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**SOMAIYA
ORGANO-
CHEMICALS
LIMITED**

**ANNUAL REPORT & ACCOUNTS
1996-97**

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)*

SECRETARY :

SHRI A. P. SHARMA

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, MUMBAI - 400 001.

SOMAIYA ORGANO-CHEMICALS LIMITED

NOTICE

Notice is hereby given that Thirty-sixth Annual General Meeting of Somaiva Organo-Chemicals Limited, will be held on Tuesday, the 30th September, 1997 at 3.00 p.m. at the Registered Office of the Company at Fazalbhoj Building, 45-47, Mahatma Gandhi Road, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date, and the Directors' and Auditors' Report thereon.
2. To declare dividend on Equity and Preference Shares.
3. To appoint a Director in place of Shri R.S. Mhatre, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. (Miss) U.H. Mehta, who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Shri B. N. Narula, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT in supersession of Resolution passed at the 28th Annual General Meeting of the Company held on 27th September, 1989 and pursuant to Section 293 (1)(d) of the Companies Act, 1956, and all other enabling provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific

purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.50 Crores"

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

"RESOLVED THAT pursuant to Section 269, 309, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri P.K.R. Nair, as Director (Works) of the Company for a period of 3 years from 1st October, 1997 on the terms and conditions including remuneration as set out in the agreement to be entered into between the Company and Shri P.K.R. Nair (a copy whereof initialled by the Chairman for the purpose of identification is placed before the meeting), which agreement is hereby specifically sanctioned with liberty to Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement from time to time as the Board may, at their discretion deem fit, so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time in force), or any amendment made thereto".

"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".

By Order of the Board of Directors,

S.K. SOMAIYA
Chairman

MUMBAI : Dated 2nd September, 1997.

- 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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

An instrument of 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. Members are requested to bring their copies of Notice of the meeting and produce attendance slip duly filled in for attendance at the meeting.

3. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of business under Items 7 & 8 set out above is annexed hereto.

ANNEXURE TO NOTICE

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

ITEM NO. : 7

Under Section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of a Company cannot, except with the consent of the company in general meeting, borrow monies apart from temporary loans obtained from company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. The Shareholders at the 28th Annual General Meeting of the Company held on 27th September, 1989 had accorded their consent to the Board of Directors borrowing upto Rs. 25 Crores. To meet the capital expenditure requirement for expansion and other plans on hand and for additional working capital needs, as also to provide for the issue of any debt / debt related instrument in the Indian and / or International Market, it may be necessary to enhance the present borrowing limit. Shareholders' approval is therefore, being sought pursuant to Section 293 (1)(d) of the Companies Act, 1956 to increase the borrowing limit to Rs. 50 Crores.

None of the Directors of the Company is, in any way concerned or interested in this resolution.

ITEM NO. : 8

Shri P.K.R. Nair was re-appointed as Director (Works) of the Company for a period of 3 years from 1st October, 1994 to 30th September, 1997.

The Board of Directors in their Meeting held on 1st September, 1997 have re-appointed him as Director (Works) for a further period of 3 years from 1st October, 1997 to 30th September, 2000 on the remuneration and perquisites stated below :

Salary	Rs. 30000 - 1000 - 32000 p.m.
Commission	1% of Net Profits subject to a limit of Rs. 75,000/- p. a.

3. Housing : Furnished Quarters at factory.
4. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of the salary.
5. Medical Reimbursement : As per Company's Rules.
6. Leave Travel Reimbursement : For self and family once in a year incurred in accordance with the rules specified by the company.
7. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
8. Gratuity : As per Company's Rules.
9. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
10. Provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Shri P.K.R. Nair.

The Board recommends the re-appointment of Shri P.K.R. Nair as Director (Works) as during his present tenure, the Company has progressed well. As his re-appointment falls well within the Provisions of Schedule XIII of the Companies Act, 1956, the approval of Central Government is not necessary. The Board recommends the resolution for approval.

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

By order of the Board of Directors,

S.K. SOMAIYA
Chairman

MUMBAI : Dated 2nd September, 1997.

SOMAIYA ORGANO-CHEMICALS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirty-sixth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1997.

(A) FINANCIAL RESULTS :

	(Rs. in lacs)
Gross Operating Profit	775.18
Less : Interest & Financial charges	182.29
Depreciation	119.18
Provision for Taxation (including Dividend Tax)	78.59
	<u>380.06</u>
Net Profit for the year	395.12
Add: Brought forward balance	0.37
Amount available for appropriation	<u>395.49</u>

APPROPRIATIONS :

Transfer to General Reserve	309.00
Proposed Dividend :	
On Preference Shares @9.1%	0.91
On Equity Shares @16%	84.96
	<u>85.87</u>
Balance carried to Balance Sheet	0.62
	<u>395.49</u>

(B) OPERATIONS :

(i) CHEMICAL PLANT AT SAKARWADI :

The Distillery & the Chemical Plant worked satisfactorily. However, the availability of Molasses and Alcohol - which was comfortable in the earlier part of the year under report, underwent a gradual change and hardened as the estimates of Sugar production in Season 1996-97 sharply declined as the Sugar Season advanced. Reduction in Import Duties on various Chemical end products also affected the sentiment in the market and new low levels in prices of Acetic Acid and Ethyl Acetate, were witnessed during the year under Report.

(ii) DISTILLERY AT SAMEERWADI :

The Distillery at Sameerwadi in Karnataka continued to be leased to M/s.Sapthagiri Enterprises. Company has taken steps for taking the same back, at the earliest.

(iii) FINE CHEMICAL DIVISION IN GUJARAT :

M/s.Alex & Rogers, Company's bulk drug unit at Karannagar in Gujarat continued its efforts to manufacture new value added products which would make the operations viable. However, there was stiff competition and the market for bulk drugs and intermediates ruled easy during the year.

(iv) SORBIC ACID PLANT :

With the Financial Assistance from Industrial Credit & Investment Corporation of India Ltd. under "Spread Programme" of World Bank and the technical guidance and assistance of National Chemical Laboratory, Pune, the Sorbic Acid Plant on a Pilot Scale has been already installed at Sakarwadi and the Trial Runs are being taken.

(v) EXPORTS :

During the year under report, the Company exported various products valued at Rs. 483.67 lacs against exports valued at Rs. 167.71 lacs last year.

(C) EFFLUENT TREATMENT PLANTS AT SAKARWADI AND SAMEERWADI DISTILLERIES :

The Biogas-cum-Effluent Treatment Plants installed at Sakarwadi and Sameerwadi worked satisfactorily and the requirements of the State Pollution Control Boards were complied with.

Further, as reported last year, a Plant to manufacture ORGANIC MANURE - Bio Fertilizer - based on Secondary Treatment of Distillery spent wash by composting with Pressmud was commissioned at Sameerwadi and the same is working satisfactorily. This product has good value addition and its sales have already picked up. The product is being marketed under the brand name of "Bhumi Labh" and it is gaining popularity among the farmers.

(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 @16% per share totaling to Rs.85.87 lacs for the year ended 31st March, 1997.

(E) CURRENT YEAR'S WORKING :

Since June, 1997, the Acetic Acid Market has started improving. The Local realisations are presently better than the same in exports. As a result, the exports of the Chemicals have been affected. With the new P.T.A. plant already started by Reliance Industries Ltd., at Hazira and with their doubling the capacity of this Plant expected by December, 1997, the demand for Acetic Acid is expected to rise.

(F) FIXED DEPOSITS :

Deposits of Rs.13.25 lacs which became due for renewal/ payment on or before 31st March, 1997, were not claimed by the depositors. Out of the above Deposits of Rs. 13 lacs have since been renewed.

(G) OTHER MATTERS :

(i) PARTICULARS OF EMPLOYEES :

Particulars required under Section 217(2A) of the Companies Act, 1956, are given in the annexure 'A' forming part of this Report.

(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 the Board of Directors) Rules, 1988 are set out in the annexure 'B' which is forming part of this Report.

(H) DIRECTORS :

Three of your Directors viz., Shri R.S. Mhatre, Dr. (Miss) U.H. Mehta and Shri B.N. Narula, retire from the Board by rotation and, being eligible, offer themselves for re-appointment.

(I) 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.

(J) 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, Industrial Credit & Investment Corporation of India Limited, Can Bank Mutual Fund, Unit Trust of India, IREDA (New Delhi), SICOM and KSIIDC (Bangalore), for the financial support given to the Company.

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman

MUMBAI : Dated 2nd September, 1997.

SOMAIYA ORGANO-CHEMICALS LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997

Statement under Section 217 (2A) of the Companies Act, 1956 read with Rule 2 of the Companies (Particulars of Employees) Rules, 1975 in regard to the employees :

(A) EMPLOYED THROUGHOUT THE YEAR UNDER REVIEW

Sr. No.	Name of the Employee	Designation	Remuneration Rs.	Qualification and Experience (years)	Date of Commencement of Employment	Age of Employee	Last Employment Held
1.	Shri Nair P. K. R.	Director (Works)	3,52,680/-	Inter Science. 2 years Technical Training in General Engineering & Air Craft Instrumentation. 44 years.	25th May, 1961	63	Erection Engineer, Air Conditioning Corporation.

(B) EMPLOYED FOR PART OF THE YEAR UNDER REVIEW

*** NIL ***

- NOTES :
1. Gross Remuneration includes Salary, Bonus, Allowances, Commission (if any), Leave encashment, L.T.A., Medical, Company's Contribution to Provident Fund and Value of Perquisites as applicable.
 2. Nature of employment : The above employee is on a contractual basis and subject to termination of service on three months' notice on either side.
 3. Other terms and conditions : As per rules and regulations of the Company.
 4. None of the employees mentioned above is a relative of any Director of the Company.

By Order of the Board of Directors,

S.K. SOMAIYA
Chairman

MUMBAI : Dated 2nd September, 1997

ANNEXURE 'B' 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, 1997.

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

(A) CONSERVATION OF ENERGY :

- (a) Energy Conservation measures taken :
Methane gas recovery plant from spent wash of Distillery - working satisfactory.
- (b) Additional investment proposals, if any, being implemented for reduction in consumption of energy :
We propose to instal Economiser and Fluidised Bed System in B & W Boiler & also instal Plate Heat Exchangers.
- (c) Impact of the measures of (a) and (b) above :
Improve generation of steam per tonne of coal, smoother operation of the Plant with reduced steam consumption, alternate fuel and captive power generation with lower cost.
- (d) Total energy consumption and energy consumption per unit of production as per Form 'A' given hereunder.

(B) TECHNOLOGY ABSORPTION :

Efforts made in technology absorption are as per Form 'B' given hereunder :

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export market for products and services and export plans;
- (b) Total foreign exchange used Rs.47.30 lacs.
- (c) Total foreign exchange earned Rs.483.67 lacs.

FORM 'A'

Disclosure of Particulars with respect to Conservation of Energy.

		Current Year 1996-97	Previous Year 1995-96
(A) POWER & FUEL CONSUMPTION :			
1. ELECTRICITY :			
(A) PURCHASED :			
Unit	KWH	78,78,508	79,21,550
Total Amount	Rs.	2,58,48,630	2,21,30,000
Rate	Rs./KWH	3.28	2.79
(B) OWN GENERATION :			
i) Through Diesel Generator (Skoda & Kirloskar D.G.Set)			
Unit	KWH	11,80,434	9,85,530
Unit per litre of diesel oil	KWH	2.58	2.34
Cost per Unit	Rs./KWH	3.45	3.44
ii) Through Steam Engine (BM Engine and Turbine)			
Unit per k.g.	KWH	28,09,066	17,70,380
Cost per Unit	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.	
2. COAL (B/C/D GRADE) :			
Coal consumed			
Quantity	MT	18,400	19,376
Total Cost	Rs.	2,72,41,204	2,53,14,923
Average Rate	Rs./ MT	1,481	1,307
Bio-gas consumed	M³	91,27,273	91,27,384
Total Steam generation	MT	1,17,138	1,14,299
Steam generation per MT of coal	MT	3.75	3.58
3. FURNACE OIL			
Furnace oil not used since boilers are coal fired.	MT	NIL	NIL
4. OTHER / INTERNAL GENERATIONS FIRE WOOD :			
Quantity	MT	NIL	NIL
Total Cost	Rs.	NIL	NIL
Rate per M.T.	Rs./M.T.	NIL	NIL
(B) CONSUMPTION PER UNIT OF PRODUCTION :			
(a) ALCOHOL :			
Production	KL	18,631	17,891
Electricity	KWH	17,80,201	16,01,619
Rate	KWH / KL	95.55	89.42
Coal	MT	920	981
Bio-gas	M³	91,27,273	91,27,384
Rate Coal	MT / KL	0.73	0.76
Rate Steam	MT / KL	2.75	2.70

(b) ACETALDEHYDE :

Production	MT	12,925	12,135
Electricity	KWH	47,47,203	42,70,984
Rate	KWH / MT	367.29	351.96
Coal	MT	6,980	7,060
Rate	MT / MT	0.54	0.58
Coal	MT / MT	2.05	2.08
Steam			

(c) ACETIC ACID :

Production	MT	14,567	14,053
Electricity	KWH	47,47,203	42,70,984
Rate	KWH / MT	325.89	304.03
Coal	MT	6,970	7,470
Rate	MT / MT	0.48	0.53
Coal	MT / MT	1.81	1.90
Steam			

(d) ETHYL ACETATE :

Production	MT	3,360	3,158
Electricity	KWH	5,93,401	5,33,873
Rate	KWH / MT	176.61	169.05
Coal	MT	3,530	3,865
Rate	MT / MT	1.05	1.22
Coal	MT / MT	3.91	4.40
Steam			

FORM 'B'**Disclosure of Particulars with respect to Technology Absorption****Research & Development (R & D)**

1. Specific areas in which R & D carried out by the Company :
 - (a) New products development.
 - (b) Existing product quality improvement.
 - (c) Process development.
 - (d) Waste water treatment & disposal.
2. Benefits derived as a result of the above R & D. :
 - (a) Improvement in existing product quality attained.
 - (b) Experiments on new products like Sorbic Acid, Crotonic Acid, Crotonyl Chloride, Crotonic Anhydride, 1.3 Butanediol, Iodised Salt, are continuing and at an advance stage.
 - (c) Glibenclamide, a bulk drug, put on commercial scale & is being successfully marketed locally.
3. Future plan of action :
 - (a) Development of products based on Alcohol & Crotonaldehyde will be taken up.
 - (b) Development of new bulk drug products is also planned to be taken up.
4. Expenditure on R & D. : (Rs. in lacs)
 - (a) Capital 194.09
 - (b) Recurring 0.01
 - (c) Total 194.10
 - (d) Total R & D expenditure as a percentage of total turnover. 5.4%

Technology absorption, adaptation and innovation.

1. Efforts, in brief, made towards technology absorption, adaptation and innovation. As above
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. As above
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :
 - (a) Technology imported.
 - (b) Year of import.
 - (c) Has technology been fully absorbed? Not applicable
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

By Order of the Board of Directors.

S. K. SOMAIYA
Chairman

MUMBAI : Dated 2nd September, 1997

SOMAIYA ORGANO-CHEMICALS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

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/- of 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 the Companies Act, 1956 and Companies (Acceptance to 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

Camp NAGPUR : Dated 2nd September, 1997

SOMAIYA ORGANO-CHEMICALS LIMITED

Balance Sheet as at 31st March, 1997

			Rs. in lacs 31.03.97	Rs. in lacs 31.03.96
SCHEDULES				
SOURCES OF FUNDS :				
SHARE HOLDERS' FUNDS :				
(a) Share Capital	1		541.00	541.00
(b) Reserve & Surplus	2		1,098.26	789.01
			<u>1,639.26</u>	<u>1,330.01</u>
LOANS :				
(a) Secured Loans	3		1,015.54	941.66
(b) Unsecured Loans	4		514.47	422.55
			<u>1,530.01</u>	<u>1,364.21</u>
TOTAL FUNDS EMPLOYED			<u>3,169.27</u>	<u>2,694.22</u>
APPLICATION OF FUNDS :				
FIXED ASSETS :				
	5			
(a) Gross Block		2,601.81		2,347.10
(b) Less : Depreciation		<u>903.93</u>		<u>784.75</u>
(c) Net Block			1,697.88	1,562.35
(d) Work in Progress			<u>344.16</u>	<u>76.97</u>
			<u>2,042.04</u>	<u>1,639.32</u>
INVESTMENTS	6		7.20	4.70
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	7	644.67		542.13
(b) Debtors	8	574.10		695.95
(c) Cash / Bank Balances*	9	95.31		134.20
(d) Loans and Advances	10	<u>670.38</u>		<u>453.10</u>
		<u>1,984.46</u>		<u>1,825.38</u>
LESS : CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities	11	597.64		591.29
(b) Provisions	12	<u>284.46</u>		<u>207.46</u>
		<u>882.10</u>		<u>798.75</u>
Net Current Assets			1,102.36	1,026.63
MISCELLANEOUS EXPENDITURE :				
Deferred Revenue Expenditure			<u>17.67</u>	<u>23.57</u>
TOTAL ASSETS			<u>3,169.27</u>	<u>2,694.22</u>
CONTINGENT LIABILITIES				
	13			

Accompanying to our Report of even date

For AMBALAL THAKKAR & CO.
CHARTERED ACCOUNTANTS

G.P. BHATT
Partner

A. P. SHARMA
COMPANY SECRETARY

S.K.SOMAIYA	}	Chairman
S.S.SOMAIYA		
U.H. MEHTA		
R.S. MHATRE		
Y.S. MUZUMDAR		
		Directors

Camp NAGPUR : Dated 2nd September, 1997

MUMBAI : Dated 1st September, 1997

SOMAIYA ORGANO-CHEMICALS LIMITED

Profit and Loss Account for the year ended 31st March, 1997

		Rs.in lacs 1996-97	Rs.in lacs 1995-96
SCHEDULES			
INCOME			
Sales		3,595.78	4,340.84
Other Income	14	164.15	157.78
Agricultural Income		5.91	6.44
Increase / (Decrease) in Stock	15	85.55	(79.10)
		<u>3,851.39</u>	<u>4,425.96</u>
EXPENDITURE			
Agricultural Expenses		5.21	5.23
Raw Materials Consumed	16	902.55	1,351.12
Manufacturing and Other Expenses	17	1,678.11	1,459.94
Excise Duty		490.34	706.53
Interest & Financial Charges	18	182.29	222.14
Depreciation	5	119.18	108.64
		<u>3,377.68</u>	<u>3,853.60</u>
PROFIT BEFORE TAX		473.71	572.36
Provision for Taxation (including Dividend Tax of Rs. 8.59 lacs)		78.59	120.00
NET PROFIT FOR THE YEAR		395.12	452.36
Balance Profit brought forward from last year		0.37	1.23
Excess Provision for Taxation Written Back		-	14.24
		<u>395.49</u>	<u>467.83</u>
PROFIT AVAILABLE FOR APPROPRIATIONS			
APPROPRIATIONS :			
Proposed Dividend			
(a) On Preference Shares		0.91	0.91
(b) On Equity Shares		84.96	86.55
General Reserve		309.00	355.00
Short Provision for Taxation		—	—
Debenture Redemption Reserve		—	25.00
Balance carried to Balance Sheet		0.62	0.37
		<u>395.49</u>	<u>467.83</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

A. P. SHARMA
COMPANY SECRETARY

S. K. SOMAIYA	} <i>Chairman</i>
S. S. SOMAIYA	
U. H. MEHTA	
R. S. MHATRE	
Y. S. MUZUMDAR	

Directors

Camp NAGPUR : Dated 2nd September, 1997

MUMBAI : Dated 1st September, 1997

SOMAIYA ORGANO-CHEMICALS LIMITED

		(Rs.in lacs) 31.03.97	(Rs.in lacs) 31.03.96
Schedules annexed to and forming part of Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended 31st March, 1997.			
SCHEDULE 1 - SHARE CAPITAL :			
AUTHORISED :			
97,50,000	Equity Shares of Rs.10/- 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
		<u>1,000.00</u>	<u>1,000.00</u>
ISSUED AND SUBSCRIBED SHARE CAPITAL :			
53,10,000	Equity Shares of Rs.10/- each fully paid-up. Of the above shares 51,60,000 Equity Shares of Rs.10/- each are allotted as fully paid-up Bonus Shares by Capitalising General Reserve.	531.00	531.00
10,000	7% Free of Income Tax Cumulative Redeemable Preference Shares of Rs.100/- fully paid-up liable to be redeemed at the option of the Company.	10.00	10.00
		<u>541.00</u>	<u>541.00</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.97	(Rs.in lacs) 31.03.96
SCHEDULE 2 - RESERVES AND SURPLUS :		
(A) GENERAL RESERVE :		
As per last Balance Sheet	584.09	395.17
Add : Set aside during the year	309.00	355.00
Add : Transferred from Investment Allowance Reserve Utilised Account	—	10.92
	<u>893.09</u>	<u>761.09</u>
Less : Utilised for Equity Bonus Issue	—	177.00
	<u>893.09</u>	<u>584.09</u>
(B) INVESTMENT ALLOWANCE RESERVE UTILISED ACCOUNT :		
As per last Balance Sheet	51.05	61.97
Less : Transferred to General Reserve	—	10.92
	<u>51.05</u>	<u>51.05</u>
(C) DEBENTURE REDEMPTION RESERVE :		
As per last Balance Sheet	113.50	88.50
Set aside during the year	—	25.00
	<u>113.50</u>	<u>113.50</u>
(D) SHARE PREMIUM ACCOUNT :		
Balance as per last Balance Sheet	40.00	40.00
During the year	—	—
	<u>40.00</u>	<u>40.00</u>
(E) PROFIT AND LOSS ACCOUNT	<u>0.62</u>	<u>0.37</u>
	<u>1,098.26</u>	<u>789.01</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

(Rs.in lacs)
31.03.97

(Rs.in lacs)
31.03.96

SCHEDULE 3 - SECURED LOANS :

(a) Bank of Baroda :			
(i) Cash Credit	268.66		262.16
(ii) Bill discounting	96.06		139.04
(Against hypothecation of Raw Materials, Stock-in-process, Finished goods, Chemicals, Stores, Spares (Including coal & silver catalyst etc.) & collateral security of Book Debts, extension of equitable mortgage of Fixed Assets & extension of Hypothecation charge on movable machinery both present & future, at Sakarwadi and Second charge on pari passu basis by way of Equitable Mortgage on fixed assets of Company's unit at Sameerwadi.)		364.72	401.20
(b) Due for Purchase of Machineries on deferred payments for which Usance Bills are Guaranteed by Bank of Baroda which guarantee is secured against equitable mortgage by way of deposit of title deeds of the Company's Fixed Assets and Hypothecation of all tangible movable machinery and plant both present and future (including machinery purchased under this facility), at Sakarwadi and Second charge on pari passu basis by way of Equitable Mortgage on fixed assets of Company's unit at Sameerwadi.		64.34	120.84
(c) Debentures :			
(1) (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 redeemable at the Company's option at any time after expiry of twenty years from the date of issue	15.00		15.00
(ii) 5,000 8.5% Non-Convertible Debentures of Rs.100/- each fully paid-up redeemable after twenty years and before twenty five years from the date of issue.	5.00		5.00
	20.00		20.00
(2) 19% 1,75,000 Secured Redeemable Debentures of Rs.100/- each secured by 1st Pari Passu Equitable Mortgage on Company's Fixed Assets at Sameerwadi and Second charge on pari passu basis by way of Equitable Mortgage on immovable properties of Company's unit at Sakarwadi. (Rs. 150.71 lacs paid)	24.29		100.10
(3) 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 and Second charge on pari passu basis on fixed assets of Company's Sameerwadi Unit.	150.00		150.00
(4) Interest on above	9.66		6.29
		203.95	276.39
(d) Loan from Indian Renewable Energy Development Agency Ltd.:			
(i) Secured by an unconditional and irrevocable guarantee of Bank of Baroda	8.70		26.10
(ii) Secured by 1st Pari Passu charge on Company's Fixed Assets at Sameerwadi and Second charge on pari passu basis by way of Equitable Mortgage of immovable properties of Company's unit at Sakarwadi.	18.00		30.00
(e) Instalments Due for Purchase of Assets under Hire Purchase Finance		26.70	56.10
(f) Term Loan from SICOM against hypothecation of Specific Machinery at Sakarwadi		127.74	54.59
(g) Interest Accrued but not due		—	20.00
(h) Term Loan from CITI Bank secured by hypothecation of Flat at Mumbai.		3.90	3.25
(i) Auto Loan from Bank of America		4.19	4.69
(j) Term Loan from SICOM under E.R. scheme secured by hypothecation of specific machinery at Sakarwadi.		4.00	4.60
(k) Term Loan from KSIDC secured by hypothecation of movable Plant & Machinery both present & future at Sameerwadi.		133.00	—
		83.00	—
		1,015.54	941.66

SCHEDULE 4 - UNSECURED LOANS :

(1) Public Deposits	25.18	23.69
(2) Public Loans (Guaranteed by a Director)	0.05	0.05
(3) From Ex-selling Agents	6.68	6.03
(4) Interest Free Sales Tax Loan from SICOM	265.79	267.65
(5) Inter Corporate Deposits	12.79	18.58
(6) Bridge Loan from SICOM against Capital subsidy from Maharashtra Govt.	—	15.00
(7) From Industrial Credit & Investment Corporation of India Limited	100.00	—
(8) Others	103.98	91.55
	514.47	422.55

SOMAIYA ORGANO-CHEMICALS LIMITED

SCHEDULE 5 - FIXED ASSETS :

(Rs.in lacs)

PARTICULARS	Gross Block as at 01-04-1996	Additions During the year	Gross Block as at 31-03-1997	Depreciation written off upto 31-03-1996	Depreciation provided During the year	Total Depreciation upto 31-03-1997	Net Depreciated Block as at 31-03-1997	Net Depreciated Block as at 31-03-1996
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SAKARWADI & H. O								
1 Land	9.10	—	9.10	—	—	—	9.10	9.10
2 Buildings	65.84	15.41	81.25	15.11	1.11	16.22	65.03	50.73
3 Plant & Machinery	1,455.16	71.52	1,526.68	530.38	71.41	601.79	924.89	924.78
4 Furniture & Office Equipments	18.76	13.59	32.35	6.65	1.12	7.77	24.58	12.11
5 Vehicles	45.08	0.47	45.55	22.87	2.83	25.70	19.85	22.21
6 Electric Installations	4.87	—	4.87	3.37	0.27	3.64	1.23	1.50
TOTAL (A) :	1,598.81	100.99	1,699.80	578.38	76.74	655.12	1,044.68	1,020.43
SAMEERWADI								
1 Land	1.21	11.04	12.25	—	—	—	12.25	1.21
2 Buildings	43.17	—	43.17	11.43	1.13	12.56	30.61	31.74
3 Plant & Machinery	528.22	122.73	650.95	157.23	32.39	189.62	461.33	370.99
4 Furniture & Office Equipments	0.84	1.17	2.01	0.35	0.08	0.43	1.58	0.49
5 Electric Installations	2.70	—	2.70	1.33	0.14	1.47	1.23	1.37
TOTAL (B) :	576.14	134.94	711.08	170.34	33.74	204.08	507.00	405.80
FINE CHEMICAL DIVISION (A & R)								
1 Land	9.26	—	9.26	—	—	—	9.26	9.26
2 Buildings	24.53	—	24.53	3.81	0.82	4.63	19.90	20.72
3 Plant & Machinery	132.32	18.56	150.88	30.43	7.39	37.82	113.06	101.89
4 Furniture & Office Equipments	1.46	0.22	1.68	0.13	0.07	0.20	1.48	1.33
5 Vehicles	3.08	—	3.08	1.17	0.35	1.52	1.56	1.91
6 Electric Installations	1.50	—	1.50	0.49	0.07	0.56	0.94	1.01
TOTAL (C) :	172.15	18.78	190.93	36.03	8.70	44.73	146.20	136.12
TOTAL (A+B+C)	2,347.10	254.71	2,601.81	784.75	119.18	903.93	1,697.88	1,562.35

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.97	(Rs.in lacs) 31.03.96
SCHEDULE 6 - INVESTMENTS (AT COST) :		
OTHER INVESTMENTS :		
(1) 1,500 Equity Shares of Rs. 100/- each of Oriental Power Cables Ltd. fully paid-up	1.50	1.50
(2) 500 Equity Shares of Rs.10/- each of Kutch Salt & Allied Industries Ltd. fully paid-up	0.01	0.01
(3) 450 Equity Shares of Rs.100/- each of Somaiya Organics (India) Ltd. fully paid-up	0.45	0.45
(4) 4% 1967 Maharashtra State Loan (Face Value Rs.1000/-) Deposited with Excise Department :	0.01	0.01
(5) 210 Equity Shares of Rs. 100/- each of The Book Centre Ltd. fully paid-up	0.21	0.21
(6) 80 Shares of Rs.25/- each of Raghuvanshi Co-operative Bank Ltd.	0.02	0.02
(7) Kisan Vikas Patra	0.10	0.10
(8) 5000 Equity Shares of Rs. 10/- each at a premium of Rs75/- of Bank of Baroda partly paid	2.50	—
	Cost (Rs.)	Market Value (Rs.)
Aggregate Quoted Investments	2.95	2.82
Aggregate Unquoted Investments	1.85	—
	4.80	2.82
Immovable Property (including value of land Rs. 1,65,000/- for which Agreement for sale has already been executed)	2.40	2.40
	7.20	4.70
SCHEDULE 7 - INVENTORIES :		
(i) Stores, Chemicals and Spares (at cost as per inventories valued and certified by a Director)		
(a) On Hand	224.06	174.87
(b) In Transit	35.24	35.33
	259.30	210.20
(ii) Loose Tools and Implements (as per Inventory valued and certified by a Director)	0.01	0.01
(iii) Raw Materials	112.85	144.11
(iv) Stock-in-trade (as valued and certified by a Director) (At Cost or Market Price whichever is less)	270.53	184.98
(v) Standing Crops	0.67	1.33
(vi) Farm Produce	1.31	1.50
	644.67	542.13

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.97	(Rs.in lacs) 31.03.96
SCHEDULE 8 - SUNDRY DEBTORS :		
Sundry Debtors (Unsecured and considered good except otherwise stated)		
(a) Debts Outstanding for more than six months	38.31	48.12
(b) Other Debts	535.79	647.83
	<u>574.10</u>	<u>695.95</u>
SCHEDULE 9 - CASH AND BANK BALANCES :		
Cash on Hand	3.85	1.49
In Current Account with Scheduled Banks	36.41	12.09
In Fixed Deposits with Scheduled Bank (Including Rs.27.77 lacs as lien for Guarantees)	32.60	61.39
Interest accrued on above	4.12	21.26
Demand Drafts on Hand	2.47	37.57
Remittance in Transit	15.86	0.40
	<u>95.31</u>	<u>134.20</u>
SCHEDULE 10 - LOANS AND ADVANCES :		
(Unsecured and considered good except otherwise stated)		
Loans to others	0.66	0.66
Interest accrued on above	<u>2.40</u>	<u>2.40</u>
	3.06	3.06
Interest on Deferred payments under D. P. G. facilities and Hire Purchase Finance	67.36	45.75
Advances recoverable in cash or kind for value to be received	316.83	217.72
Advance Income Tax (Including Income Tax Deducted at Source Rs.20.42 lacs)	169.22	101.84
Deposits	113.91	84.73
	<u>670.38</u>	<u>453.10</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.97	(Rs.in lacs) 31.03.96
SCHEDULE 11 - CURRENT LIABILITIES :		
(1) Sundry Creditors	517.01	534.86
(2) Deposits and Advances from Customers	78.64	46.02
(3) Liability for Income & Wealth Tax	0.04	9.32
(4) Advance against Sale of Immovable Property	0.30	0.30
(5) Temporary Overdraft with Bank	1.65	0.79
	<u>597.64</u>	<u>591.29</u>
SCHEDULE 12 - PROVISIONS :		
(1) Provision for Taxation	198.59	120.00
(2) Proposed Dividend	85.87	87.46
	<u>284.46</u>	<u>207.46</u>
SCHEDULE 13 - CONTINGENT LIABILITIES (NOT PROVIDED FOR) :		
1) In respect of counter guarantee in favour of Bank of Baroda in lieu of Guarantee given by Bank in favour of Central Railway	15.00	15.00
2) In respect of partly paid of 5000 Equity Shares of Bank of Baroda	1.75	—
	<u>16.75</u>	<u>15.00</u>
	<u>1996-97</u>	<u>1995-96</u>
SCHEDULE 14 - OTHER INCOME :		
Interest	4.76	27.53
Service Charges & Lease Rent	105.12	99.10
Sundry Receipts	34.27	31.15
Capital Subsidy from Maharashtra Government	20.00	—
	<u>164.15</u>	<u>157.78</u>
SCHEDULE 15 - INCREASE / (DECREASE) IN STOCK :		
Closing Stock	270.53	184.98
Less : Opening Stock	184.98	264.08
	<u>85.55</u>	<u>(79.10)</u>
SCHEDULE 16 - RAW MATERIALS CONSUMED :		
Molasses	451.99	864.27
Chemicals	136.66	154.50
Spirit	295.94	313.25
Others	17.96	19.10
	<u>902.55</u>	<u>1,351.12</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 1996-97	(Rs.in lacs) 1995-96
SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES		
Manufacturing Expenses :		
Power and Fuel	602.63	533.10
Stores, Chemicals and Spare Parts	142.38	146.29
Lease Rent	147.11	131.70
Insurance Premium	28.35	22.35
Packing and Forwarding Charges,	129.52	42.81
Excise Establishment Charges	6.63	4.42
Research & Development Expenses	0.01	1.21
	1,056.63	881.88
Repairs and Maintenance :		
Plant and Machinery	23.52	27.24
Buildings	4.27	4.85
Other Repairs	18.26	3.01
	46.05	35.10
Employees Remuneration and Benefits :		
Salaries, Wages and Bonus	260.12	248.51
Contribution to Provident Fund & Other Funds	22.15	19.88
Gratuity	0.08	0.05
Staff Welfare Expenses	31.17	26.83
Group Gratuity Insurance Premium	7.53	6.74
	321.05	302.01
Office and Establishment Expenses :		
Rent	4.40	4.36
Rates and Taxes	11.75	10.67
Miscellaneous Expenses	132.03	104.66
Legal and Professional Charges	22.12	12.07
Brokerage & Commission	7.14	5.15
Charity and Donation	1.97	0.66
Sundry Debit Balances Written off	0.01	0.59
Motor Car Maintenance	28.47	27.24
Travelling Expenses	13.21	15.46
Foreign Travelling Expenses	2.36	2.33
Deferred Revenue Expenses Written Off	5.89	5.89
Premium on redemption of Debentures	5.83	—
	235.18	189.08
Auditors' Remuneration :		
Audit Fees	0.24	0.12
Tax Audit Fees	0.05	0.05
Auditors' Travelling Expenses & Certification fees	0.10	0.05
Cost Audit Fees	0.06	0.06
	0.45	0.28
Directors' Fees and Travelling Expenses and Remuneration :		
Fees	0.06	0.06
Travelling Expenses	4.56	3.47
Remuneration	3.27	3.33
Foreign Travelling Expenses	9.73	7.92
	17.62	14.78
Sales Tax :		
Additional Tax on Sales Tax	0.14	7.57
Turnover Tax	0.99	29.24
	1.13	36.81
	1,678.11	1,459.94

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 1996-97	(Rs.in lacs) 1995-96
SCHEDULE 18 - INTEREST :		
Bank and Deferred Payment	88.53	87.03
Debentures	45.92	56.07
Public Deposits	2.85	6.11
Ex-selling Agents & Others	16.38	27.54
Financial Charges	9.64	24.14
Financial Institutions	18.97	21.25
	<u>182.29</u>	<u>222.14</u>
SCHEDULE 19 - COMPUTATION OF COMMISSION TO DIRECTOR (WORKS) :		
Net Profit as per Profit and Loss Account	403.93	452.36
Add :		
i) Director's Remuneration	3.27	3.33
ii) Depreciation	<u>119.18</u>	<u>108.64</u>
	122.45	111.97
	<u>526.38</u>	<u>564.33</u>
Less : Depreciation to the extent specified in Section 350 of Companies Act, 1956	119.18	108.64
Net Profit for calculating Director's Commission	<u>407.20</u>	<u>455.69</u>
Commission @ 1% on the Net Profit	4.07	4.56
As per Agreement Limited to	<u>0.75</u>	<u>0.55</u>
Total Remuneration to Director (Works) :		
Remuneration	2.52	2.53
Commission on Net Profit	0.75	0.55
Company's Contribution to Provident Fund	0.25	0.25
Perquisites	—	—
	<u>3.52</u>	<u>3.33</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

SCHEDULE 20

1) SIGNIFICANT ACCOUNTING POLICIES

- a) System of Accounting :
 - i) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis, except bonus which is debited on payment basis.
 - ii) Financial Statements are based on historical costs.
 - iii) Fixed Assets are carried at cost of acquisition.
 - iv) Investments are valued at cost of acquisition.
- b) The Liability as on 31-3-1997 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs.77,79,378/-. The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India.
- c) Depreciation on Fixed Assets of Sakarwadi Factory and Head Office, capitalised upto 31-10-85 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. Depreciation on Fixed Assets of Sameerwadi & Fine Chemicals Division has been provided on Straight Line Method.
- d) Provision for Leave Encashment payable on retirement has not been made as per requirement of Accounting Standard 15 mandatory from 1.4.1995, as the liability is not ascertained.
- e) The Excise Appellate Tribunal at Mumbai has stayed demand for Excise Duty of Rs.10.75 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.
- f) 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.

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	Current Year		Previous Year	
	Employed for Full year Rs.	Employed for Part of the year Rs.	Employed for Full year Rs.	Employed for Part of the year Rs.
i) Salaries, Allowances and Perquisites	3,27,480	—	3,07,480	—
ii) Contribution to Provident Fund	25,200	—	25,200	—
iii) Number of Employee Covered	1	—	1	—
4) 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
Acetaldehyde / Acetic Acid		M.T.	15,000	15,000
Ethyl Acetate		M.T.	3,000	3,000
Other Acetate		M.T.	1,800	1,800
At SAMEERWADI :				
Rectified Spirit		H.L.	1,20,450	1,20,450
At ALEX & ROGERS : At Karamnagar		M.T.	192	96
Bulk Drugs				

SOMAIYA ORGANO-CHEMICALS LIMITED

Class of Goods Manufactured	Unit	Actual Production (Excluding Normal Loss)	Opening Stock		Closing Stock		Sales	
			Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)	Quantity	Value (Rs. in lacs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(i) AT SAKARWADI :								
Rectified Spirit	H L	1,85,917.162 (1,78,908.720)	5,613.56 (3,511.500)	28.24 (39.89)	1,320.826 (5,613.560)	14.14 (28.24)	13480 (—)	124.69 (—)
Acetaldehyde / Acetic Acid	M T	12,924.758/14,567.100 (12,135.442/14,052.995)	75.045/211.150 (34.990/447.300)	8.53/26.71 (7.96/98.41)	7.773/398.540 (75.045/211.150)	1.24/64.67 (8.53/26.71)	378.625/11,917.670 (116.900/11,979.635)	60.70/1,824.74 (22.82/2,297.27)
Ethyl Acetate	M T	3,360.100 (3,158.00)	111.703 (85.173)	20.81 (26.82)	84.143 (111.703)	20.77 (20.81)	3,387.660 (3,131.470)	809.37 (838.11)
Other Acetates	M T	R & D Work in Hand	—	—	—	—	—	—
(ii) AT SAMEERWADI :								
Rectified Spirit	H L	Distillery given on Lease	—	—	—	—	—	—
Bio-Earth	M T	8,925.140 (—)	— (—)	— (—)	7,342.820 (—)	73.43 (—)	1,582.32 (—)	16.31 (—)
(iii) AT ALEX & ROGERS :- At Karannagar :								
a) Bulk Drugs	M T	3,289 (6,979)	2,802 (1,662)	50.60 (29.14)	1,865 (2,802)	40.70 (50.60)	4,225 (5,839)	95.06 (128.53)
b) Chemicals	M T	146.815 (118.83)	8,150 (29,725)	2.98 (13.20)	5,640 (8,150)	2.41 (2.98)	149,325 (140,405)	62.27 (79.79)

Notes : 1. Acetaldehyde is intermediary product for the manufacture of Acetic Acid.

2. Figures shown in the brackets are of Previous Year.

3. The Sales figures in value are shown net of Central Excise Duties.

SOMAIYA ORGANO-CHEMICALS LIMITED

b) Consumption of Raw Materials	Unit	Current Year		Previous Year	
		Quantity	Amount (Rs.in lacs)	Quantity	Amount (Rs.in lacs)
Molasses	M.T.	78,564.455	451.99	76,823.560	864.27
Rectified Spirit (Own Manufactured)	H.L.	1,76,729.896	—	1,76,806.660	—
Rectified Spirit Purchased	H.L.	33,680	295.94	37,061.770	313.25
Acetaldehyde (Own Manufactured)	M.T.	12,613.405	—	11,978.487	—
Acetic Acid (Own Manufactured)	M.T.	2,462.040	—	2,309.510	—
Others		—	154.62	—	162.28
			902.55		1,339.80
c) C.I.F. Value of Imports (Alcohol) :	M.T.	NIL	NIL	NIL	NIL
d) Value of Raw Materials Consumed :		Amount (Rs.in lacs)	%	Amount (Rs.in lacs)	%
i) Indigenous		897.65	99.46	1,339.80	99.97
ii) Imported (Chemicals)		4.90	0.54	0.43	0.03
e) Value of Stores and Spare Parts Consumed :					
i) Indigenous		142.38	100.00	146.29	100.00
ii) Imported		—	—	—	—
f) Earning in foreign currency		483.67	—	167.71	—
g) Expenditure in foreign currency					
i) For Capital Goods					
a) Research & Development		9.97	—	—	—
b) Others		21.46	—	1.30	—
ii) Other expenses		15.87	—	10.25	—

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

SOMAIYA ORGANO-CHEMICALS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional information pursuant to Part IV to the Company's Act, 1956

I. Registration Details

Registration No. 011897
 Balance Sheet Date 31 03 97
 Date Month Year

State Code
 11

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue
 NIL
 Bonus Issue
 NIL

Right Issue
 NIL
 Private Placement
 NIL

III. Position of mobilisation and deployment of funds

(Amount in Rs. Thousands)

Total Liabilities
 3,16,835

Total Assets
 3,16,835

Sources of Funds

Paid-up Capital
 54,100
 Secured Loans
 1,01,554

Reserves and surplus
 1,09,734
 Unsecured Loans
 51,447

Application of Funds

Net Fixed Assets
 2,04,204
 Net Current Assets
 1,10,144

Investments
 720
 Misc. Expenditure
 1,767

IV. Performance of Company (Amount in Rs. Thousands)

Turnover & Others Income
 3,85,139

+/- Profit / Loss Before Tax
 + 47,371

Earning per Share in Rs.
 7.60

Total Expenditure
 3,37,768

+/- Profit / Loss After Tax
 + 39,511

Dividend Rate %
 16

V. Generic Names of three Principal Products / Services of the Company (as per Monetary terms)

1. Item Code No. (ITC Code) 2915.10
 Product Description ACETIC ACID
 2. Item Code No. (ITC Code) 2915.90
 Product Description ETHYL ACETATE
 3. Item Code No. (ITC Code) 2942.00
 Product Description BULK DRUGS

Accompanying to our Report of even date

For AMBALAL THAKKAR & CO.
 CHARTERED ACCOUNTANTS

G.P. BHATT
 Partner

A. P. SHARMA
 COMPANY SECRETARY

S. K. SOMAIYA
 S. S. SOMAIYA
 U. H. MEHTA
 R. S. MHATRE
 Y. S. MUZUMDAR

Chairman

Directors

Camp NAGPUR : Dated 2nd September, 1997

MUMBAI : Dated 1st September, 1997