

34

**SOMAIYA
ORGANO-
CHEMICALS
LIMITED**

**ANNUAL REPORT & ACCOUNTS
1994-95**

SOMAIYA ORGANO-CHEMICALS LIMITED

(Incorporated under Companies Act, 1956)

BOARD OF DIRECTORS :

DR. S. K. SOMAIYA - *Chairman*

DR. T. P. S. RAJAN

SHRI B. N. NARULA

DR.(MISS) U. H. MEHTA

SHRI R. S. MHATRE

SHRI Y. S. MUZUMDAR

SHRI S. R. KHATOD

SHRI S. S. SOMAIYA

SHRI P. K. R. NAIR - *Director (Works)*

BANKERS :

BANK OF BARODA

SOLICITORS :

MULLA & MULLA AND CRAIGIE BLUNT AND CAROE

AUDITORS :

AMBALAL THAKKAR & CO.

REGISTERED OFFICE :

FAZALBHOY BUILDING,
45/47, MAHATMA GANDHI ROAD,
FORT, BOMBAY-400 023.

SOMAIYA ORGANO-CHEMICALS LIMITED

NOTICE

Notice is hereby given that Thirty-Fourth Annual General Meeting of Somaiya Organo-Chemicals Limited, will be held on 29th September, 1995 at 4.00 p.m. at the Registered Office of the Company at Fazalbhoj Building, 45-47, Mahatma Road, Bombay-400 023 to transact the following business:

To consider and adopt the Audited Balance Sheet as at 31st March, 1995 and the Profit and Loss Account for the year ended on that date, and the Directors' and Auditors' Report thereon.

To declare dividend on Equity and Preference Shares.

To appoint a Director in place of Shri. B. N. Narula who retires by rotation and being eligible offers himself for re-appointment.

To appoint a Director in place of Shri. S. R. Khatod who retires by rotation and being eligible offers himself for re-appointment.

To appoint a Director in place of Shri. Y. S. Muzumdar who retires by rotation and being eligible offers himself for re-appointment.

To appoint Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

BUSINESS :

To consider and, if thought fit, to pass, with or without modification, if any, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in partial modification of the Ordinary Resolutions at Item No. 6 passed at the 33rd Annual General Meeting of the Company held on 30th September, 1994 and in accordance with the provisions of Sections 198, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force, the Company hereby approves increase in Remuneration payable to Shri P. K. R. Nair, Director (Works) with effect from 1st April, 1995 for the remainder of the tenure of his terms as set out in the draft

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, to give effect to this Resolution."

8. To consider and if thought fit, to pass with or without modifications, if any, the following Resolution as an Ordinary Resolution :

"RESOLVED THAT upon the recommendation made by the Board of Directors of the Company and pursuant to Article 184 of the Articles of Association of the Company a sum of Rs. 1,77,00,000/- (Rupees One Crore Seventy Seven lacs) from the amount standing to the credit of General Reserve Account as on 31st March, 1995 be capitalised and transferred to Share Capital Account and the said sum of Rs. 1,77,00,000/- be applied for allotment of bonus shares among the holders of the existing 35,40,000 Equity Shares of Rs. 10/- each whose names stand registered on the Register of Members as of such date as may be fixed by the Board of Directors and that such 17,70,000 new Equity Shares of Rs. 10/- each credited as fully paid-up be allotted and distributed as Bonus Shares to such members as aforesaid in the proportion of ONE such new Equity Share for every TWO Equity Shares held by them on such date as determined and that such Bonus Shares shall rank pari passu with the equity shares already issued by the Company save and except that these shares shall not qualify for any dividend that may be declared prior to the date on which these shares are allotted.

THAT the Certificates in respect of the said Bonus Shares shall be completed and delivered within three months of the date of allotment thereof and that no Letter of Allotment shall be issued in respect of the said Bonus Shares.

THAT for the purpose of giving effect to this Resolution the Board of Directors be and are hereby authorised to take all necessary steps and to do all such acts and things and give such directions as may be necessary to settle any question of difficulty which may arise in regard thereto in such manner as it may think fit."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby also authorised at their discretion to accept and agree any change

required in the light of the conditions of such consent to the issue of the said Bonus Shares without any further consent or concurrence of the shareholders in General Meeting."

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman

Dated 1st September, 1995.

- 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

ANNEXURE TO NOTICE

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

At the 33rd Annual General Meeting held on 30.9.1994, the shareholders had approved the re-appointment and of remuneration of Shri P. K. R. Nair, Director (Works) Company. It is proposed to enhance the remuneration, i.e.f. 1st April, 1995 for the remainder period of the year on the terms set out in the draft Agreement.

The increased remuneration payable to the Director by way of salary, perquisites and allowances is as given under :

- 1. Salary : Rs. 21,000 - 1,000 - 22,000 p.m.
- 2. Commission : 1% of Net Profits subject to a limit of Rs. 55,000/-.

The other terms and conditions of the appointment/re-appointment approved by the shareholders at the Annual General Meeting held on 30.9.1994 will remain unchanged.

The revised terms of remuneration are to be approved by the members in general meeting and the Directors commend this resolution for acceptance by the members.

The above may be treated as an abstract of the draft Agreement proposed to be entered into between the Company and Shri P. K. R. Nair, pursuant to Section 302 of the Companies Act, 1956.

Shri P. K. R. Nair may be deemed to be interested in this resolution.

- 8. In view of the substantial reserves of the Company and also to bring the Paid-up Share Capital of the Company more in line with the capital employed in the business, the Board of Directors has recommended capitalisation of an amount of Rs. 1,77,00,000/- (Rupees One Crore Seventy Seven lacs) from the Reserves of the Company by issuing Bonus Shares in the proportion of one bonus shares for every two existing shares held in the Company on a date to be announced by the Board of Directors.
- Dr. S. K. Somaiya and Shri S. S. Somaiya, Directors of the Company may be deemed to be concerned or interested in the issue of Bonus Equity Shares to the extent of their shareholdings in the Company.

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman

Bombay : Dated 1st September, 1995.

SOMAIYA ORGANO-CHEMICALS LIMITED

DIRECTORS' REPORT

Yours Directors have pleasure in presenting their Thirty-Fourth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1995.

(A) FINANCIAL RESULTS :

	(Rs.in lacs)	(Rs.in lacs)
Gross Operating Profit		594.17
Less: Interest	241.23	
Depreciation	106.79	
Provision for taxation	—	
		<u>348.02</u>
Net Profit for the year		246.15
Less : Provision for taxation of earlier years		<u>32.56</u>
		213.59
Add : Brought forward balance		<u>1.69</u>
Amount available for appropriation		<u>215.28</u>

APPROPRIATIONS :

Transfer to Debenture	
Redemption Reserve	10.00
Transfer to General Reserve	151.00

Proposed Dividend :

On Preference Shares	0.91	
On Equity Shares @ 15%	<u>52.14</u>	<u>53.05</u>
Balance carried to Balance Sheet.		1.23
		<u>215.28</u>

(B) OPERATIONS :

(i) CHEMICAL PLANT AT SAKARWADI :

The operations of Chemical Plant and the Distillery were satisfactory. Comparative figures of Production at Sakarwadi were as under :

	1994-95	1993-94
Rectified Spirit (H. L.)	1,61,366	83,142
Acetic Acid (M. T.)	11,314	10,764
Ethyl Acetate (M. T.)	2,584	1,893

The Distillery and Plant could have worked better to their full capacity but for the non-availability of Molasses/Alcohol at reasonable prices. The Company imported 1000 tonnes of Industrial Alcohol during the year to supplement its raw material requirements.

(ii) SAMEERWADI DISTILLERY :

The Distillery at Sameerwadi in Karnataka continued to be leased out to M/s. Saphthagiri Enterprises.

(iii) FINE CHEMICAL DIVISION IN GUJARAT :

The working of M/S. Alex & Rogers, Company's Bulk Drug Unit did not come upto expectations due to stiff competition. Efforts are being made for manufacture of other value added products to make the operations more viable.

(iv) EXPORTS :

During the year under Report, the Company exported 200 Kgs. of Dicyclomine Hydrochloride valued at Rs. 5.03 lacs and 100 MT of Ethyl Acetate valued at Rs. 36.57 lacs.

(C) CURRENT YEAR'S WORKING :

Because of comfortable sugar production during 1994/95 season, the availability of Molasses and Alcohol improved and the prices slightly eased compared to last season. Moily Committee appointed by Govt. of India to study the after effects of Decontrol on Pricing and movement of Molasses and Alcohol introduced in 1993 has in its report recommended that 70% of the Molasses and Alcohol be reserved for Govt. programme and the Alcohol based Chemical Industry. None of these recommendations have so far been implemented. The Chemical Industry has welcomed the recommendations of the Committee as implementation of the same would have a moderating influence on the price of the feed stocks.

(D) DIVIDEND :

The Directors recommend for consideration of shareholders at the Annual General Meeting, payment of Preference Dividend @ 9.1% per share and Equity Dividend @ 15% per share

totalling to Rs. 53.05 lacs for the year ending 31st March, 1995 subject to deduction of tax.

- (E) Deposits of Rs. 13.36 lacs which became due for payment on or before 31/3/1995 were not claimed by the Depositors. Of these, Deposits of Rs. 5 lacs have since been repaid / renewed.

(F) OTHER MATTERS :

(i) PARTICULARS OF EMPLOYEES :

There were no employees drawing remuneration of Rs. 3 lacs or more per year or Rs. 25,000/- per month or more for part of the year.

(ii) CONSERVATION OF ENERGY ETC. :

The particulars in respect of Conservation of Energy etc. pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the statement annexed hereto which is forming part of this Report.

(G) DIRECTORS :

Three of your Directors, Shri B. N. Narula, Shri S. R. Khatod and Shri Y. S. Muzumdar retire by rotation but being eligible offer themselves for re-appointment.

(H) AUDITORS :

The members are requested to appoint M/s. Ambalal Thakkar & Co., Chartered Accountants as Auditors, who retire but being eligible offer themselves for re-appointment for the period from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

(I) GENERAL :

Relations between Management and Staff and workers continued to be satisfactory during the year under Report.

Your Directors place on record their sincere appreciation of the co-operation and assistance extended by Company's Bankers - Bank of Baroda, Can Bank Mutual Fund, Unit Trust of India and IREDA, New Delhi for the financial support given to the Company.

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman

BOMBAY : Dated 1st September, 1995.

SOMAIYA ORGANO-CHEMICALS LIMITED

ANNEXURE TO DIRECTORS' REPORT

Information in accordance with the Companies (Disclosure of Particulars, in the Report of the Board of Directors) Rules, 1988 and forming part of Directors' Report for the year ended 31st March, 1995.

CONSERVATION OF ENERGY / TECHNOLOGY / ABSORPTION / FOREIGN EXCHANGE EARNINGS AND OUT GO AT SAKARWADI.

(A) CONSERVATION OF ENERGY :

(a) Energy Conservation measures taken :

Methane gas recovery plant from spent wash of Distillery - Started burning of Biogas in Boiler.

(b) Additional investment proposals, if any, being implemented for reduction in consumption of energy :

We propose to install - Economiser and Fluidised Bed System in B & W Boiler and Plate Heat Exchangers.

(c) Impact of the measures at (a) and (b) above - improved generation of steam per tonne of coal, smoother operation of the Plant with reduced steam consumption, alternate fuel and captive power generation.

(d) Total energy consumption and energy consumption per unit of production is as shown below.

FORM 'A'

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year	Previous Year
	1994-95	1993-94

(A) POWER & FUEL CONSUMPTION :

1. ELECTRICITY :

(A) PURCHASED

Unit	KWH	72,40,489	64,75,600
Total Amount	Rs.	1,96,17,749	1,52,94,259
Rate	Rs/KWH	2.71	2.36

(B) OWN GENERATION :

(i) Through Diesel Generator (Skoda & Kirloskar D. G. Set)

Unit	KWH	4,78,800	3,36,325
Unit per ltr. of diesel oil	KWH	2.53	2.28
Cost per unit	Rs/KWH	3.29	3.11

		<i>Current Year</i>	<i>Previous Year</i>
		<i>1994-95</i>	<i>1993-94</i>

(ii) Through Steam Engine

(BM Engine and Turbine)

Unit	KWH	16,11,350	12,26,980
Unit per kg.	Rs. / KWH	After generation of power, the steam is consumed fully in the process. So, there is no appreciable cost for power generation. In practice, we get power as a by-product with nominal/low cost per unit.	
Cost per unit			

COAL (B/C/D GRADE) :

Coal consumed

Quantity	MT	19,376	20,418
Total Cost	Rs.	2,35,78,562	2,29,41,734
Average rate	Rs. / MT	1,217	1,124

Biogas consumed

	M ³	84,21,346	—
Total steam generation	MT	1,08,197	80,097
Steam generation per MT of coal	MT	3.50	3.92

FURNACE OIL :

Furnace oil not used since Boilers are coal fired.

OTHER / INTERNAL GENERATIONS :

FIRE-WOOD

Quantity	MT	NIL	NIL
Total cost	Rs.	—	—
Rate per MT	Rs. / MT	—	—

CONSUMPTION PER UNIT OF PRODUCTION :

ALCOHOL :

Production	KL	16,137	8,314
Electricity	KWH	13,99,596	8,69,225
Rate	KWH/KL	86.61	104.55
Coal	MT	2,461	5,897

				Current Year	Previous Year
				1994-95	1993-94
(b) ACETALDEHYDE :					
Production		MT		11,139	9,438
Electricity		KWH		37,32,256	31,97,238
Rate		KWH/MT		335.06	338.76
Coal		MT		6,766	5,853
Rate	Coal	MT/MT		0.61	0.62
	Steam	MT/MT		2.20	2.31
(c) ACETIC ACID :					
Production		MT		11,314	10,764
Electricity		KWH		37,32,256	31,97,238
Rate		KWH/MT		329.88	297.03
Coal		MT		6,639	6,095
Rate	Coal	MT/MT		0.59	0.57
	Steam	MT/MT		2.13	2.16
(d) ETHYL ACETATE :					
Production		MT		2,584	1,893
Electricity		KWH		4,66,531	7,75,204
Rate		KWH/MT		180.55	409.51
Coal		MT		3,510	2,573
Rate	Coal	MT/MT		1.36	1.36
	Steam	MT/MT		4.85	5.33

(C) TECHNOLOGY ABSORPTION :

FORM 'B'

(Disclosure of Particulars with respect to Technology Absorption)
Research & Development (R & D) - NIL

(D) FOREIGN EXCHANGE EARNINGS AND OUT GO :

The total foreign exchange earned by the Company during the year under review amounted to Rs. 41,62,093/- and total foreign exchange outgoings on CIF value basis amounted to Rs. 1,21,29,600/-.

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman

BOMBAY : Dated 1st September, 1995.

SOMAIYA ORGANO-CHEMICALS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH,1995

We have examined the attached Balance Sheet and the Profit and Loss Account annexed thereto which are in agreement with the Company's Books of Accounts.

As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 in our opinion, and on the basis of such checks of books and records as we considered appropriate, and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief, we report that:-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. Physical verification of all the assets has been conducted by the Management at the close of the year and no material discrepancies were noticed.
2. The Fixed Assets of the Company have not been revalued during the year.
3. Physical verification has been conducted by the Management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials and no material discrepancies have been noticed on such physical verification as compared to book records. The procedure followed by the Management for such physical verification are in our opinion reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination we are satisfied that the valuation of these stocks is fair and proper in accordance with normally accepted accounting principles applied on the same basis in the previous year.
4. The Company has not taken any loans from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or covered by the definition of Companies under the same Management under Section 370 (1B) of the Companies Act, 1956.
5. In respect of loans and advances in nature of loans given by the Company, parties have been repaying the principal amounts and interest whenever it has become due as stipulated. Loans and advances in the nature of loans given to employees are recovered regularly as stipulated.
6. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchases of Raw Materials, Stores, Plant and Machineries, Equipments and other Assets and for the sale of goods.
7. According to information and explanations given to us, there have been no transaction of purchases of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register(s) maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party.
8. As informed to us and as per usual practice, unsaleable

and obsolete stock of stores is shown at NIL value and no provision for the loss has been made in the accounts.

9. In respect of deposits accepted from public and loans from other parties, the Company has complied with the provisions of Section 58A of Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 framed thereunder.
10. Company has maintained reasonable records for the sale and disposal of by-products and scrap.
11. In our opinion, Company has an adequate internal Audit system commensurate with the size and nature of its business.
12. According to the records produced and information given to us, we are of the opinion, that the Cost Records and Accounts as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 have been maintained by the Company but no detailed examination of such Records and Accounts has been carried out by us.
13. The Company is regular in depositing Provident Fund dues with the appropriate authorities.
14. According to information and explanation given to us and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty outstanding for a period exceeding six months from the date they became payable.
15. No personal expenses have been charged to revenue account.
16. The Company is not a Sick Industrial Company within the meaning of Section 3(1) (o) of the Sick Industrial Companies (Special Provisions), Act, 1985.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper Books of Accounts as required by the Companies Act, 1956 have been kept by the Company so far as appears from our examination of these books.

In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account subject to notes thereon give the information required by the Act, in the manner so required and present a true and fair view of the state of the Company's affairs as at the close of the above accounting year and of PROFIT for the year ended on that date.

For **AMBALAL THAKKAR & CO.**
CHARTERED ACCOUNTANTS

G.P.BHATT
Partner

BOMBAY : Dated 2nd September, 1995.

SOMAIYA ORGANO-CHEMICALS LIMITED

Balance Sheet as at 31st March, 1995

			Rs. in lacs 31-03-95	Rs. in lacs 31-03-94
OF FUNDS :	SCHEDULES			
OLDERS' FUNDS :				
Capital	1		364.00	354.00
Reserves & Surplus	2		586.87	386.33
			<u>950.87</u>	<u>740.33</u>
Secured Loans	3		1,008.98	1,101.15
Unsecured Loans	4		469.35	254.59
			<u>1,478.33</u>	<u>1,355.74</u>
STOCKS EMPLOYED			<u>2,429.20</u>	<u>2,096.07</u>
LIABILITIES OF FUNDS :				
ASSETS :	5			
Block		2,057.09		2,402.61
Depreciation		676.11		1,031.92
		<u></u>		<u></u>
Stock			1,380.98	1,370.69
in Progress			43.73	25.40
			<u>1,424.71</u>	<u>1,396.09</u>
INVENTORIES	6		44.70	44.70
ASSETS, LOANS AND ADVANCES				
Stores	7	546.83		414.07
Debtors	8	449.47		169.21
Bank Balances	9	131.61		88.19
Prepaid Expenses and Advances	10	412.40		572.92
		<u>1,540.31</u>		<u>1,244.39</u>
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	11	475.92		380.60
Provisions	12	134.05		208.51
		<u>609.97</u>		<u>589.11</u>
Fixed Assets			930.34	655.28
NEOUS EXPENDITURE :				
Revenue Expenditure			29.45	—
			<u>2,429.20</u>	<u>2,096.07</u>
SETS				
LIABILITIES	13			
ACCOUNTS	20			

SOMAIYA ORGANO-CHEMICALS LIMITED

Profit and Loss Account for the year ended 31st March, 1995

		Rs. in lacs 31-03-95	Rs. in lacs 31-03-94
INCOME	SCHEDULES		
Sales		4,221.92	3,133.31
Other Income	14	335.73	246.62
Depreciation of earlier years written back		124.49	—
Agricultural Income		9.19	3.33
Increase / (Decrease) in Stock	15	46.64	(8.85)
		<u>4,737.97</u>	<u>3,374.41</u>
EXPENDITURE			
Agricultural Expenses		4.79	2.67
Raw Materials Consumed	16	2,319.29	1,546.83
Manufacturing and Other Expenses	17	1,124.64	971.45
Excise Duty		695.08	415.26
Interest & Financial Charges	18	241.23	197.13
Depreciation	5	106.79	117.73
		<u>4,491.82</u>	<u>3,251.07</u>
PROFIT BEFORE TAX		246.15	123.34
Provision for Taxation		0.00	00.00
NET PROFIT FOR THE YEAR		246.15	123.34
Balance Profit brought forward from last year		1.69	00.86
PROFIT AVAILABLE FOR APPROPRIATIONS		<u>247.84</u>	<u>124.20</u>
APPROPRIATIONS :			
Proposed Dividend			
(a) On Preference Shares @9.1%		0.91	0.91
(b) On Equity Shares @15% on prorata basis from the date of allotment		52.14	51.60
General Reserve		151.00	40.00
Short Provision of Taxation		32.56	---
Debenture Redemption Reserve		10.00	30.00
Balance Carried to Balance Sheet		1.23	1.69
		<u>247.84</u>	<u>124.20</u>
COMPUTATION OF COMMISSION TO DIRECTOR (WORKS)	19		
NOTES ON ACCOUNTS	20		

Accompanying to our Report of even date
For **AMBALAL THAKKAR & CO.**
CHARTERED ACCOUNTANTS

G. P. BHATT
Partner

S. K. SOMAIYA
R. S. MHATRE
T.P.S. RAJAN
S. S. SOMAIYA
Y. S. MUZUMDAR
U. H. MEHTA

Chairman

Directors

BOMBAY : Dated 2nd September, 1995.

BOMBAY : Dated 1st September, 1995.

SOMAIYA ORGANO-CHEMICALS LIMITED

Rs. in lacs 31-03-1995	Rs. in lacs 31-03-1994
---------------------------	---------------------------

Schedules 1 to 20 annexed to and forming part of the Balance Sheet as at 31st March, 1995 and Profit & Loss Account for the year ended on that date :

SCHEDULE 1 - SHARE CAPITAL

AUTHORISED :

9,75,000	Equity Shares of Rs.100/- each	975.00	975.00
25,000	7% Free of Income Tax Redeemable Cumulative Preference Shares of Rs.100/- each liable to be redeemed at the option of the Company	25.00	25.00
		1,000.00	1,000.00
		1,000.00	1,000.00

ISSUED AND SUBSCRIBED SHARE CAPITAL :

35,40,000	Equity Shares of Rs.10/- each fully paid up. Of the above shares 33,90,000 equity shares of Rs. 10/- each are allotted as fully paid-up Bonus Shares by Capitalising General Reserve.	354.00	344.00
10,000	7% Free of Income Tax Cumulative Redeemable Preference Shares of Rs.100/- each fully paid-up liable to be redeemed at the option of Company.	10.00	10.00
		364.00	354.00
		364.00	354.00

SOMAIYA ORGANO-CHEMICALS LIMITED

	Rs. in lacs 31-03-1995	Rs. in lacs 31-03-1994
SCHEDULE 2 - RESERVES AND SURPLUS :		
(A) GENERAL RESERVE :		
As per last Balance Sheet	229.44	178.22
Add : Set aside during the year	151.00	40.00
Add : Transferred from		
i) Investment Allowance Reserves		
Utilised Account	14.73	3.31
ii) Storage Fund for Molasses & Alcohol Account.	—	4.83
iii) Effluent Fund Account	—	3.08
	<u>395.17</u>	<u>229.44</u>
(B) INVESTMENT ALLOWANCE RESERVE UTILISED ACCOUNT :		
As per last Balance Sheet	76.70	80.01
Less : Transferred to General Reserve	14.73	3.31
	<u>61.97</u>	<u>76.70</u>
(C) DEBENTURE REDEMPTION RESERVE :		
As per last Balance Sheet	78.50	48.50
Set aside during the year	10.00	30.00
	<u>88.50</u>	<u>78.50</u>
(D) STORAGE FUND FOR MOLASSES AND ALCOHOL ACCOUNT :		
As per last Balance Sheet	—	4.83
Less : Transferred to General Reserve	—	4.83
	<u>—</u>	<u>—</u>
(E) SHARE PREMIUM ACCOUNT :		
During the year	40.00	—
(F) PROFIT AND LOSS ACCOUNT :		
Balance as per last Balance Sheet	—	1.69
Add : Profit & Loss Account	1.23	—
	<u>1.23</u>	<u>1.69</u>
	<u>586.87</u>	<u>386.33</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	Rs. in lacs 31-03-1995	Rs. in lacs 31-03-1994
3 - SECURED LOANS:		
of Baroda :	146.20	205.58
sh Credit	108.36	100.10
discounting		
against Hypothecation of Raw Materials, Stock-in process, Finished goods, Chemicals, tires, Spares (including coal & silver catalyst etc.) & collateral security of Book	254.56	305.68
bts, extension of equitable mortgage of Fixed Assets at Sakarwadi & extension		
-hypothecation charge on movable machinery both present & future)		
or Purchase of Machineries on deferred payments for which Usance Bills		
guaranteed by Bank of Baroda which guarantee is secured against equitable		
age by way of deposit of title deeds of the Company's fixed assets at		
wadi and Hypothecation of all tangible movable machinery and plant both	207.61	307.88
nt and future (including machinery Purchased under this facility)		
ntures :		
Secured by negative lien on fixed assets of the Company's		
Sakarwadi Factory as per Agreement)		
i) 15,000 6% Non-Convertible Debentures of Rs. 100/- each fully paid-up	15.00	15.00
redeemable at the Company's option at any time after expiry of twenty		
years from the date of issue		
ii) 5,000 8.5% Non-Convertible Debentures of Rs. 100/- each fully paid-up	5.00	5.00
redeemable after twenty years and before twenty-five years from the date of issue		
	20.00	20.00
19% 1,75,000/- Secured Redeemable Non-Convertible Debentures of Rs. 100/- each		
secured by 1st Pari Passu Equitable Mortgage on Company's fixed assets at		
Sameerwadi, redeemable in equal instalment from 5th to 9th year from the date	175.00	175.00
of allotment.		
18.5% 2,00,000 Non-Convertible secured Debentures of Rs. 75/- each secured		
by Pari Passu Equitable Mortgage on Company's movable and immovable assets		
at Sakarwadi (after converting Rs. 50 lacs into 10,000 shares of Rs. 100/- each at	150.00	200.00
a premium of Rs. 400/- per share.)	9.64	10.96
Interest on above	354.64	405.96
from Indian Renewable Energy Development Agency :		
Secured by an unconditional and irrevocable guarantee by Bank of Baroda for	43.50	60.90
Rs. 1,28,00,000/- (Including Interest of Rs. 41,00,000/-)	39.00	—
Secured by Pari Passu charge on Company's Fixed Assets at Sameerwadi	82.50	60.90
lements Due for Purchase of Assets under Hire Purchase Finance	68.47	67.60
Loan from SICOM against hypothecation of Specific Machinery at Sakarwadi	32.00	44.00
est Accrued but not due	4.43	4.08
n Loan from Citibank Secured by Hypothecation of Flat at Bombay	4.77	5.15
	1,008.98	1,201.25

4 - UNSECURED LOANS :

Public Deposits	38.61	55.77
-----------------	-------	-------

SOMAIYA ORGANO-CHEMICALS LIMITED

SCHEDULE - 5 FIXED ASSETS :

Rs. in Lacs

PARTICULARS	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
		Gross Block as at 01-04-1994	Additions During the year	Deductions During the year	Gross Block as at 31-03-1995	Depreciation written off upto 31-03-1994	Depreciation provided During the year	Depreciation Adjustment	Total Depreciation upto 31-03-1995	Net Depreciated Block as at 31-03-1995	Net Depreciated Block as at 31-03-1994
SAKARWADI & H.O.											
1. Land		0.13	8.97	—	9.10	—	—	—	—	9.10	0.13
2. Buildings		65.51	—	—	65.51	13.27	0.93	—	14.20	51.31	52.24
3. Plant & Machinery		1,401.83	19.10	137.74	1,283.19	631.30	69.55	240.47	460.38	822.81	770.53
4. Furniture & Office Equipments		12.91	0.34	—	13.25	4.64	0.92	—	5.56	7.69	8.27
5. Vehicles		27.82	—	—	27.82	16.87	2.80	—	19.67	8.15	10.95
6. Electric Installation		4.87	—	—	4.87	2.81	0.28	—	3.09	1.78	2.06
7. Computers (given on Lease)		250.56	—	250.56	—	198.98	—	198.98	—	—	51.58
TOTAL (A) :		1,763.63	28.41	388.30	1,403.74	867.87	74.48	439.45	502.90	900.84	895.76
SAMEERWADI											
1. Land		0.74	—	—	0.74	—	—	—	—	0.74	0.74
2. Buildings		41.20	1.97	—	43.17	9.20	1.11	—	10.31	32.86	32.00
3. Plant & Machinery		444.52	3.79	7.51	440.80	119.81	23.64	9.90	133.55	307.25	324.71
4. Furniture & Office Equipments		0.76	—	—	0.76	0.25	0.05	—	0.30	0.46	0.51
5. Electric Installation		2.70	—	—	2.70	1.05	0.14	—	1.19	1.51	1.65
TOTAL (B) :		489.92	5.76	7.51	488.17	130.31	24.94	9.90	145.35	342.82	359.61
FINE CHEMICAL DIVISION (A & R)											
1. Land		8.99	0.27	—	9.26	—	—	—	—	9.26	8.99
2. Buildings		21.70	—	—	21.70	2.29	0.72	—	3.01	18.69	19.41
3. Plant & Machinery		113.40	14.78	—	128.18	30.60	6.19	13.24	23.55	104.63	82.80
4. Furniture & Office Equipments		0.46	1.00	—	1.46	0.03	0.03	—	0.06	1.40	0.43
5. Vehicles		3.08	—	—	3.08	0.56	0.26	—	0.82	2.26	2.52
6. Electric Installation		1.43	0.07	—	1.50	0.26	0.17	0.01	0.42	1.08	1.17
TOTAL (C) :		149.06	16.12	—	165.18	33.74	7.37	13.25	27.86	137.32	115.32
TOTAL RUPEES (A+B+C)		2,402.61	50.29	395.81	2,057.09	1,031.92	106.79	462.60	676.11	1,380.98	1,370.69

Note : Depreciation adjustments includes Depreciation written back for Rs. 338.11 on Sale of Assets.

SOMAIYA ORGANO-CHEMICALS LIMITED

Rs. in lacs	Rs. in lacs
31-03-95	31-03-94

LE 6 - INVESTMENTS : (At Cost)

INVESTMENTS :

1,500 Equity Shares of Rs. 100/-each of Oriental Power Cables Limited fully paid-up.	1.50	1.50
500 Equity Shares of Rs. 10/- each of Kutch Salt & Allied Industries Ltd. fully paid-up.	0.01	0.01
450 Equity Shares of Rs. 100/- each of Somaiya Organics (India) Limited fully paid-up.	0.45	0.45
4% 1967 Maharashtra State Loan (Face Value Rs. 1000/-) Deposited with Excise Department	0.01	0.01
210 Equity Shares of Rs. 100/- each of The Book Centre Ltd. fully paid-up.	0.21	0.21
4,000 Cancigos of Rs. 1000/- each of Canbank Mutual Fund, fully paid-up.	40.00	40.00
80 Shares of Rs. 25/- each of Raghuvanshi Co-operative Bank Ltd.	0.02	0.02
Kisan Vikas Patra	0.10	0.10

	Cost	Market Value
Aggregate Quoted Investments	45,000	31,575.00
Aggregate Unquoted Investments	191,566	0.00
	<u>236,566</u>	<u>31,575.00</u>

Immovable Property (including value of land Rs. 1,65,000/- which Agreements for sale has already been executed)	2.40	2.40
	<u>44.70</u>	<u>44.70</u>

JLE 7 - INVENTORIES :

Res, Chemicals & Spares at Cost (as per Inventory valued & certified by a Director)

On Hand	157.21	110.91
In Transit	<u>13.60</u>	<u>3.51</u>

170.81	114.42
--------	--------

Use Tools and Implements (as per Inventory valued and certified by a Director)

0.01	0.01
------	------

Raw Materials

110.57	79.57
--------	-------

SOMAIYA ORGANO-CHEMICALS LIMITED

	Rs. in lacs 31-03-95	Rs. in lacs 31-03-94
SCHEDULE 8 - SUNDRY DEBTORS :		
Sundry Debtors (Unsecured and Considered good except otherwise stated)		
(a) Debts outstanding for more than six months (Including Doubtful Debts of Rs. 2,11,637/- Previous Year Rs. 2,11,637/-)	8.16	9.70
(b) Other Debts	441.31	259.61
	<u>449.47</u>	<u>269.31</u>
SCHEDULE 9 - CASH AND BANK BALANCES :		
Cash on Hand	2.99	9.12
In Current Account with Scheduled Banks	51.16	10.86
In Fixed Deposits with Scheduled Bank (Including Rs. 45,10,000/- as lien for Guarantees)	53.62	52.81
Interest accrued on above	21.06	7.55
Demand Drafts on Hand	0.78	2.85
Remittance in Transit	2.00	5.00
	<u>131.61</u>	<u>88.19</u>
SCHEDULE 10 - LOANS AND ADVANCES :		
(Unsecured and considered good except otherwise stated)		
Loans to others	3.71	20.62
Interest accrued on above	16.90	16.90
	<u>20.61</u>	<u>37.52</u>
Interest on Deferred payments under D.P.G. facilities and Hire Purchase Finance	76.69	113.30
Advances recoverable in cash or kind for value to be received	184.90	219.79
Advance Income Tax (Including Income Tax Deducted at Source Rs. 2,65,970/-)	60.79	162.42
Deposits	69.41	39.89
	<u>412.40</u>	<u>572.92</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	Rs. in lacs 31-03-95	Rs. in lacs 31-03-94
SCHEDULE 11 - CURRENT LIABILITIES :		
(1) Sundry Creditors	433.50	324.63
(2) Deposits and Advances from Customers	36.78	49.26
(3) Liability for Income & Wealth Tax	5.34	0.55
(4) Advance against Sale of Immovable Property	0.30	0.30
(5) Temporary Overdraft with Bank	---	5.86
	<u>475.92</u>	<u>380.60</u>
SCHEDULE 12 - PROVISIONS :		
(1) Provision for Taxation	81.00	156.00
(2) Proposed Dividend	53.05	52.51
	<u>134.05</u>	<u>208.51</u>
SCHEDULE 13 - CONTINGENT LIABILITIES :		
(1) In respect of counter guarantee in favour of Bank of Baroda in lieu of Guarantee given by Bank in favour of Central Railway	10.00	10.00
	<u>10.00</u>	<u>10.00</u>
SCHEDULE 14 - OTHER INCOME :		
Profit on Sale of Assets	149.35	6.83
Provision for Bonus for earlier year written back	---	23.46
Interest (including previous year written back Rs. 59.96 lacs, current year Rs. Nil)	21.30	66.06
Service Charges & Lease Rent	124.22	128.84
Sundry Receipts	31.04	21.43
Lease Rent of previous year written back	9.82	---
	<u>335.73</u>	<u>246.62</u>
SCHEDULE 15 - INCREASE / (DECREASE) IN STOCK		
Closing Stock	264.08	220.07
Less : Opening Stock	217.44	228.92
	<u>46.64</u>	<u>(8.85)</u>
SCHEDULE 16 - RAW MATERIALS CONSUMED		
Molasses	1,708.49	724.91
Chemicals	100.98	126.44
Spirit	470.19	679.36
Others	39.63	16.12
	<u>2,319.29</u>	<u>1,546.83</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	Rs. in lacs 31-03-95	Rs. in lacs 31-03-94
SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES		
Manufacturing Expenses :		
Power and Fuel	467.74	412.67
Stores, Chemicals and Spare Parts	82.10	57.39
Lease Rent	81.61	60.15
Insurance Premium	20.79	11.91
Transport / Administrative fees on Rectified Spirit	---	25.56
Excise Establishment Charges	7.01	4.30
Research & Development Expenses	1.00	---
	<u>660.25</u>	<u>571.98</u>
Repairs and Maintenance :		
Plant and Machinery	9.84	15.00
Buildings	1.81	4.65
Other Repairs	5.18	5.71
	<u>16.83</u>	<u>25.36</u>
Employees Remuneration and Benefits :		
Salaries, Wages and Bonus	198.01	160.88
Contribution to Provident Fund & Other Fund	15.90	13.42
Gratuity	0.47	---
Welfare Expenses	16.37	13.38
Group Gratuity Insurance Premium	3.55	5.74
	<u>234.30</u>	<u>193.42</u>
Office and Establishment Expenses :		
Rent	4.45	4.40
Rates and Taxes	9.94	6.01
Miscellaneous Expenses	68.67	69.62
Legal and Professional Charges	10.15	7.64
Brokerage & Commission	1.17	4.65
Charity and Donation	0.13	0.32
Sundry Debit Balances Written off	0.11	0.01
Motor Car Maintenance	20.10	21.02
Travelling Expenses	6.74	5.95
Foreign Travelling Expenses	1.84	0.64
	<u>123.30</u>	<u>120.26</u>
Auditors' Remuneration :		
Audit Fees	0.12	0.12
Tax Audit Fees	0.05	0.04
Auditors' Travelling Expenses & Certification fees	0.05	0.01
Cost Audit Fees	0.06	0.05
	<u>0.28</u>	<u>0.22</u>
Directors' Fees and Travelling Expenses and Remuneration :		
Fees	0.04	0.05
Travelling	1.29	0.73
Remuneration	2.70	4.66
	<u>4.03</u>	<u>5.44</u>
Sales Tax :		
Additional Tax on Sales Tax	23.45	10.09
Turnover Tax	62.20	44.43
Sales Tax	0.00	0.25
	<u>85.65</u>	<u>54.77</u>
	<u><u>1,124.64</u></u>	<u><u>971.45</u></u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	Rs. in lacs 31-03-95	Rs. in lacs 31-03-94
ILE 18 - INTEREST :		
Deferred payment	96.15	78.37
es	68.30	40.81
posits	6.62	7.10
Ex-selling Agents	28.83	22.94
Institutions	22.47	11.29
Charges	18.86	36.62
	<u>241.23</u>	<u>197.13</u>
ILE 19 - COMPUTATION OF COMMISSION TO DIRECTOR (WORKS) :		
Profit as per Profit and Loss Account	246.15	123.35
:		
Director's Remuneration	2.88	4.66
Depreciation	<u>106.79</u>	<u>117.73</u>
	<u>109.67</u>	<u>122.39</u>
	355.82	245.74
:		
Depreciation to the extent specified in Section 350 of Companies Act, 1956	106.79	117.73
Provision for Bonus Written Back	---	23.46
Profit on Sale of Machinery	<u>149.35</u>	<u>---</u>
	<u>256.14</u>	<u>141.19</u>
Profit for calculating Director's Commission	99.68	104.55
Commission @1% on the Net Profit	1.00	1.05
Agreement Limited to	<u>0.40</u>	<u>0.40</u>
Net Remuneration to Director (Works) :		
Remuneration	1.80	1.78
Commission on Net Profit	0.40	0.40
Company's Contribution to Provident Fund	0.18	0.18

SOMAIYA ORGANO-CHEMICALS LIMITED

SCHEDULE 20 NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1995

1) SIGNIFICANT ACCOUNTING POLICIES

a) System of Accounting :

- The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis, except bonus which is debited on payment basis.
 - Financial Statements are based on historical costs.
 - Fixed Assets are carried at cost of acquisition or construction.
 - Investments are valued at cost of acquisition.
- b) The Liability as on 31-3-1995 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs. 57,77,612/-. The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India.
- c) Depreciation on Fixed Assets of Sakanwadi Factory and Head Office, capitalised upto 1984-85 have been provided on Written Down Value Method. Depreciation on Fixed Assets capitalised after 1-11-1985 onwards has been provided on Straight Line Method. From 1985-86 onwards the Depreciation on Plant & Machinery has been recomputed at the rates fixed by notification dated 16-12-93 and resultant net excess amount of Rs. 124.49 lacs has been written back.
- 2) The Excise Appellate Tribunal at Bombay has stayed demand for Excise Duty of Rs. 10.57 Lacs and penalty of Rs. 15 Lacs raised by Collector of the Central Excise, Aurangabad with a stipulation to deposit Rs. 2 Lacs and furnishing bank guarantee for Rs. 3 Lacs. These conditions have been complied with by the company. No Provision has been made for this disputed demand. Matter is pending before the Tribunal.
- 3) Lease Rent of Rs. 29.45 lacs in connection with Machinery taken under lease and under installation is carried forward and would be amortised proportionately after the completion of installation.
- 4) Expenditure on employees in receipt of Remuneration of not less than Rs. 3,00,000/- per annum or Rs. 25,000/- per month if employed for a part of the year.

	Current Year		Previous Year	
	Employed for Full Year	Employed for Part of the Year	Employed for Full Year	Employed for Part of the Year
	Rs.	Rs.	Rs.	Rs.
i) Salaries, Allowances and Perquisites	—	—	9,36,544	—
ii) Contribution to Provident Fund	—	—	53,150	—
iii) Number of Employees Covered	—	—	4	—
5) a) Quantitative Information in respect of Goods Manufactured :				
Class of Goods Manufactured	Unit	Licensed Capacity (Annual)	Installed Capacity (Annual) (As Certified by Director, (Works))	
AT SAKARWADI :				
Rectified Spirit	H.L.	1,85,000	2,40,000	
Acetal Dehyde / Acetic Acid	M.T.	15,000	15,000	
Ethyl Acetate	M.T.	3,000	3,000	
Other Acetates	M.T.	1,800	1,800	
AT SAMEERWADI :				
Rectified Spirit	H.L.	1,20,450	1,20,450	
AT ALEX & ROGERS : At Karannagar				
Bulk Drugs	M.T.	192	96	

Particulars	Opening Stock		Closing Stock			
	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
(3)	(4)	(5)	(6)	(7)	(8)	(9)
L. 1,61,366.29 (83,142.04)	92.060 (4,884.320)	1,10,472 (22,32,133)	3,511.500 (92,060)	39,89,075 (1,10,472)	— (—)	— (—)
T. 11,139,451/11,313,900 (9,438,086/10,763,800)	—/541.105 (40,570/744,969)	—/1,12,54,984 (4,39,170/87,44,446)	34,990/447,300 (— / 541.105)	7,96,022/98,40,600 (— / 1,12,54,984)	1,484,975/9,524,840 (230,180/9,583,610)	3,63,18,922/21,21,50,357 (50,69,617/19,13,47,046)
T. 2,583.800 (1,892,900)	151.503 (230,423)	42,42,084 (34,88,604)	85.173 (151.503)	26,81,690 (42,42,084)	2,650.130 (1,971.820)	8,08,24,865 (5,35,26,883)
T. R & D Work in Hand	—	—	—	—	—	—
L. Distillery given on lease	—	—	—	—	—	—
DIVISION - At Karannagar :						
T. 7,445 (5,617)	0.282 (2,672)	5,81,865 (46,54,795)	1,662 (0,282)	29,13,625 (5,81,865)	6,065 (8,007)	1,10,19,567 (1,76,93,499)
T. 30,775 (—)	— (—)	— (—)	29,725 (—)	13,20,390 (—)	1,050 (—)	37,300 (—)

Acetic acid is intermediary product for the manufacture of Acetic Acid.
 Figures shown in the brackets are of Previous Year.
 Figures in value are shown net of Central Excise Duties.

SOMAIYA ORGANO-CHEMICALS LIMITED
SCHEDULE 'B' FOR NOTES FORMING PART OF BALANCE SHEET
FOR THE YEAR ENDED 31ST MARCH, 1995

(b) Consumption of Raw Materials	Unit	Current Year		Previous Year	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
Molasses	M.T.	74,873.200	17,08,48,928	38,662.246	7,24,90,917
Rectified Spirit (Own Manufactured)	H.L.	1,57,946.830	—	87,106.300	—
Rectified Spirit Purchased	H.L.	37,675.78	4,70,18,688	75,780.000	6,79,35,661
Acetal Dehyde (Own Manufactured)	M.T.	9,619.486	—	9,248.476	—
Acetic Acid (Own Manufactured)	M.T.	1,882.865	—	1,384.054	—
Others		—	1,00,97,780	—	1,42,56,263
			<u>22,79,65,396</u>		<u>15,46,82,831</u>
(c) C. I. F. Value of Imports (Alcohol) :	M.T.	1,000	1,21,29,600	NIL	
(d) Value of Raw-Materials Consumed :		Amount (Rs.)	%	Amount (Rs.)	%
(i) Indigenous		22,79,65,396	93.10	15,24,88,121	98.57
(ii) Imported (Rectified Spirit)		1,57,36,419	6.90	21,94,720	1.43
(e) Value of Stores and Spare Parts Consumed :					
(i) Indigenous		82,09,802	100.00	57,38,145	99.98
(ii) Imported		—	—	1,446	0.02
(f) Earning in foreign currency		41,62,093	—	4,97,477	—
(g) Expenditure in foreign currency					
i) For Travelling		1,84,282	—	64,018	—
ii) C.I.F. Value of raw material (Alcohol)		1,21,29,600	—	—	—

Note : Figures of previous year have been recasted wherever necessary.

Accompanying to our Report of Even Date
FOR AMBALAL THAKKAR & COMPANY
 CHARTERED ACCOUNTANTS

G. P. BHATT
 Partner

S. K. SOMAIYA
R. S. MHATRE
T.P.S. RAJAN
S. S. SOMAIYA
Y. S. MUZUMDAR
U. H. MEHTA

Chairman

Directors

Bombay : Dated 2nd September, 1995

Bombay : Dated 1st September, 1995