who retires by rotation and being eligible offers himself for re-appointment.
3. 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 deposit the form 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 from 5th September, 2002 to 20th September, 2002 (both days inclusive).
3. Members are requested to intimate to the Company not later than 18th September, 2002 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 : 14th Aug. 2002

By Order of the Board of Directors

K. CHANDRAN
Whole-time Director

Annual Report 2001-2002

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 14th Annual Report together with Audited Accounts for the year ended 31st March 2002.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	For the Year ended 31.3.2002	For the Year ended 31.3.2001
Profit before Taxation	44.30	2.02
Provision for Taxation	3.50	—
Profit / (Loss) after Taxation	40.80	2.02
Balance brought forward from previous year	(214.69)	(216.71)
Prior Year Adj. (Proposed dividend adjusted)	—	—
Profit available for Appropriation	(173.89)	(214.69)
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	(173.89)	(214.69)

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.1654.72 lakhs as against Rs. 1043.42 lakhs in the previous year registering a growth of 58.59%. The company has earned a profit of Rs. 44.30 lakhs as against the profit of Rs. 2.02 lakhs in the previous year.

EXPANSION PROGRAMME:

The Company has undertaken an expansion programme at its plant at Patalganga for obtaining US FDA approval. The officials from USFDA have visited the factory and completed inspection. After inspection the USFDA Authorities have approved the entire Plant. The USFDA approval will result in higher turnover and improved profitability for your Company.

DIRECTORS:

Mr K. Chandran, Director, retires by rotation and being eligible offers himself for reappointment. The Board recommends his appointment as Whole-time Director of the Company at the ensuing Annual General Meeting of the Company.

Pearl Organics Limited**AUDITORS :**

M/s. M.H. Balasubramanian & Associates, Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of the Fourteenth 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;
- That the Directors have selected such accounting policies and applied them consistently and 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 year;
- 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 : 17th April, 2002

K. CHANDRAN
Whole-time Director

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 31.3.2002	Year ended 31.3.2001
1. Electricity purchased :		
Units	10,09,296	5,58,317
Total amount (in Rupees)	41,30,230	23,78,429
Rate / Unit (in Rupees)	4.09	4.60
2. Furnace Oil, LSHS & LDO		
Quantity (K. Litres)	430	280
Total amount (in Rupees)	72,71,385	46,68,800
Average amount (in Rupees per K. Litres)	16,910	16,674

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 started commercial production. Five more products in the R & D stage are expected to be launched during the Financial Year 2002-2003.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(Rs. in Lakhs)	
	Year ended 31.3.2002	Year ended 31.3.2001
<i>Income :</i>		
Foreign Exchange earned by the Company		
F.O.B. value of Exports	861.96	69.47
<i>Expenditure :</i>		
CIF Value of Imports	10.33	—

For and on behalf of the Board

K. CHANDRAN

Whole-time Director

Mumbai : April 17, 2002.

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, 2002 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, 2002.
 - and
 - ii. In the case of the Balance Sheet of the state of the Company's affairs as at 31st March, 2002.
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.

Annual Report 2001-2002

- v. The discrepancies noticed on physical verification of stocks as compared to book records which were not material, have been properly dealt with in the books of accounts.
- vi. On the basis of our examination and in our opinion, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- vii. The Company has not taken loans from companies, firms and other parties listed in register maintained under Section 301 of the Companies Act, 1956, and from companies under the same management as defined under section 370(1B) of the Companies Act, 1956.
- viii. In respect of loans and advances in the nature of loans given by the Company, the amounts are being recovered regularly.
- ix. The Company has not granted any loans or advances in the nature of loans to companies, firms and other parties listed in the register maintained u/s 301 of the Companies Act, 1956, or to companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
- x. In our opinion and according to the information given to us there are adequate internal control procedures, commensurate with the size of the Company and the nature of the business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.
- xi. The Company has not made purchase of goods in excess of Rs. 50,000 in value from Companies in which Directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956.
- xii. Unserviceable or damaged stores, raw materials and finished goods are determined and provision for loss, if any, has been made in the accounts.
- xiii. The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956.
- xiv. In our opinion, reasonable records have been maintained for sale and disposal of by-products and scrap commensurate with the size and nature of its business.
- xv. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- xvi. The Company is not maintaining cost records under Section 209 (1) (d) of the Companies Act, 1956.
- xvii. The Company does not have Employees' State Insurance Scheme.
- xviii. The Company has been generally regular in depositing Provident Fund dues with the appropriate authorities.