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**SOMAIYA  
ORGANO-  
CHEMICALS  
LIMITED**

**ANNUAL REPORT & ACCOUNTS  
1997-98**

# **SOMAIYA ORGANO-CHEMICALS LIMITED**

(Incorporated under Companies Act, 1956)

## **BOARD OF DIRECTORS :**

DR. S. K. SOMAIYA - *Chairman*

SHRI S. S. SOMAIYA

SHRI B. N. NARULA

DR.(MISS) U. H. MEHTA

SHRI R. S. MHATRE

SHRI Y. S. MUZUMDAR

SHRI S. R. KHATOD

SHRI P. S. RAMCHANDRAN - *Nominee of SICOM Ltd.*

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, MUMBAI - 400 001.

# SOMAIYA ORGANO-CHEMICALS LIMITED

## NOTICE

Notice is hereby given that Thirty Seventh Annual General Meeting of Somaiya Organo-Chemicals Limited, will be held on Wednesday, the 30th September, 1998 at 5.00 p.m. at the Registered Office 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, 1998 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 Y. S. Mazumdar who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S. R. Khatod who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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 :

6. 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.2,65,50,000/- (Rupees Two Crores Sixty Five Lacs Fifty Thousand) from the amount standing to the credit of General Reserve Account as on 31st March, 1998 be capitalised and transferred to Share Capital Account and the said sum of Rs.2,65,50,000/- be applied for allotment of bonus shares among the holders of existing 53,10,000 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 26,55,000 new Equity

Shares of Rs.10/- each credited as fully paid-up be allotted and distributed 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 dividend that may be declared prior to the date on which these shares are allotted.

RESOLVED FURTHER 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.

RESOLVED FURTHER 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 such all 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.

By Order of the Board of Directors,

**S. K. SOMAIYA**  
*Chairman*

MUMBAI : Dated 4th September, 1998.

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 Item 6 set out above is annexed hereto.

**ANNEXURE TO NOTICE**

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

ITEM NO. : 6

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.2,65,50,000/- from the Reserves of the Company by issuing Bonus Shares in the proportion of ONE

Bonus Share 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 Samir S. Somaiya, Directors of the Company may be deemed to be concerned or interested in the issue of Bonus Shares to the extent of their shareholding in the Company.

By order of the Board of Directors,

**S. K. SOMAIYA**  
*Chairman*

MUMBAI : Dated 4th September, 1998.



# SOMAIYA ORGANO-CHEMICALS LIMITED

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirty-seventh Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1998.

### (A) FINANCIAL RESULTS :

|  | (Rs. in lacs) |
|--|---------------|
| Gross Operating Profit                             | 548.47        |
| Less : Interest & Financial charges                | 235.63        |
| Depreciation                                       | 125.74        |
| Provision for Taxation<br>(including Dividend Tax) | 25.44         |
|  | <u>386.81</u> |
| Net Profit for the year                            | 161.66        |
| Add: Brought forward balance                       | 0.62          |
| Excess Provision Written back                      | 0.21          |
| Amount available for appropriation                 | <u>162.49</u> |

### APPROPRIATIONS :

|                                  |               |
|----------------------------------|---------------|
| Transfer to General Reserve      | 50.00         |
| Proposed Dividend :              |               |
| On Preference Shares @7%         | 0.70          |
| On Equity Shares @12%            | <u>63.72</u>  |
|                                  | 64.42         |
| Balance carried to Balance Sheet | <u>48.07</u>  |
|                                  | <u>162.49</u> |

### (B) OPERATIONS :

#### (i) CHEMICAL PLANT AT SAKARWADI :

The Distillery & the Chemical Plant worked satisfactorily. However, the availability of Molasses and Alcohol - which were comfortable in the earlier part of the year under report, underwent a gradual change and hardened as the early estimates of Sugar production of Season 1997-98 sharply declined. 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) SAMEERWADI DISTILLERY :

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

#### (iii) FINE CHEMICAL DIVISION IN GUJARAT :

M/s.Alex & Rogers, Company's bulk drug unit at

Kalol 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 fluctuated and generally ruled easy during the year.

#### (iv) SORBIC ACID PLANT :

With the Financial Assistance from Industrial Credit & Investment Corporation Ltd. and under "SPREAD Programme" of World Bank and with 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. The Production is expected to start within about six months time after adding certain equipments.

#### (v) RESEARCH & DEVELOPMENT DIVISION AT SAKARWADI :

Company's inhouse R & D unit at Sakarwadi has been accorded recognition by Ministry of Science & Technology, Government of India, up to 31st March, 2001, vide letter dated 21st July 1998.

#### (vi) EXPORTS :

During the year under report, the Company has exported various products valued at Rs.367.19 Lacs.

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

The Biogas-cum-Effluent Treatment Plants installed at Sakarwadi and Sameerwadi worked satisfactorily meeting the parametres of State Pollution Control Boards. The Secondary Treatment Plant of Sakarwadi has been considered to be the model plant by the Maharashtra State Pollution Control Board as published in their Report.

Further, as reported last year, with the know-how and process of Alfa Laval, a Plant to manufacture ORGANIC MANURE - Bio Fertilizer - based on Secondary Treatment of Distillery spent wash by composting Pressmud was commissioned at Sameerwadi and the same is working satisfactorily. This product gives good value addition. The product is being marketed under the brand name of "Bhumi Labh" which has become popular among the farmers.

#### (D) DIVIDEND :

The Directors recommend for consideration of shareholders at the Annual General Meeting, payment of Preference Dividend @7% per share and Equity Dividend @12% per share totalling to Rs.64.42 lacs for the year ended 31st March, 1998.

**(E) CURRENT YEAR'S WORKING :**

Since May, 1998, the Acetic Acid Market has been stagnant. Exports of the Chemicals have slowed down. Currently, there is a pressure of imports of Acetic Acid by bulk consumers as well as by traders as the international prices have declined. However, with better availability of Molasses in the ensuing season 1998-99, and likely reduction in the cost of inputs, the indigenous manufacturers are expected to withstand the competition of imports.

**(F) FIXED DEPOSITS :**

Deposits of Rs.6.25 Lacs which became due for renewal/ payment on or before 31st March, 1998, were not claimed by the depositors. Out of the above Deposits of Rs.6.00 lacs have since been renewed / paid.

**(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 :**

Two of your Directors viz., Shri Y.S. Muzumdar and Shri S. R. Khatod retire from the Board by rotation and being eligible, offers 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, offers 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), IDBI, for the financial support given to the Company.

By order of the Board of Directors,

**S. K. SOMAIYA**  
Chairman

MUMBAI : Dated 4th September, 1998.



# SOMAIYA ORGANO-CHEMICALS LIMITED

## ANNEXURE 'A' TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998

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 P. K. R. Nair   | Director (Works)      | 5,49,240/-       | Inter Science.<br>2 years Technical Training in General Engineering & Air Craft Instrumentation.<br>45 years. | 25th May, 1961                     | 64              | Erection Engineer, Air Conditioning Corporation. |
| 2.      | Shri G. M. Kalaria   | Asst. General Manager | 3,21,868/-       | B.Sc., M.B.A.<br>27 years   | 10th January, 1980                 | 49              | Executive, The Godavari Sugar Mills Ltd.         |

### (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 employees are on a contractual basis and subject to termination of service on three months' / one month notice on either side.
3. Other terms and conditions : As per rules and regulations of the Company.
4. None of the employees mentioned above are a relative of any Director of the Company.

By Order of the Board of Directors,

**S.K. SOMAIYA**  
Chairman

MUMBAI : Dated 4th September, 1998.

## 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, 1998.

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

#### (A) CONSERVATION OF ENERGY :

- Energy Conservation measures taken :  
Methane gas recovery plant from spent wash of Distillery - working satisfactory.
- Additional investment proposals, if any, being implemented for reduction in consumption of energy :  
B & W Boiler modifications being implemented - installation of economiser, modification of firing system, installation of dust collector & continuous ash discharge system. We propose to install plate heat exchangers in distillery.
- Impact of the measures of (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.
- 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 :

- Activities relating to exports; initiatives taken to increase exports; development of new export market for products and services and export plans;
- Total foreign exchange used Rs.130.08 Lacs.
- Total foreign exchange earned Rs.367.19 Lacs.

## FORM 'A'

## Disclosure of Particulars with respect to Conservation of Energy.

|  |          | Current Year<br>1997-98   | Previous Year<br>1996-97 |
|--|----------|---|--------------------------|
| <b>(A) POWER &amp; FUEL CONSUMPTION :</b>                  |          |   |                          |
| <b>1. ELECTRICITY :</b>                                    |          |   |                          |
| <b>(A) PURCHASED :</b>                                     |          |   |                          |
| Unit   | KWH      | 81,97,000   | 78,78,508                |
| Total Amount   | Rs.      | 2,95,03,362   | 2,58,48,630              |
| Rate   | Rs./KWH  | 3.60  | 3.28                     |
| <b>(B) OWN GENERATION :</b>                                |          |   |                          |
| i) Through Diesel Generator<br>(Skoda & Kirloskar D.G.Set) |          |   |                          |
| Unit   | KWH      | 22,69,446   | 11,80,434                |
| Unit per litre of diesel oil                               | KWH      | 2.99  | 2.58                     |
| Cost per Unit  | Rs./KWH  | 3.46  | 3.45                     |
| ii) Through Steam Engine<br>(BM Engine and Turbine)        |          |   |                          |
| Unit per k.g.  | KWH      | 32,57,772   | 28,09,066                |
| 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. |                          |
| <b>2. COAL (B/C/D GRADE) :</b>                             |          |   |                          |
| <b>Coal consumed</b>                                       |          |   |                          |
| Quantity   | MT       | 15,249  | 18,400                   |
| Total Cost   | Rs.      | 2,45,01,400   | 2,72,41,204              |
| Average Rate   | Rs./ MT  | 1,607   | 1,481                    |
| Bio-gas consumed   | M³       | 1,01,12,358   | 91,27,273                |
| Total Steam generation                                     | MT       | 1,15,726  | 1,17,138                 |
| Steam generation per MT of coal                            | MT       | 4.10  | 3.75                     |
| <b>3. FURNACE OIL</b>                                      |          |   |                          |
| Furnace oil not used since boilers are coal fired.         | MT       | NIL   | NIL                      |
| <b>4. OTHER / INTERNAL GENERATIONS FIRE WOOD :</b>         |          |   |                          |
| Quantity   | MT       | NIL   | NIL                      |
| Total Cost   | Rs.      | NIL   | NIL                      |
| Rate per M.T.  | Rs./M.T. | NIL   | NIL                      |
| <b>(B) CONSUMPTION PER UNIT OF PRODUCTION :</b>            |          |   |                          |
| <b>(a) ALCOHOL :</b>                                       |          |   |                          |
| Production   | KL       | 20,391  | 18,631                   |
| Electricity  | KWH      | 52,15,203   | 17,80,201                |
| Rate   | KWH / KL | 255.76  | 95.55                    |
| Coal   | MT       | 2,304   | 920                      |
| Bio-gas  | M³       | 1,01,12,358   | 91,27,278                |
| Rate Coal  | MT / KL  | 0.75  | 0.73                     |
| Rate Steam   | MT / KL  | 2.88  | 2.75                     |



**(b) ACETALDEHYDE :**

|             |          |           |           |
|-------------|----------|-----------|-----------|
| Production  | MT       | 12,613    | 12,925    |
| Electricity | KWH      | 28,82,086 | 47,47,203 |
| Rate        | KWH / MT | 228.50    | 367.29    |
| Coal        | MT       | 5,291     | 6,980     |
| Rate        | MT / MT  | 0.42      | 0.54      |
| Coal        | MT / MT  | 1.89      | 2.05      |
| Steam       |          |           |           |

**(c) ACETIC ACID :**

|             |          |           |           |
|-------------|----------|-----------|-----------|
| Production  | MT       | 13,809    | 14,567    |
| Electricity | KWH      | 49,40,718 | 47,47,203 |
| Rate        | KWH / MT | 357.79    | 325.89    |
| Coal        | MT       | 4,856     | 6,970     |
| Rate        | MT / MT  | 0.35      | 0.48      |
| Coal        | MT / MT  | 1.59      | 1.81      |
| Steam       |          |           |           |

**(d) ETHYL ACETATE :**

|             |          |          |          |
|-------------|----------|----------|----------|
| Production  | MT       | 3,491    | 3,360    |
| Electricity | KWH      | 6,86,211 | 5,93,401 |
| Rate        | KWH / MT | 196.57   | 176.61   |
| Coal        | MT       | 2,798    | 3,530    |
| Rate        | MT / MT  | 0.80     | 1.05     |
| Coal        | MT / MT  | 3.26     | 3.91     |
| 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 :**

- New products development.
- Existing product quality improvement.
- Process development.
- Waste water treatment & disposal.

**2. Benefits derived as a result of the above R & D. :**

- Improvement in existing product quality attained.
- Experiments on new products like Sorbic Acid, Crotonic Acid, Crotonyl Chloride, Crotonic Anhydride, 3 - Methoxy Butanol, 1.3 Butanediol, Iodised Salt, are continuing and are at an advance stage at Sakarwadi.
- Glibenclamide, a bulk drug, put on commercial scale & is being successfully marketed locally.
- Experiments in the field of bio-technology have been done and have developed thermostable Lactic Acid at Sameerwadi unit of the Company.

**3. Future plan of action :**

- Development of products based on Alcohol & Crotonaldehyde will be taken up.
- Development of new bulk drug products is also planned to be taken up.

**4. Expenditure on R & D. :**

|  |               |
|--|---------------|
| (a) Capital  | (Rs. in lacs) |
| (b) Recurring  | 150.40        |
| (c) Total  | 6.81          |
| (d) Total R & D expenditure as a percentage of total turnover. | 157.21        |
|  | 3.47%         |

**Technology absorption, adaptation and innovation.**

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

As above

As above

Not applicable

By Order of the Board of Directors,

**S. K. SOMAIYA**  
Chairman

MUMBAI : Dated 4th September, 1998.

# SOMAIYA ORGANO-CHEMICALS LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

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

MUMBAI : Dated 4th September, 1998.



# SOMAIYA ORGANO-CHEMICALS LIMITED

Balance Sheet as at 31st March, 1998

|   |    |                 | (Rs. in lacs)<br>31.03.98 | (Rs. in lacs)<br>31.03.97 |
|---|----|-----------------|---------------------------|---------------------------|
| <b>SCHEDULES</b>                                    |    |                 |                           |                           |
| <b>SOURCES OF FUNDS :</b>                           |    |                 |                           |                           |
| <b>SHARE HOLDERS' FUNDS :</b>                       |    |                 |                           |                           |
| (a) Share Capital                                   | 1  |                 | 541.00                    | 541.00                    |
| (b) Reserve & Surplus                               | 2  |                 | 1,195.72                  | 1,098.26                  |
|   |    |                 | <u>1,736.72</u>           | <u>1,639.26</u>           |
| <b>LOANS :</b>                                      |    |                 |                           |                           |
| (a) Secured Loans                                   | 3  |                 | 1,022.83                  | 1,015.54                  |
| (b) Unsecured Loans                                 | 4  |                 | 1,061.29                  | 514.47                    |
|   |    |                 | <u>2,084.12</u>           | <u>1,530.01</u>           |
| <b>TOTAL FUNDS EMPLOYED</b>                         |    |                 | <u>3,820.84</u>           | <u>3,169.27</u>           |
| <b>APPLICATION OF FUNDS :</b>                       |    |                 |                           |                           |
| <b>FIXED ASSETS :</b>                               |    |                 |                           |                           |
|   | 5  |                 |                           |                           |
| (a) Gross Block                                     |    | 2,858.01        |                           | 2,601.81                  |
| (b) Less : Depreciation                             |    | <u>1,027.68</u> |                           | <u>903.93</u>             |
| (c) Net Block                                       |    |                 | 1,830.33                  | 1,697.88                  |
| (d) Work-in-Progress                                |    |                 | 525.72                    | 344.16                    |
| (e) Advance against purchase of Lands and Buildings |    |                 | <u>89.37</u>              | <u>-</u>                  |
|   |    |                 | <u>2,445.42</u>           | <u>2,042.04</u>           |
| <b>INVESTMENTS</b>                                  | 6  |                 | 8.96                      | 7.20                      |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>           |    |                 |                           |                           |
| (a) Inventories                                     | 7  | 747.84          |                           | 644.67                    |
| (b) Debtors   | 8  | 730.10          |                           | 574.10                    |
| (c) Cash / Bank Balances                            | 9  | 23.69           |                           | 95.31                     |
| (d) Loans and Advances                              | 10 | <u>864.69</u>   |                           | <u>670.38</u>             |
|   |    | <u>2,366.32</u> |                           | <u>1,984.46</u>           |
| <b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>    |    |                 |                           |                           |
| (a) Current Liabilities                             | 11 | 742.25          |                           | 597.64                    |
| (b) Provisions                                      | 12 | <u>279.86</u>   |                           | <u>284.46</u>             |
|   |    | <u>1,022.11</u> |                           | <u>882.10</u>             |
| Net Current Assets                                  |    |                 | 1,344.21                  | 1,102.36                  |
| <b>MISCELLANEOUS EXPENDITURE :</b>                  |    |                 |                           |                           |
| Deferred Revenue Expenditure                        |    |                 | <u>22.25</u>              | <u>17.67</u>              |
| <b>TOTAL ASSETS</b>                                 |    |                 | <u>3,820.84</u>           | <u>3,169.27</u>           |
| <b>CONTINGENT LIABILITIES</b>                       | 13 |                 |                           |                           |

Accompanying to our Report of even date

For AMBALAL THAKKAR & CO.  
CHARTERED ACCOUNTANTS

G.P. BHATT  
Partner

S. K. SOMAIYA  
S. S. SOMAIYA  
B. N. NARULA  
R. S. MHATRE  
P. S. RAMCHANDRAN

Chairman

Directors

MUMBAI : Dated 4th September, 1998.

MUMBAI : Dated 4th September, 1998.



# SOMAIYA ORGANO-CHEMICALS LIMITED

Profit and Loss Account for the year ended 31st March, 1998

|  |    | (Rs.in lacs)<br>1997-98 | (Rs.in lacs)<br>1996-97 |
|--|----|-------------------------|-------------------------|
| <b>SCHEDULES</b>   |    |                         |                         |
| <b>INCOME</b>  |    |                         |                         |
| Sales  |    | 4,524.07                | 3,595.78                |
| Other Income   | 14 | 187.81                  | 164.15                  |
| Agricultural Income  |    | 5.66                    | 5.91                    |
| Increase / (Decrease) in Stock                                   | 15 | 82.12                   | 85.55                   |
|  |    | <u>4,799.66</u>         | <u>3,851.39</u>         |
| <b>EXPENDITURE</b>   |    |                         |                         |
| Agricultural Expenses  |    | 4.95                    | 5.21                    |
| Raw Materials Consumed   | 16 | 1,926.70                | 902.55                  |
| Manufacturing and Other Expenses                                 | 17 | 1,700.04                | 1,678.11                |
| Excise Duty  |    | 619.50                  | 490.34                  |
| Interest & Financial Charges                                     | 18 | 235.63                  | 182.29                  |
| Depreciation   | 5  | 125.74                  | 119.18                  |
|  |    | <u>4,612.56</u>         | <u>3,377.68</u>         |
| <b>PROFIT BEFORE TAX</b>   |    | 187.10                  | 473.71                  |
| Provision for Taxation (including Dividend Tax of Rs. 6.44 lacs) |    | <u>25.44</u>            | <u>78.59</u>            |
| <b>NET PROFIT FOR THE YEAR</b>                                   |    | 161.66                  | 395.12                  |
| Balance Profit brought forward from last year                    |    | 0.62                    | 0.37                    |
| <b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>                       |    | <u>162.28</u>           | <u>395.49</u>           |
| <b>APPROPRIATIONS :</b>  |    |                         |                         |
| Proposed Dividend  |    |                         |                         |
| (a) On Preference Shares   |    | 0.70                    | 0.91                    |
| (b) On Equity Shares   |    | 63.72                   | 84.96                   |
| Excess Provision of Dividend Written Back                        |    | (0.21)                  | -                       |
| General Reserve  |    | 50.00                   | 309.00                  |
| Balance carried to Balance Sheet                                 |    | <u>48.07</u>            | <u>0.62</u>             |
|  |    | <u>162.28</u>           | <u>395.49</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  
S. S. SOMAIYA  
B. N. NARULA  
R. S. MHATRE  
P. S. RAMCHANDRAN

Chairman

Directors

MUMBAI : Dated 4th September, 1998.

MUMBAI : Dated 4th September, 1998.

# SOMAIYA ORGANO-CHEMICALS LIMITED

|  | (Rs.in lacs)<br>31.03.98 | (Rs.in lacs)<br>31.03.97 |
|--|--------------------------|--------------------------|
| Schedules annexed to and forming part of Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended 31st March, 1998.   |                          |                          |
| <b>SCHEDULE 1 - SHARE CAPITAL :</b>  |                          |                          |
| <b>AUTHORISED :</b>  |                          |                          |
| 1,47,50,000 Equity Shares of Rs.10/- each  | 1,475.00                 | 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>1,500.00</u>          | <u>1,000.00</u>          |
| <b>ISSUED AND SUBSCRIBED SHARE CAPITAL :</b>   |                          |                          |
| 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)<br>31.03.98 | (Rs.in lacs)<br>31.03.97 |
|--|--------------------------|--------------------------|
| <b>SCHEDULE 2 - RESERVES AND SURPLUS :</b>                 |                          |                          |
| (A) <b>GENERAL RESERVE :</b>                               |                          |                          |
| As per last Balance Sheet                                  | 893.09                   | 584.09                   |
| Add : Set aside during the year                            | <u>50.00</u>             | <u>309.00</u>            |
|  | 943.09                   | 893.09                   |
| (B) <b>INVESTMENT ALLOWANCE RESERVE UTILISED ACCOUNT :</b> |                          |                          |
| As per last Balance Sheet                                  | 51.05                    | 51.05                    |
| (C) <b>DEBENTURE REDEMPTION RESERVE :</b>                  |                          |                          |
| As per last Balance Sheet                                  | 113.50                   | 113.50                   |
| (D) <b>SHARE PREMIUM ACCOUNT :</b>                         |                          |                          |
| Balance as per last Balance Sheet                          | 40.00                    | 40.00                    |
| (E) <b>PROFIT AND LOSS ACCOUNT</b>                         | <u>48.08</u>             | <u>0.62</u>              |
|  | <u><u>1,195.72</u></u>   | <u><u>1,098.26</u></u>   |



# SOMAIYA ORGANO-CHEMICALS LIMITED

|   | (Rs.in lacs)<br>31.03.98 | (Rs.in lacs)<br>31.03.97 |
|---|--------------------------|--------------------------|
| <b>SCHEDULE 3 - SECURED LOANS :</b>   |                          |                          |
| (a) Bank of Baroda :  |                          |                          |
| (i) Cash Credit   | 271.26                   | 268.66                   |
| (ii) Bill discounting   | <u>124.00</u>            | <u>96.06</u>             |
| (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.  | 395.26                   | 364.72                   |
| (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. | 35.11                    | 64.34                    |
| (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.   | <u>5.00</u>              | <u>5.00</u>              |
|   | 20.00                    | 20.00                    |
| (2) 19% 1,75,000 Secured Redeemable Debentures of Rs.100/- each   | —                        | 24.29                    |
| (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   | <u>16.49</u>             | <u>9.66</u>              |
|   | 186.49                   | 203.95                   |
| (d) Loan from Indian Renewable Energy Development Agency Ltd.:  |                          |                          |
| (i) Secured by an unconditional and irrevocable guarantee of Bank of Baroda   | —                        | 8.70                     |
| (ii) Secured by 1st Pari Passu charge on Company's Fixed Assets at Sameerwadi.  | <u>6.00</u>              | <u>18.00</u>             |
|   | 6.00                     | 26.70                    |
| (e) Instalments Due for Purchase of Assets under Hire Purchase Finance  | 175.19                   | 127.74                   |
| (f) Interest Accrued but not due  | 4.79                     | 3.90                     |
| (g) Term Loan from CITI Bank secured by hypothecation of Flat at Mumbai.  | 3.75                     | 4.19                     |
| (h) Auto Loan from Bank of America  | 3.24                     | 4.00                     |
| (i) Term Loan from SICOM under E.R. scheme secured by hypothecation of specific machinery at Sakarwadi.   | 115.00                   | 133.00                   |
| (j) Term Loan from KSIIDC secured by hypothecation of movable Plant & Machinery both present & future at Sameerwadi.  | <u>98.00</u>             | <u>83.00</u>             |
|   | <u>1,022.83</u>          | <u>1,015.54</u>          |
| <b>SCHEDULE 4 - UNSECURED LOANS :</b>   |                          |                          |
| (1) Public Deposits   | 37.13                    | 25.18                    |
| (2) Public Loans (Guaranteed by a Director)   | 0.05                     | 0.05                     |
| (3) From Ex-selling Agents  | 7.34                     | 6.68                     |
| (4) Interest Free Sales Tax Loan from SICOM   | 263.93                   | 265.79                   |
| (5) Inter Corporate Deposits  | 462.41                   | 12.79                    |
| (6) From Industrial Credit & Investment Corporation of India Ltd.   | 135.00                   | 100.00                   |
| (7) Others  | <u>155.43</u>            | <u>103.98</u>            |
|   | <u>1,061.29</u>          | <u>514.47</u>            |

# SOMAIYA ORGANO-CHEMICALS LIMITED

## SCHEDULE 5 - FIXED ASSETS :

(Rs.in lacs)

| PARTICULARS                               | Gross Block as at 01-04-1997 | Additions During the year | Deductions during the year | Gross Block as at 31-03-1998 (2+3-4) | Depreciation written off upto 31-03-1997 | Depreciation provided During the year | Depreciation Adjustment | Total Depreciation upto 31-03-1998 (6+7) | Net Depreciated Block as at 31-03-1998 (5-9) | Net Depreciated Block as at 31-03-1997 |
|---|------------------------------|---------------------------|----------------------------|--------------------------------------|--|---------------------------------------|-------------------------|--|--|--|
| (1)                                       | (2)                          | (3)                       | (4)                        | (5)                                  | (6)                                      | (7)                                   | (8)                     | (9)                                      | (10)   | (11)                                   |
| <b>SAKARWADI &amp; H. O.</b>              |                              |                           |                            |                                      |  |                                       |                         |  |  |  |
| 1. Land                                   | 9.10                         | 1.37                      | —                          | 10.47                                | —  | —                                     | —                       | —  | 10.47  | 9.10                                   |
| 2. Buildings                              | 81.25                        | 7.69                      | —                          | 88.94                                | 16.22                                    | 0.89                                  | —                       | 17.11                                    | 71.83  | 65.04                                  |
| 3. Plant & Machinery                      | 1,526.68                     | 205.29                    | —                          | 1,731.97                             | 601.79                                   | 73.32                                 | —                       | 675.11                                   | 1,056.86                                     | 924.87                                 |
| 4. Furniture & Office Equipments          | 32.35                        | 15.74                     | —                          | 48.09                                | 7.77                                     | 1.35                                  | —                       | 9.12                                     | 38.97  | 24.58                                  |
| 5. Vehicles                               | 45.55                        | 13.52                     | 4.56                       | 54.51                                | 25.70                                    | 4.60                                  | 1.99                    | 28.31                                    | 26.20  | 19.85                                  |
| 6. Electric Installations                 | 4.87                         | —                         | —                          | 4.87                                 | 3.64                                     | 0.27                                  | —                       | 3.91                                     | 0.96   | 1.24                                   |
| <b>TOTAL (A) :</b>                        | <b>1,699.80</b>              | <b>243.61</b>             | <b>4.56</b>                | <b>1,938.85</b>                      | <b>655.12</b>                            | <b>80.43</b>                          | <b>1.99</b>             | <b>733.56</b>                            | <b>1,205.29</b>                              | <b>- 1,044.68</b>                      |
| <b>SAMEERWADI</b>                         |                              |                           |                            |                                      |  |                                       |                         |  |  |  |
| 1. Land                                   | 12.25                        | —                         | —                          | 12.25                                | —  | —                                     | —                       | —  | 12.25  | 12.25                                  |
| 2. Buildings                              | 43.17                        | 1.88                      | —                          | 45.05                                | 12.56                                    | 1.25                                  | —                       | 13.81                                    | 31.24  | 30.61                                  |
| 3. Plant & Machinery                      | 532.63                       | 1.76                      | —                          | 534.39                               | 184.87                                   | 28.13                                 | —                       | 213.00                                   | 321.39                                       | 347.75                                 |
| 4. Furniture & Office Equipments          | 2.00                         | 2.54                      | —                          | 4.54                                 | 0.43                                     | 0.16                                  | —                       | 0.59                                     | 3.95   | 1.57                                   |
| 5. Vehicles                               | 13.50                        | —                         | —                          | 13.50                                | 0.72                                     | 0.71                                  | —                       | 1.43                                     | 12.07  | 12.78                                  |
| 6. Electric Installations                 | 2.70                         | —                         | —                          | 2.70                                 | 1.47                                     | 0.14                                  | —                       | 1.61                                     | 1.09   | 1.23                                   |
| 7. Bio-earth Compost Plant                | 104.83                       | 6.37                      | —                          | 111.20                               | 4.03                                     | 5.54                                  | —                       | 9.57                                     | 101.63                                       | 100.80                                 |
| <b>TOTAL (B) :</b>                        | <b>711.08</b>                | <b>12.55</b>              | <b>—</b>                   | <b>723.63</b>                        | <b>204.08</b>                            | <b>35.93</b>                          | <b>—</b>                | <b>240.01</b>                            | <b>483.62</b>                                | <b>506.99</b>                          |
| <b>FINE CHEMICAL DIVISION (A &amp; B)</b> |                              |                           |                            |                                      |  |                                       |                         |  |  |  |
| 1. Land                                   | 9.26                         | —                         | —                          | 9.26                                 | —  | —                                     | —                       | —  | 9.26   | 9.26                                   |
| 2. Buildings                              | 24.53                        | —                         | —                          | 24.53                                | 4.63                                     | 0.82                                  | —                       | 5.45                                     | 19.08  | 19.90                                  |
| 3. Plant & Machinery                      | 150.88                       | 4.57                      | —                          | 155.45                               | 37.82                                    | 8.06                                  | —                       | 45.88                                    | 109.57                                       | 113.08                                 |
| 4. Furniture & Office Equipments          | 1.68                         | 0.03                      | —                          | 1.71                                 | 0.20                                     | 0.08                                  | —                       | 0.28                                     | 1.43   | 1.47                                   |
| 5. Vehicles                               | 3.08                         | —                         | —                          | 3.08                                 | 1.52                                     | 0.35                                  | —                       | 1.87                                     | 1.21   | 1.56                                   |
| 6. Electric Installations                 | 1.50                         | —                         | —                          | 1.50                                 | 0.56                                     | 0.07                                  | —                       | 0.63                                     | 0.87   | 0.94                                   |
| <b>TOTAL (C) :</b>                        | <b>190.93</b>                | <b>4.60</b>               | <b>—</b>                   | <b>195.53</b>                        | <b>44.73</b>                             | <b>9.38</b>                           | <b>—</b>                | <b>54.11</b>                             | <b>141.42</b>                                | <b>146.21</b>                          |
| <b>TOTAL (A+B+C)</b>                      | <b>2,601.81</b>              | <b>260.76</b>             | <b>4.56</b>                | <b>2,858.01</b>                      | <b>903.93</b>                            | <b>125.74</b>                         | <b>1.99</b>             | <b>1,027.68</b>                          | <b>1,830.33</b>                              | <b>1,697.88</b>                        |

# SOMAIYA ORGANO-CHEMICALS LIMITED

|   | (Rs.in lacs)<br>31.03.98 | (Rs.in lacs)<br>31.03.97 |
|---|--------------------------|--------------------------|
| <b>SCHEDULE 6 - INVESTMENTS (AT COST) :</b>   |                          |                          |
| 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/-)<br>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<br>fully paid-up.                               | 4.25                     | 2.50                     |
| (9) 5 Shares of Rs.100/- each of Basant Co-op.Hsg Scty. (Rs.500/-) &<br>Share Application Money with Nilkanth Valley (Rs.500/-) | 0.01                     | —                        |
|   | Cost<br>(Rs.)            | Market Value<br>(Rs.)    |
| Aggregate Quoted Investments  | 4.70                     | 4.70                     |
| Aggregate Unquoted Investments  | 1.86                     | —                        |
|   | 6.56                     | 4.70                     |
| Immovable Property (including value of land Rs. 1,65,000/- for which<br>Agreement for sale has already been executed)           | 2.40                     | 2.40                     |
|   | 8.96                     | 7.20                     |
| <b>SCHEDULE 7 - INVENTORIES :</b>   |                          |                          |
| (i) Stores, Chemicals and Spares (at cost as per inventories valued and certified<br>by a Director)                             |                          |                          |
| (a) On Hand   | 217.81                   | 224.06                   |
| (b) In Transit  | 14.20                    | 35.24                    |
|   | 232.01                   | 259.30                   |
| (ii) Loose Tools and Implements (as per Inventory valued and certified by a Director)   | 0.01                     | 0.01                     |
| (iii) Raw Materials   | 161.42                   | 112.85                   |
| (iv) Stock-in-trade (as valued and certified by a Director)<br>(At Cost or Market Price whichever is less)                      | 347.79                   | 270.53                   |
| (v) Stock lying in Port (valued at realisable value)  | 4.86                     | —                        |
| (vi) Standing Crops at Cost   | 1.36                     | 0.67                     |
| (vii) Farm Produce at Cost  | 0.39                     | 1.31                     |
|   | 747.84                   | 644.57                   |



# SOMAIYA ORGANO-CHEMICALS LIMITED

|  | (Rs.in lacs)<br>31.03.98 | (Rs.in lacs)<br>31.03.97 |
|--|--------------------------|--------------------------|
| <b>SCHEDULE 8 - SUNDRY DEBTORS :</b>   |                          |                          |
| Sundry Debtors (Unsecured and considered good except otherwise stated)                   |                          |                          |
| (a) Debts Outstanding for more than six months   | 25.54                    | 38.31                    |
| (b) Other Debts  | 704.56                   | 535.79                   |
|  | <u>730.10</u>            | <u>574.10</u>            |
| <b>SCHEDULE 9 - CASH AND BANK BALANCES :</b>   |                          |                          |
| Cash on Hand   | 2.38                     | 3.85                     |
| In Current Account with Scheduled Banks  | 10.63                    | 36.41                    |
| In Fixed Deposits with Scheduled Bank<br>(Including Rs.2.77 lacs as lien for Guarantees) | 8.08                     | 32.60                    |
| Interest accrued on above  | 1.73                     | 4.12                     |
| Demand Drafts on Hand  | 0.87                     | 2.47                     |
| Remittance in Transit  | —                        | 15.86                    |
|  | <u>23.69</u>             | <u>95.31</u>             |
| <b>SCHEDULE 10 - LOANS AND ADVANCES :</b>  |                          |                          |
| (Unsecured and considered good except otherwise stated)                                  |                          |                          |
| Loans to others  | 0.66                     | 0.66                     |
| Interest accrued on above  | 0.99                     | 2.40                     |
|  | <u>1.65</u>              | <u>3.06</u>              |
| Interest on Deferred payments under D. P. G. facilities and Hire Purchase Finance        | 69.90                    | 67.36                    |
| Advances recoverable in cash or kind for value to be received                            | 487.01                   | 316.83                   |
| Advance Income Tax (Including Income Tax Deducted at Source Rs.31.38 lacs)               | 194.54                   | 169.22                   |
| Deposits   | 111.59                   | 113.91                   |
|  | <u>864.69</u>            | <u>670.38</u>            |

# SOMAIYA ORGANO-CHEMICALS LIMITED

|  | (Rs.in lacs)<br>31.03.98 | (Rs.in lacs)<br>31.03.97 |
|--|--------------------------|--------------------------|
| <b>SCHEDULE 11 - CURRENT LIABILITIES :</b>   |                          |                          |
| (1) Sundry Creditors   | 681.67                   | 517.01                   |
| (2) Deposits and Advances from Customers   | 60.33                    | 78.64                    |
| (3) Liability for Income & Wealth Tax  | 0.04                     | 0.04                     |
| (4) Advance against Sale of Immovable Property   | —                        | 0.30                     |
| (5) Temporary Overdraft with Bank  | 0.21                     | 1.65                     |
|  | <u>742.25</u>            | <u>597.64</u>            |
| <b>SCHEDULE 12 - PROVISIONS :</b>  |                          |                          |
| (1) Provision for Taxation   | 215.44                   | 198.59                   |
| (2) Proposed Dividend  | 64.42                    | 85.87                    |
|  | <u>279.86</u>            | <u>284.46</u>            |
| <b>SCHEDULE 13 - CONTINGENT LIABILITIES (NOT PROVIDED FOR) :</b>   |                          |                          |
| 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>15.00</u>             | <u>16.75</u>             |
|  | <u>1997-98</u>           | <u>1996-97</u>           |
| <b>SCHEDULE 14 - OTHER INCOME :</b>  |                          |                          |
| Interest   | 5.65                     | 4.76                     |
| Service Charges & Lease Rent   | 111.31                   | 105.12                   |
| Sundry Receipts  | 70.85                    | 34.27                    |
| Capital Subsidy from Maharashtra Government  | —                        | 20.00                    |
|  | <u>187.81</u>            | <u>164.15</u>            |
| <b>SCHEDULE 15 - INCREASE / (DECREASE) IN STOCK :</b>  |                          |                          |
| Closing Stock  | 352.65                   | 270.53                   |
| Less : Opening Stock   | 270.53                   | 184.98                   |
|  | <u>82.12</u>             | <u>85.55</u>             |
| <b>SCHEDULE 16 - RAW MATERIALS CONSUMED :</b>  |                          |                          |
| Molasses   | 1,469.44                 | 451.99                   |
| Chemicals  | 132.43                   | 136.66                   |
| Spirit   | 308.68                   | 295.94                   |
| Others   | 16.15                    | 17.96                    |
|  | <u>1,926.70</u>          | <u>902.55</u>            |

# SOMAIYA ORGANO-CHEMICALS LIMITED

|  | (Rs.in lacs)<br>1997-98 | (Rs.in lacs)<br>1996-97 |
|--|-------------------------|-------------------------|
| <b>SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES</b>      |                         |                         |
| Manufacturing Expenses :                                   |                         |                         |
| Power and Fuel   | 670.50                  | 602.63                  |
| Stores, Chemicals and Spare Parts                          | 149.09                  | 142.38                  |
| Lease Rent   | 122.11                  | 147.11                  |
| Insurance Premium  | 29.44                   | 28.35                   |
| Packing and Forwarding Charges                             | 95.47                   | 129.52                  |
| Excise Establishment Charges                               | 5.94                    | 6.63                    |
| Research & Development Expenses                            | 6.81                    | 0.01                    |
|  | 1,079.36                | 1,056.63                |
| Repairs and Maintenance :                                  |                         |                         |
| Plant and Machinery  | 35.93                   | 23.52                   |
| Buildings  | 9.37                    | 4.27                    |
| Other Repairs  | 6.45                    | 18.26                   |
|  | 51.75                   | 46.05                   |
| Employees Remuneration and Benefits :                      |                         |                         |
| Salaries, Wages and Bonus                                  | 266.02                  | 260.12                  |
| Contribution to Provident Fund & Other Funds               | 25.93                   | 22.15                   |
| Gratuity   | 0.08                    | 0.08                    |
| Staff Welfare Expenses                                     | 37.10                   | 31.17                   |
| Group Gratuity Insurance Premium                           | 9.79                    | 7.53                    |
|  | 338.92                  | 321.05                  |
| Office and Establishment Expenses :                        |                         |                         |
| Rent   | 3.56                    | 4.40                    |
| Rates and Taxes  | 14.65                   | 11.75                   |
| Miscellaneous Expenses                                     | 109.13                  | 132.03                  |
| Legal and Professional Charges                             | 15.90                   | 22.12                   |
| Brokerage & Commission                                     | 9.32                    | 7.14                    |
| Charity and Donation                                       | 0.03                    | 1.97                    |
| Sundry Debit Balances Written off                          | 0.03                    | 0.01                    |
| Motor Car Maintenance                                      | 19.33                   | 28.47                   |
| Travelling Expenses  | 6.20                    | 13.21                   |
| Foreign Travelling Expenses                                | 2.81                    | 2.36                    |
| Deferred Revenue Expenditure Written Off                   | 8.51                    | 5.89                    |
| Premium on redemption of Debentures                        | 2.92                    | 5.83                    |
|  | 192.39                  | 235.18                  |
| Other Expenses :   |                         |                         |
| Foreign Exchange Fluctuations                              | 4.74                    | —                       |
| Bhoomi Labh Transport Charges                              | 11.47                   | —                       |
|  | 16.21                   | —                       |
| Auditors' Remuneration :                                   |                         |                         |
| Audit Fees   | 0.12                    | 0.24                    |
| Tax Audit Fees   | 0.05                    | 0.04                    |
| Auditors' Travelling Expenses & Certification fees         | 0.02                    | 0.11                    |
| Cost Audit Fees  | 0.06                    | 0.06                    |
|  | 0.25                    | 0.45                    |
| Directors' Fees and Travelling Expenses and Remuneration : |                         |                         |
| Fees   | 0.07                    | 0.06                    |
| Travelling Expenses  | 3.37                    | 4.56                    |
| Remuneration   | 4.98                    | 3.27                    |
| Foreign Travelling Expenses                                | 7.24                    | 9.73                    |
|  | 15.66                   | 17.62                   |
| Sales Tax :  |                         |                         |
| Additional Tax on Sales Tax                                | 4.72                    | 0.14                    |
| Turnover Tax   | 0.78                    | 0.99                    |
|  | 5.50                    | 1.13                    |
|  | 1,700.04                | 1,678.11                |



# SOMAIYA ORGANO-CHEMICALS LIMITED

|   | (Rs.in lacs)<br>1997-98 | (Rs.in lacs)<br>1996-97 |
|---|-------------------------|-------------------------|
| <b>SCHEDULE 18 - INTEREST :</b>   |                         |                         |
| Bank and Deferred Payment   | 90.77                   | 88.53                   |
| Debentures  | 35.95                   | 45.92                   |
| Public Deposits   | 4.88                    | 2.85                    |
| Ex-selling Agents & Others  | 55.54                   | 16.38                   |
| Financial Charges   | 10.06                   | 9.64                    |
| Financial Institutions  | 38.43                   | 18.97                   |
|   | <u>235.63</u>           | <u>182.29</u>           |
| <b>SCHEDULE 19 - COMPUTATION OF COMMISSION TO DIRECTOR (WORKS) :</b>              |                         |                         |
| Net Profit as per Profit and Loss Account   | 161.66                  | 403.93                  |
| Add :   |                         |                         |
| i) Director's Remuneration  | 4.98                    | 3.27                    |
| ii) Depreciation  | <u>125.74</u>           | <u>119.18</u>           |
|   | 130.72                  | 122.45                  |
|   | <u>292.38</u>           | <u>526.38</u>           |
| Less : Depreciation to the extent specified in Section 350 of Companies Act, 1956 | 125.74                  | 119.18                  |
| Net Profit for calculating Director's Commission                                  | <u>166.64</u>           | <u>407.20</u>           |
| Commission @ 1% on the Net Profit   | 1.67                    | 4.07                    |
| <b>As per Agreement Limited to</b>  | <u>0.75</u>             | <u>0.75</u>             |
| Total Remuneration to Director (Works) :  |                         |                         |
| Remuneration  | 4.23                    | 2.52                    |
| Commission on Net Profit  | 0.75                    | 0.75                    |
| Company's Contribution to Provident Fund  | 0.51                    | 0.25                    |
| Perquisites   | —                       | —                       |
|   | <u>5.49</u>             | <u>3.52</u>             |

# SOMAIYA ORGANO-CHEMICALS LIMITED

## NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

### SCHEDULE 20

#### 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.
  - Investments are valued at cost of acquisition.
- b) The Liability as on 31-3-1998 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs.1,00,32,910/-. 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 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. 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.
- 2) Excise Tribunal at Delhi has set aside the penalty of Rs.15 lacs as well as Excise Demand of Rs.8.71 lacs out of Demand Rs.10.75 lacs. Balance demand of Rs. 1.86 lacs is remanded back to Excise Commissioner, Aurangabad. Order is awaited.
- 3) 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<br>Rs. | Employed for Part of the year<br>Rs. | Employed for Full year<br>Rs. | Employed for Part of the year<br>Rs.                               |
| i) Salaries, Allowances and Perquisites                           | 7,92,280                      | —                                    | 3,27,480                      | —  |
| ii) Contribution to Provident Fund                                | 78,828                        | —                                    | 25,200                        | —  |
| iii) Number of Employee Covered                                   | 2                             | —                                    | 1                             | —  |
| 4) a) Quantitative Information in respect of Goods Manufactured : |                               |                                      |                               |  |
| Class of Goods Manufactured                                       |                               | Unit                                 | Licensed Capacity<br>(Annual) | Installed Capacity (Annual)<br>(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 Karannagar                                  |                               |                                      |                               |  |
| Bulk Drugs  |                               | M.T.                                 | 192                           | 96   |

# 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. | 2,03,36,1871<br>(1,85,917,162)                   | 1,320,826<br>(5,613,56)           | 14.14<br>(28.24)           | 9,449,750<br>(1,320,826)         | 107.45<br>(14.14)          | ...  | ...                                |
| Acetaldehyde / Acetic Acid                | M.T. | 12,613,417/13,808,700<br>(12,924,758/14,567,100) | 7,773/398,540<br>(75,045/211,150) | 1.24/64.67<br>(8.53/26.71) | 3,296/304,065<br>(7,773/398,540) | 0.57/56.20<br>(1,24/64.67) | 664,755/11,263,515<br>(378,625/11,917,670) | 154,752,367.79<br>(60,70/1,824.74) |
| Ethyl Acetate                             | M.T. | 3,490,800<br>(3,360,100)                         | 84,143<br>(111,703)               | 20.77<br>(20.81)           | 153,028<br>(84,143)              | 39.15<br>(20.77)           | 3,420,515<br>(3,387,660)                   | 978.58<br>(809.87)                 |
| Other Acetates                            | M.T. | R & D Work in Hand                               | —                                 | —                          | —                                | —                          | —  | —                                  |
| (ii) AT SAMEERWADI :                      |      |  |                                   |                            |                                  |                            |  |                                    |
| Rectified Spirit                          | H.L. | Distillery given on Lease                        | —                                 | —                          | —                                | —                          | —  | —                                  |
| Bio-Earth                                 | M.T. | 7,416,133<br>(8,925,140)                         | 7,342,820<br>(—)                  | 73.43<br>(—)               | 10,033,534<br>(7,342,820)        | 76.05<br>(73.43)           | 4,725,419<br>(1582.32)                     | 72.24<br>(16.31)                   |
| (iii) AT ALEX & ROGERS :- Al Karannagar : |      |  |                                   |                            |                                  |                            |  |                                    |
| a) Bulk Drugs                             | M.T. | 6,850<br>(3,289)                                 | 1,865<br>(2,802)                  | 40.70<br>(50.60)           | 1,960<br>(1,865)                 | 24.99<br>(40.70)           | 6,755<br>(4,225)                           | 104.23<br>(95.06)                  |
| b) Chemicals                              | M.T. | 160,633<br>(146,815)                             | 5,640<br>(8,150)                  | 2.41<br>(2.98)             | 6,394<br>(5,640)                 | 1.58<br>(2.41)             | 159,879<br>(149,325)                       | 72.06<br>(62.27)                   |

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<br>(Rs.in lacs) | Quantity            | Amount<br>(Rs.in lacs) |
| Molasses                                      | M.T. | 89,280.780          | 1,469.44               | 78,564.455          | 451.99                 |
| Rectified Spirit (Own Manufactured)           | H.L. | 1,95,232.947        | —                      | 1,76,729.896        | —                      |
| Rectified Spirit Purchased                    | H.L. | 30,298.740          | 308.68                 | 33,680              | 295.94                 |
| Acetal Dehyde (Own Manufactured)              | M.T. | 11,953.139          | —                      | 12,613.405          | —                      |
| Acetic Acid (Own Manufactured)                | M.T. | 2,639.660           | —                      | 2,462.040           | —                      |
| Ethyl Acetate (Own Manufactured)              | M.T. | 1.400               | —                      | —                   | —                      |
| Others  |      | —                   | 148.58                 | —                   | 154.62                 |
|   |      |                     | 1,926.70               |                     | 902.55                 |
| c) C.I.F. Value of Imports (Alcohol) :        | H.L. | 13,201.74           | 116.85                 | NIL                 | NIL                    |
| d) Value of Raw Materials Consumed :          |      | Amount (Rs.in lacs) | %                      | Amount (Rs.in lacs) | %                      |
| i) Indigenous                                 |      | 1,815.08            | 93.85                  | 897.65              | 99.46                  |
| ii) Imported (Chemicals)                      |      | 111.62              | 6.15                   | 4.90                | 0.54                   |
| e) Value of Stores and Spare Parts Consumed : |      |                     |                        |                     |                        |
| i) Indigenous                                 |      | 149.04              | 100.00                 | 142.38              | 100.00                 |
| ii) Imported                                  |      | 0.05                | —                      | —                   | —                      |
| f) Earning in foreign currency                |      | 367.19              | —                      | 483.67              | —                      |
| g) Expenditure in foreign currency            |      |                     |                        |                     |                        |
| i) For Capital Goods                          |      |                     |                        |                     |                        |
| a) Research & Development                     |      | —                   | —                      | 9.97                | —                      |
| b) Others                                     |      | 5.15                | —                      | 21.46               | —                      |
| ii) Other expenses                            |      | —                   | —                      | 15.87               | —                      |

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 Companies Act, 1956

### I. Registration Details

Registration No.   
 Balance Sheet Date     
 Date Month Year

State Code

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

Public Issue  
  
 Bonus Issue

Right Issue  
  
 Private Placement

### III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

#### Sources of Funds

Paid-up Capital  
  
 Secured Loans

Reserves and surplus  
  
 Unsecured Loans

#### Application of Funds

Net Fixed Assets  
  
 Net Current Assets

Investments  
  
 Misc. Expenditure

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

Turnover & Others Income  
  
 +/- Profit / Loss Before Tax  
   
 Earning per Share in Rs.

Total Expenditure  
  
 +/- Profit / Loss After Tax  
   
 Dividend Rate %

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

1. Item Code No. (ITC Code)   
 Product Description   
 2. Item Code No. (ITC Code)   
 Product Description   
 3. Item Code No. (ITC Code)   
 Product Description

Accompanying to our Report of even date

For AMBALAL THAKKAR & CO  
 CHARTERED ACCOUNTANTS

G.P. BHATT  
 Partner

S. K. SOMAIYA  
 S. S. SOMAIYA  
 B. N. NARULA  
 R. S. MHATRE  
 P. S. RAMCHANDRAN

Chairman

Directors

MUMBAI : Dated 4th September, 1998.

MUMBAI : Dated 4th September, 1998.