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**SOMAIYA
ORGANO-
CHEMICALS
LIMITED**

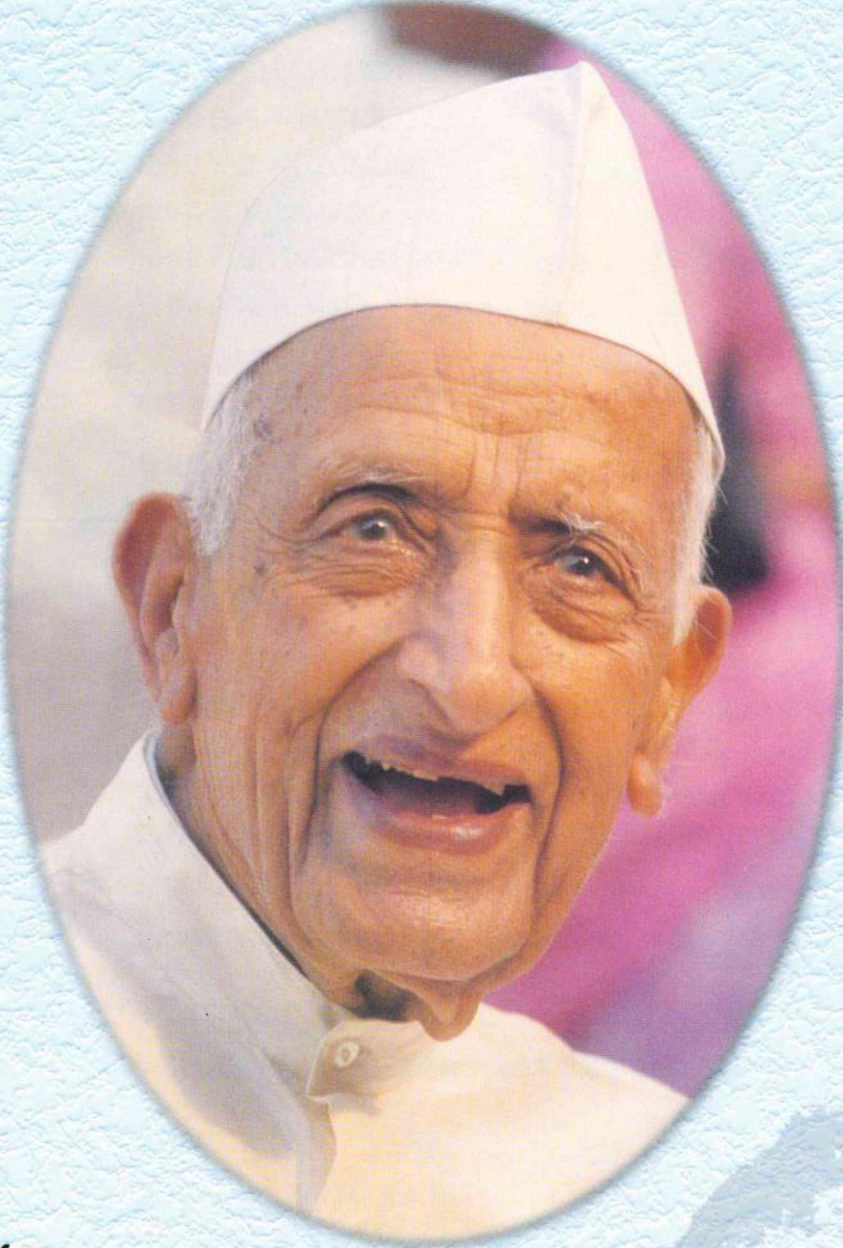
**ANNUAL REPORT & ACCOUNTS
1998-99**

। न मानुषात् परो धर्मः ।

"There is no religion greater than Humanity"

*With deep sense of gratitude to our
respected Founder*

Late Pujya Shri Karamshibhai J. Somaiya



* 16-5-1902 *

* 9-5-1999 *

“न त्वहं कामये राज्यं, न स्वर्गं नापुनर्भवम् ।

कामये दुःखतप्तानां प्राणिनामार्तिनाशनम् ॥”

*"Neither do I aspire for Kingdom nor for heaven, nor do I desire to be free from rebirth;
my only prayer is to alleviate the sufferings of all beings afflicted by pain!"*

SOMAIYA ORGANO-CHEMICALS LIMITED

(Incorporated under Companies Act, 1956)

BOARD OF DIRECTORS :

DR. S. K. SOMAIYA - *Chairman*

SHRI S. S. SOMAIYA - *Managing Director*

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)*

COMPANY SECRETARY :

SHRI R. L. SOMANI

BANKERS AND INSTITUTIONS :

BANK OF BARODA

SYNDICATE BANK

INDUSTRIAL CREDIT AND INVESTMENT CORPORATION
OF INDIA LIMITED

KARNATAKA STATE INDUSTRIAL INVESTMENT AND
DEVELOPMENT CORPORATION LIMITED

SICOM LTD.

INDUSTRIAL DEVELOPMENT BANK OF INDIA

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 Eighth Annual General Meeting of Somaiya Organo-Chemicals Limited, will be held on Wednesday, the 21st July, 1999 at 4.00 p.m. at the Registered Office at Fazalbhoy 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, 1999 and the Profit and Loss Account for the year ended on that date, and the Directors' and Auditors' Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. S. K. Somaiya who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B. N. Narula 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 modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") approval be and is hereby accorded to the appointment of Shri Samir S. Somaiya as Managing Director of the Company for a period of five years from 1st June, 1999 on remuneration and other terms as under :

Salary : Rs. 30,000/- with an annual increment of 10%

Commission : 1% of the net Profits.

Perquisites :

i) Housing :

a) The expenditure by the Company on hiring furnished accommodation will be subject to the ceiling of sixty percent of the salary over and above ten percent payable by Shri Samir S. Somaiya.

b) In case the accommodation is owned by the Company,

10 percent of the salary of Shri Samir S. Somaiya shall be deducted by the Company.

c) In case no accommodation is provided by the Company, Shri Samir S. Somaiya shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.

ii) 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.

iii) Medical Reimbursement :

Within or outside India for him as well as spouse. As per rules applicable to senior executives.

iv) Leave Travel Reimbursement :

Within or outside India for him as well as spouse. As per rules applicable to senior executives.

v) Club Fees :

Subject to maximum of two Clubs. Admission and life membership fees as per rules of the Company.

vi) Personal Accident Insurance / Medical Insurance or any other coverage as per rules of the company. Annual premium to be paid by the company.

vii) Provision of car with driver for use on Company's business and telephone at residence. The amount attributable to Company's business use shall not be considered as part of remuneration/perquisite.

viii) Contribution to provident fund, superannuation fund or annuity fund at the rates applicable from time to time in the Company.

ix) Gratuity not exceeding half a month's salary for each completed year of tenure.

x) Encashment of leave at the end of the tenure, which will not be considered as part of remuneration/perquisite.

xi) Appointee shall be entitled to reimbursement of entertainment expenses actually incurred in course of legitimate business of the company.

xii) Appointee shall be eligible for housing, education, medical and other Loans or facilities as applicable in accordance with the rules of the Company.

RESOLVED FURTHER THAT in the event of loss or inadequacy of Profits in any financial year during the currency of aforesaid period the Managing Director shall be entitled to above salary as minimum remuneration as above in addition thereto perquisites not exceeding the limits specified in - Section 2 of Part II of Schedule XIII of Companies Act, 1956.

RESOLVED FURTHER THAT the Terms & Conditions of Appointment and remuneration given above may be altered and varied from time to time by Board of Directors of the Company as it may at its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any Statutory modification or reenactment thereof for the time being in force or any amendment made thereto from time to time.

RESOLVED FURTHER THAT the total remuneration including perquisites payable to all the directors shall not exceed 5% to any one director or 10% collectively to Managing Director / Director (Works) in accordance with provisions of Section 198 and 309 of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors 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. S. SOMAIYA
Managing Director

PLACE : MUMBAI

Dated : 29th June, 1999

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. The Board of Directors at their meeting held on 29th June, 1999 has appointed Shri Samir S. Somaiya as Managing Director of the Company for a period of Five years from 1st June, 1999 on remuneration and other terms as contained in the resolution. His appointment as Managing Director is considered by the Board as expedient and in the interest of the Company and remuneration is commensurate with the responsibilities entrusted on him. In terms of relevant provisions of the Companies Act, 1956 approval of Shareholders is required for his appointment and remuneration. Hence the resolution.

None of the Directors except Shri Samir S. Somaiya himself and Dr. S. K. Somaiya as relative of Shri Samir S. Somaiya are concerned or interested in the resolution.

The Board of Directors recommends the ordinary Resolution for your approval.

By order of the Board of Directors,

S. S. SOMAIYA
Managing Director

PLACE : MUMBAI

DATED : 29th June, 1999

SOMAIYA ORGANO-CHEMICALS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

At the outset, the Board wishes to record with a deep sense of sorrow the sad demise of Founder of the Group and the Company's Ex-Chairman, Shri K. J. Somaiya on the 9-5-1999. Shri K. J. Somaiya put up the company's first sugar factory of The Godavari Sugar Mills Limited (GSM) at 'Sakarwadi', Kanhegaon in 1939 and the second factory, viz. 'Lakshmiwadi' in 1941 at Kopergaon, both in District Ahmednagar, (Maharashtra) simultaneously, with his sustained efforts, the GSM developed agricultural farms extending over 12,000 acres which revolutionised sugarcane cultivation in the State and through its results, brought Maharashtra on the world map of Sugarcane with the highest sugarcane yield and recovery of sugar. The GSM's third sugar factory, viz. 'Sameerwadi' was put up in the year 1971 at Saidapur, Taluka Mudhol, Dist. Bagalkot in Karnataka State. In course of time, as per the policy of Maharashtra Govt. to co-operativise the Joint Stock sugar factories, Sakarwadi and Lakshmiwadi plants were taken over by the State Govt. for co-operativisation in 1984-85.

Simultaneously with the development of the Sugar Factories, Shri K. J. Somaiya turned his attention to diversification leading to the setting up of a Distillery for Industrial Alcohol at Sakarwadi Factory in the year 1956 and then further diversifying into Alcohol based Organic Chemicals. He put up the first Acetic Acid plant of the Maharashtra State at Sakarwadi adjoining to the Distillery in 1961 and initiated steps for upgradation of molasses based Alcohol. The Company's second Distillery was put up at Sameerwadi in Karnataka near Sameerwadi Sugar Factory in the October 1984 producing Industrial Alcohol.

The Company owes its existence and its present position solely to the efforts made by the Founder Shri K.J. Somaiya and the team of dedicated workers. Shri K.J. Somaiya was not merely an industrialist but a humanist, a philanthropist, an educationist and a visionary. The Board, at its meeting held on 29-6-1999, paid glowing tributes to the services rendered by the founder.

Your Directors have pleasure in presenting their Thirty-eighth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1999.

(A) FINANCIAL RESULTS :

	(Rs. in lacs)
Gross Operating Profit	534.43
Less : Interest & Financial charges	257.03
Depreciation	140.61
Provision for Taxation	16.00
Net Profit for the year	120.79
Add: Brought forward balance	48.07
Excess Provision Written back	5.41
Amount available for appropriation	174.27

APPROPRIATIONS :

Transfer to General Reserve	125.00
Preference Dividend @ 7% paid	0.15
Proposed Dividend on Equity Shares @ 6%	35.84
Corporate Dividend Tax	3.94
Balance carried to Balance Sheet	9.34
	174.27

(B) OPERATIONS :

(i) CHEMICAL PLANT AT SAKARWADI :

The Working of the Distillery and the Chemical Plant was unsatisfactory as the Thermax Boiler remained closed for a period of about 6 months for bare inspection and repairs. The Distillery and Plant worked at partial capacity with the standby Boiler. The prices of the Molasses and Alcohol in the beginning of the season 1998-99 were on higher level. However, by end of Accounting year under review, the same were at reasonable levels and credit facilities were also available.

The prices of Acetic Acid and Ethyl Acetate remained at low levels during major part of the year, which are slowly showing signs of improvement.

(ii) SAMEERWADI DISTILLERY :

The Distillery at Sameerwadi in Karnataka continued to be leased to M/s.Sapthagiri Enterprises during the Accounting year. The possession of the Distillery is being taken back

from 1st July, 1999 from which date the Company will run the Distillery on its own.

(iii) FINE CHEMICAL DIVISION IN GUJARAT :

This division did not fair well as there has been great volatility in prices of end products. The Company is making efforts to manufacture new added value products at this Unit.

(iv) EXPORTS :

During the year under report, the Company has exported various products valued at Rs. 202.12 lacs.

(v) BHUMI LABH ACTIVITY AT SAMEERWADI :

This Product is having good response from the markets all over India and is gradually picking up.

(C) DIVIDEND :

The Directors recommend for consideration of shareholders at the Annual General Meeting, payment of proportionate Preference dividend at 7% per share up to the date of redemption and Equity Dividend at 6% per share, totaling Rs. 36 lacs for the year ending 31-3-1999.

(D) FIXED DEPOSITS :

Deposits of Rs. 0.25 lacs which have become due for renewal/payment on or before 31st March, 1999, were not claimed by the depositors. Out of the above, none of The Deposits have since been renewed / paid.

(E) 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 :

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 the Report.

(F) DIRECTORS :

a) Two of your Directors viz., Dr. S.K. Somaiya and Shri Banarasilal Narula retire from the Board by rotation and being eligible, offers themselves for re-appointment.

b) The Board has appointed Shri Samir S. Somaiya as Managing Director of the Company from 1st June, 1999.

(G) 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.

(H) 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, Syndicate Bank. Industrial Credit & Investment Corporation of India Limited, Unit Trust of India, SICOM, Industrial Development Bank of India, Karnataka State Industrial Investment and Development Corporation Ltd., Bangalore, for the financial support given to the Company.

By order of the Board of Directors,

S. S. Somaiya
Managing Director

MUMBAI
Dated 29th June, 1999

Ushaben H. Mehta
Director

SOMAIYA ORGANO-CHEMICALS LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999

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	Remu- neration Rs.	Qualification and Experience (years)	Date of Commence- ment of Employment	Age of Employee	Last Employment Held
1.	Shri P. K. R. Nair	Director (Works)	6,54,540/-	Inter Science. 2 years Technical Training in General Engineering & Air Craft Instrumentation. 46 years.	25th May, 1961	65	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. S. Somaiya
Managing Director

Ushaben H. Mehta
Director

MUMBAI : Dated 29th June, 1999.

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, 1999.

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.6.93 lacs.
- Total foreign exchange earned Rs.202.12 lacs.

FORM 'A'

Disclosure of Particulars with respect to Conservation of Energy.

		Current Year 1998-99	Previous Year 1997-98
(A) POWER & FUEL CONSUMPTION :			
1. ELECTRICITY :			
(A) PURCHASED :			
Unit	KWH	69,81,903	81,97,000
Total Amount	Rs.	2,70,72.443	2,95,03,362
Rate	Rs./KWH	3.88	3.60
(B) OWN GENERATION :			
i) Through Diesel Generator (Skoda & Kirloskar D.G.Set)			
Unit	KWH	28,24,677	22,69,446
Unit per litre of diesel oil	KWH	3.03	2.99
Cost per Unit	Rs./KWH	3.61	3.46
ii) Through Steam Engine (BM Engine and Turbine)			
Unit per k.g.	KWH	13,32,041	32,57,772
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	20,236	15,249
Total Cost	Rs.	3,44,48,731	2,45,01,400
Average Rate	Rs./ MT	1,702	1,607
Bio-gas consumed	M³	42,34,576	1,01,12,358
Total Steam generation	MT	97,475	1,15,726
Steam generation per MT of coal	MT	3.80	4.10
3. FURNACE OIL			
Furnace oil not used since boilers are coal fired.	MT	1,90,615	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	19,589	20,391
Electricity	KWH	42,32,676	52,15,203
Rate	KWH / KL	216.07	255.76
Coal	MT	8,099	2,304
Bio-gas	M³	42,34,576	1,01,12,358
Rate Coal	MT / KL	0.65	0.75
Steam	MT / KL	2.68	2.88

(b) ACETALDEHYDE :

Production	MT	11,465	12,613
Electricity	KWH	23,39,110	28,82,086
Rate	KWH / MT	204.02	228.50
Coal	MT	5,417	5,291
Rate	MT / MT	0.47	0.42
Coal	MT / MT	1.74	1.89
Rate	MT / MT		
Steam			

(c) ACETIC ACID :

Production	MT	10,938	13,809
Electricity	KWH	40,09,904	49,40,718
Rate	KWH / MT	366.60	357.79
Coal	MT	4,118	4,856
Rate	MT / MT	0.38	0.35
Coal	MT / MT	1.41	1.59
Rate	MT / MT		
Steam			

(d) ETHYL ACETATE :

Production	MT	2,878	3,491
Electricity	KWH	5,56,931	6,86,211
Rate	KWH / MT	193.51	196.57
Coal	MT	2,602	2,798
Rate	MT / MT	0.90	0.80
Coal	MT / MT	3.37	3.26
Rate	MT / MT		
Steam			

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

- Specific areas in which R & D carried out by the Company :
 - New products development.
 - Existing product quality improvement.
 - Process development.
 - Waste water treatment & disposal.
- 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.
- 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.
- Expenditure on R & D. :

(a) Capital	(Rs. in lacs)
(b) Recurring	-
(c) Total	7.46
(d) Total R & D expenditure as a percentage of total turnover.	7.46
	0.19%

Technology absorption, adaptation and innovation.

- Efforts, in brief, made towards technology absorption, adaptation and innovation. As above
- Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. As above
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

<ol style="list-style-type: none"> 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. 	}	Not applicable
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By Order of the Board of Directors,

S. S. Somaiya

Managing Director

Ushaben H. Mehta

Director

SOMAIYA ORGANO-CHEMICALS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999

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

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

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

8. As informed to us and as per usual practice, unsaleable and obsolete stock of stores is shown at NIL value and no provision for the loss has been made in the accounts.
9. In respect of deposits accepted from public and loans from other parties, the Company has complied with the provisions of Section 58A of 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 read together with Note No. 1(e) regarding Y2K preparedness and other 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 29th June, 1999.

SOMAIYA ORGANO-CHEMICALS LIMITED

Balance Sheet as at 31st March, 1999

			(Rs. in lacs) 31.03.99	(Rs. in lacs) 31.03.98
SCHEDULES				
SOURCES OF FUNDS :				
SHARE HOLDERS' FUNDS :				
(a) Share Capital	1		796.50	541.00
(b) Reserve & Surplus	2		1,016.48	1,195.72
			<u>1,812.98</u>	<u>1,736.72</u>
LOANS :				
(a) Secured Loans	3		1,010.32	1,022.83
(b) Unsecured Loans	4		1,250.16	1,061.29
			<u>2,260.48</u>	<u>2,084.12</u>
TOTAL FUNDS EMPLOYED			<u>4,073.46</u>	<u>3,820.84</u>
APPLICATION OF FUNDS :				
FIXED ASSETS :				
(a) Gross Block	5	3,140.12		2,858.01
(b) Less : Depreciation		<u>1,165.67</u>		<u>1,027.68</u>
(c) Net Block			1,974.45	1,830.33
(d) Work-in-Progress			519.63	525.72
(e) Advance against purchase of Lands and Buildings			<u>155.11</u>	<u>89.37</u>
			2,649.19	2,445.42
INVESTMENTS	6		8.96	8.96
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	7	686.65		747.84
(b) Debtors	8	653.29		730.10
(c) Cash / Bank Balances	9	187.07		23.69
(d) Loans and Advances	10	<u>763.61</u>		<u>864.69</u>
		2,290.62		2,366.32
LESS : CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities	11	744.27		742.25
(b) Provisions	12	<u>144.78</u>		<u>279.86</u>
		889.05		1,022.11
Net Current Assets			1,401.57	1,344.21
MISCELLANEOUS EXPENDITURE :				
Deferred Revenue Expenditure			<u>13.74</u>	<u>22.25</u>
TOTAL ASSETS			<u>4,073.46</u>	<u>3,820.84</u>
CONTINGENT LIABILITIES	13			

Accompanying to our Report of even date

For AMBALAL THAKKAR & CO.
CHARTERED ACCOUNTANTS

G.P. BHATT
Partner

R. L. SOMANI
COMPANY SECRETARY

S. S. SOMAIYA
USHABEN H. MEHTA
B. N. NARULA
R. S. MHATRE
P. S. RAMCHANDRAN

Managing Director

Directors

MUMBAI : Dated 29th June, 1999

MUMBAI : Dated 29th June, 1999

SOMAIYA ORGANO-CHEMICALS LIMITED

Profit and Loss Account for the year ended 31st March, 1999

		(Rs.in lacs) 1998-99	(Rs.in lacs) 1997-98
SCHEDULES			
INCOME			
Sales		3,486.50	4,524.07
Other Income	14	347.02	187.81
Agricultural Income		5.85	5.66
Increase / (Decrease) in Stock	15	(13.35)	82.12
		<u>3,826.02</u>	<u>4,799.66</u>
EXPENDITURE			
Agricultural Expenses		5.38	4.95
Raw Materials Consumed	16	1,124.15	1,926.70
Manufacturing and Other Expenses	17	1,665.42	1,700.04
Excise Duty		496.64	619.50
Interest & Financial Charges	18	257.03	235.63
Depreciation	5	140.61	125.74
		<u>3,689.23</u>	<u>4,612.56</u>
PROFIT BEFORE TAX			
		136.79	187.10
Provision for Taxation		16.00	25.44
NET PROFIT FOR THE YEAR			
		120.79	161.66
Balance Profit brought forward from last year		48.07	0.62
Excess Provision for Taxation written back		5.41	-
PROFIT AVAILABLE FOR APPROPRIATIONS			
		<u>174.27</u>	<u>162.28</u>
APPROPRIATIONS :			
General Reserve		125.00	50.00
Preference Dividend paid (Inclusive of Dividend Tax)		0.15	-
Proposed Dividend			
(a) On Preference Shares		-	0.64
(b) On Equity Shares		35.84	57.34
Dividend Tax		3.94	6.44
Excess Provision of Dividend Written Back		-	(0.21)
Balance carried to Balance Sheet		9.34	48.07
		<u>174.27</u>	<u>162.28</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

R. L. SOMANI
COMPANY SECRETARY

S. S. SOMAIYA

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R. S. MHATRE

P. S. RAMCHANDRAN

Managing Director

Directors

MUMBAI : Dated 29th June, 1999

MUMBAI : Dated 29th June, 1999

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.99	(Rs.in lacs) 31.03.98
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Schedules annexed to and forming part of Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended 31st March, 1999.

SCHEDULE 1 - SHARE CAPITAL :

AUTHORISED :

1,47,50,000	Equity Shares of Rs.10/- each	1,475.00	1,475.00
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>1,500.00</u>

ISSUED AND SUBSCRIBED SHARE CAPITAL :

79,65,000	Equity Shares of Rs.10/- each fully paid-up. Of the above shares 78,15,000 Equity Shares of Rs.10/- each are allotted as fully paid-up Bonus Shares by Capitalising General Reserve.	796.50	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
		<u>796.50</u>	<u>541.00</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.99	(Rs.in lacs) 31.03.98
SCHEDULE 2 - RESERVES AND SURPLUS :		
(A) GENERAL RESERVE :		
As per last Balance Sheet	943.09	893.09
Add : Set aside during the year	125.00	50.00
Add : Transferred from Investment Allowance Reserves Utilised Account	38.95	-
	<u>1,107.04</u>	<u>943.09</u>
Less : Utilised for Equity Bonus Issue	265.50	-
	<u>841.54</u>	<u>943.09</u>
(B) INVESTMENT ALLOWANCE RESERVE UTILISED ACCOUNT :		
As per last Balance Sheet	51.05	51.05
Less : Transferred to Genral Reserve	38.95	-
	<u>12.10</u>	<u>51.05</u>
(C) DEBENTURE REDEMPTION RESERVE :		
As per last Balance Sheet	113.50	113.50
Set aside during the year	-	-
	<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>9.34</u>	<u>48.08</u>
	<u>1,016.48</u>	<u>1,195.72</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.99	(Rs.in lacs) 31.03.98
SCHEDULE 3 - SECURED LOANS :		
(a) Bank of Baroda & Syndicate Bank :		
(i) Cash Credit	275.12	271.26
(ii) Bill discounting	14.17	124.00
(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.)	289.29	395.26
(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.	12.16	35.11
(c) Term Loan from Industrial Development Bank of India, by equitable mortgage and Hypothecation of movable property	230.00	-
(d) 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) 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
(3) Interest on above	10.36	16.49
	180.36	186.49
(e) Loan from Indian Renewable Energy Development Agency Ltd.: Secured by First Pari Passu charge on Company's Fixed Assets at Sameerwadi.	-	6.00
	-	6.00
(f) Instalments Due for Purchase of Assets under Hire Purchase Finance	134.45	175.19
(g) Interest Accrued but not due	3.55	4.79
(h) Term Loan from CITI Bank secured by hypothecation of Flat at Mumbai.	3.21	3.75
(i) Auto Loan from Bank of America	2.30	3.24
(j) Term Loan from SICOM under E.R. scheme secured by hypothecation of specific machinery at Sakarwadi.	87.00	115.00
(k) Term Loan from KSIIDC secured by hypothecation of movable Plant & Machinery both present & future at Sameerwadi.	68.00	98.00
	1,010.32	1,022.83

SCHEDULE 4 - UNSECURED LOANS :

(1) Public Deposits	65.95	37.13
(2) Public Loans (Guaranteed by a Director)	0.05	0.05
(3) From Ex-selling Agents	7.96	7.34
(4) Interest Free Sales Tax Loan from SICOM	262.07	263.93
(5) Inter Corporate Deposits	573.91	462.41
(6) Lona from I.C.I.C.I. Ltd.	135.00	135.00
(7) Loan from Development Credit Bank Ltd.	50.00	-
(8) Others	155.22	155.43
	1,250.16	1,061.29

CAXMI C Shah

JAMNAR

D A Shah

Hansa N. Shah

Mrs. S. Somaiya

MB Bhansali

SOMAIYA ORGANO-CHEMICALS LIMITED

SCHEDULE 5 - FIXED ASSETS :

(Rs.in lacs)

PARTICULARS	Gross Block at cost except otherwise stated as at 01-04-1998	Additions during the year	Deductions during the year	Gross Block as at 31-03-1999 (2+3-4)	Depreciation written off upto 31-03-1998	Depreciation provided during the year	Depreciation Adjustment	Total Depreciation upto 31-03-1999 (6+7-8)	Net Depreciated Block as at 31-03-1999 (5-9)	Net Depreciated Block as at 31-03-1998
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
SAKARWADI & H. O.										
1. Land	10.47	—	—	10.47	—	—	—	—	10.47	10.47
2. Buildings	88.94	19.52	—	108.46	17.11	1.12	—	18.23	90.23	71.83
3. Plant & Machinery	1,731.97	231.12	2.63	1,960.46	675.11	84.50	2.62	756.99	1,203.47	1,056.86
4. Furniture & Office Equipments	48.09	17.05	—	65.14	9.12	2.48	—	11.60	53.54	38.97
5. Vehicles	54.51	1.45	—	55.96	28.31	4.11	—	32.42	23.54	26.20
6. Electric Installations	4.87	—	—	4.87	3.91	0.27	—	4.18	0.69	0.96
TOTAL (A) :	1,938.85	269.14	2.63	2,205.36	733.56	92.48	2.62	823.42	1,381.94	1,205.29
SAMEERWADI										
1. Land	12.25	—	—	12.25	—	—	—	—	12.25	12.25
2. Buildings	45.05	2.76	—	47.81	13.81	1.23	—	15.04	32.77	31.24
3. Plant & Machinery	534.39	12.83	—	547.22	213.00	28.86	—	241.86	305.36	321.39
4. Furniture & Office Equipments	4.54	0.01	—	4.55	0.59	0.62	—	1.21	3.34	3.95
5. Vehicles	13.50	—	—	13.50	1.43	0.95	—	2.38	11.12	12.07
6. Electric Installations	2.70	—	—	2.70	1.61	0.13	—	1.74	0.96	1.09
7. Bio-Earth Compost Plant	111.20	—	—	111.20	9.57	6.81	—	16.38	94.82	101.63
TOTAL (B) :	723.63	15.60	—	739.23	240.01	38.60	—	278.61	460.62	483.62
FINE CHEMICAL DIVISION (A & R)										
1. Land	9.26	—	—	9.26	—	—	—	—	9.26	9.26
2. Buildings	24.53	—	—	24.53	5.45	0.82	—	6.27	18.26	19.08
3. Plant & Machinery	155.45	—	—	155.45	45.88	8.21	—	54.09	101.36	109.57
4. Furniture & Office Equipments	1.71	—	—	1.71	0.28	0.08	—	0.36	1.35	1.43
5. Vehicles	3.08	—	—	3.08	1.87	0.35	—	2.22	0.86	1.21
6. Electric Installations	1.50	—	—	1.50	0.63	0.07	—	0.70	0.80	0.87
TOTAL (C) :	195.53	—	—	195.53	54.11	9.53	—	63.64	131.89	141.42
TOTAL (A+B+C) :	2,858.01	284.74	2.63	3,140.12	1,027.68	140.61	2.62	1,165.67	1,974.45	1,830.33

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.99	(Rs.in lacs) 31.03.98
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 fully paid-up.	4.25	4.25
(9) 5 Shares of Rs.100/- each of Basant Co-op.Hsg.Scty. (Rs.500/-) & Share Application Money with Nilkanth Valley (Rs.500/-)	0.01	0.01
	Cost (Rs.)	Market Value (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 Agreement for sale has already been executed)	2.40	2.40
	8.96	8.96
SCHEDULE 7 - INVENTORIES :		
(i) Stores, Chemicals and Spares (at cost as per inventories valued and certified by a Director)		
(a) On Hand	211.14	217.81
(b) In Transit	43.18	14.20
		254.32
(ii) Loose Tools and Implements (as per Inventory valued and certified by a Director)		0.01
(iii) Raw Materials	91.65	161.42
(iv) Stock-in-trade (as valued and certified by a Director) (At Cost or Market Price whichever is less)		339.30
(v) Stock lying in Port (valued at realisable value)		—
(vi) Standing Crops and Farm Produce at Cost		4.86
	1.37	1.75
	686.65	747.84

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.99	(Rs.in lacs) 31.03.98
SCHEDULE 8 - SUNDRY DEBTORS :		
Sundry Debtors (Unsecured and considered good except otherwise stated)		
(a) Debts Outstanding for more than six months	98.88	25.54
(b) Other Debts	554.41	704.56
	<u>653.29</u>	<u>730.10</u>
SCHEDULE 9 - CASH AND BANK BALANCES :		
Cash on Hand	1.50	2.38
In Current Account with Scheduled Banks	167.88	10.63
In Fixed Deposits with Scheduled Bank (Including Rs.2.77 lacs as lien for Guarantees)	9.38	8.08
Interest accrued on above	1.80	1.73
Demand Drafts on Hand	1.51	0.87
Remittance in Transit	5.00	-
	<u>187.07</u>	<u>23.69</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>0.99</u>	<u>0.99</u>
	1.65	1.65
Interest on Deferred payments under D. P. G. facilities and Hire Purchase Finance	61.23	69.90
Advances recoverable in cash or kind for value to be received	454.58	487.01
Advance Income Tax (Including Income Tax Deducted at Source Rs.13.19 lacs)	118.53	194.54
Deposits	127.62	111.59
	<u>763.61</u>	<u>864.69</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.99	(Rs.in lacs) 31.03.98
SCHEDULE 11 - CURRENT LIABILITIES :		
(1) Sundry Creditors	631.11	681.67
(2) Deposits and Advances from Customers	81.72	60.33
(3) Liability for Income & Wealth Tax	25.22	0.04
(4) Temporary Overdraft with Bank	6.22	0.21
	<u>744.27</u>	<u>742.25</u>
SCHEDULE 12 - PROVISIONS :		
(1) Provision for Taxation	105.00	215.44
(2) Proposed Dividend	35.84	57.98
(3) Provision for Corporate Dividend Tax	3.94	6.44
	<u>144.78</u>	<u>279.86</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.	15.00	15.00
2) In respect of guarantee given by the company to Industrial Development Bank of India for a loan given to The Godavari Sugar Mills Limited	630.00	—
3) In respect of guarantee given by the Company to Technical Development Board, New Delhi for loan sanctioned to Somaiya Organics (India) Ltd.	150.00	—
	<u>795.00</u>	<u>15.00</u>
	<u>1998-99</u>	<u>1997-98</u>
SCHEDULE 14 - OTHER INCOME :		
Interest	22.01	5.65
Service Charges & Lease Rent	211.12	111.31
Sundry Receipts	101.72	70.85
Outstanding Liabilities Written Back	12.17	—
	<u>347.02</u>	<u>187.81</u>
SCHEDULE 15 - INCREASE / (DECREASE) IN STOCK :		
Closing Stock	339.30	352.65
Less : Opening Stock	352.65	270.53
	<u>(13.35)</u>	<u>82.12</u>
SCHEDULE 16 - RAW MATERIALS CONSUMED :		
Molasses	972.04	1,469.44
Chemicals	37.73	132.43
Spirit	72.71	308.68
Others	41.67	16.15
	<u>1,124.15</u>	<u>1,926.70</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

		(Rs.in lacs) 1998-99	(Rs.in lacs) 1997-98
SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES			
Manufacturing Expenses :			
Power and Fuel	755.72		670.50
Stores, Chemicals and Spare Parts	104.40		149.09
Lease Rent	110.71		122.11
Insurance Premium	28.17		29.44
Packing and Forwarding Charges	62.37		95.47
Excise Establishment Charges	6.29		5.94
Research & Development Expenses	7.46		6.81
		1,075.12	1,079.36
Repairs and Maintenance :			
Plant and Machinery	35.73		35.93
Buildings	5.92		9.37
Other Repairs	6.34		6.45
		47.99	51.75
Employees Remuneration and Benefits :			
Salaries, Wages and Bonus	253.04		266.02
Contribution to Provident Fund & Other Funds	27.74		25.93
Gratuity	0.38		0.08
Staff Welfare Expenses	36.13		37.10
Group Gratuity Insurance Premium	16.25		9.79
		333.54	338.92
Office and Establishment Expenses :			
Rates and Taxes	25.99		14.65
Miscellaneous Expenses	164.56		177.74
(including Rent, Legal and Professional Charges, Brokerage & Commission, Charity and Donation, Motor Car Maintenance, Travelling Expenses, Foreign Travelling Expenses, etc.)		190.55	192.39
Other Expenses :			
Foreign Exchange Fluctuations	3.11		4.74
Bhoomi Labh Transport Charges	4.57		11.47
		7.68	16.21
Auditors' Remuneration :			
Audit Fees	0.12		0.12
Tax Audit Fees	0.05		0.05
Auditors' Travelling Expenses & Certification fees	0.06		0.02
Cost Audit Fees	0.10		0.06
		0.33	0.25
Directors' Fees and Travelling Expenses and Remuneration :			
Fees	0.04		0.07
Travelling Expenses	2.20		3.37
Remuneration	6.55		4.98
Foreign Travelling Expenses	-		7.24
		8.79	15.66
Sales Tax :			
Additional Tax on Sales Tax	0.52		4.72
Turnover Tax	0.90		0.78
		1.42	5.50
		1,665.42	1,700.04

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 1998-99	(Rs.in lacs) 1997-98
SCHEDULE 18 - INTEREST :		
Bank and Deferred Payment	95.89	90.77
Debentures	33.70	35.95
Public Deposits	6.61	4.88
Ex-selling Agents & Others	65.48	55.54
Financial Charges	16.40	10.06
Financial Institutions	38.95	38.43
	<u>257.03</u>	<u>235.63</u>
SCHEDULE 19 - COMPUTATION OF COMMISSION TO DIRECTOR (WORKS) :		
Net Profit as per Profit and Loss Account	120.79	161.66
Add :		
i) Director's Remuneration	6.55	4.98
ii) Depreciation	<u>140.61</u>	<u>125.74</u>
	<u>147.16</u>	<u>130.72</u>
	267.95	292.38
Less : Depreciation to the extent specified in Section 350 of Companies Act, 1956	140.60	125.74
Net Profit for calculating Director's Commission	<u>127.35</u>	<u>166.64</u>
Commission @1% on the Net Profit	1.27	1.67
As per Agreement Limited to	<u>0.75</u>	<u>0.75</u>
Total Remuneration to Director (Works) :		
Remuneration	5.27	4.23
Commission on Net Profit	0.75	0.75
Company's Contribution to Provident Fund	0.53	0.51
Perquisites	—	—
	<u>6.55</u>	<u>5.49</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999

SCHEDULE 20

1) SIGNIFICANT ACCOUNTING POLICIES

- 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.
 - The Liability as on 31-3-1999 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs.97,54,988/-. The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India.
 - 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.
 - 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.
 - All activities of the Company are being made Y2K compliant. Certain software applications have already been upgraded to meet this compliant and others are being upgraded. Hardware which does not meet Y2K standards will be replaced. Y2K compliant is expected to be achieved by 30-09-1999.
- Company opted to take advantage of Kar-Vivad Samadhan Scheme for balance excise demand of Rs. 1.86 lakhs after the Excise Tribunal Delhi set aside penalty of Rs. 15 lacs & Excise Demand of Rs. 8.71 lakhs out of Total Demand of Rs. 10.57 lacs for the period 1-3-84 to 28-2-86. Accordingly, company paid 50% of demand i.e. 0.93 lacs on 27-2-99 & obtained order dt. 24-3-99 under the scheme for full & final settlement of all the demands for the relevant period.
 - Expenditure on employees in receipt of Remuneration of not less than Rs.6,00,000/- per annum or Rs.50,000/- per month if employed for a part of the year.

	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	6,01,620	—	7,92,280	—
ii) Contribution to Provident Fund	52,920	—	78,828	—
iii) Number of Employees Covered	1	—	2	—
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.	1,80,000	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.	1,95,470.404 (2,03,361.871)	9,449.75 (1,320.826)	107.45 (14.14)	14,292.880 (9,449,750)	92.90 (107.45)	— (—)	— (—)
Acetaldehyde / Acetic Acid	M.T.	11,464,605/10,938.100 (12,613,417/13,808.700)	3,296/304.065 (7,773/398.540)	0.57/56.20 (1.24/64.67)	92,186/230.480 (3,296/304.065)	15.68/33.78 (0.57/56.20)	1,989,220/8,886.285 (684,755/11,263.515)	418.63/1,463.13 (154.75/2,367.79)
Ethyl Acetate	M.T.	2,877.700 (3,490.800)	153.028 (84,143)	39.15 (20.77)	40,628 (153,028)	8.34 (39.15)	2,990.100 (3,420.515)	707.85 (978.58)
Other Acetates	M.T.	R & D Work in Hand	—	—	—	—	—	—
(ii) AT SAMEERWADI :								
Rectified Spirit	H.L.	Distillery given on Lease	—	—	—	—	—	—
Bio-Earth	M.T.	7,307.648 (7,416.133)	10,033.534 (7,342.820)	76.05 (73.43)	12,271.948 (10,033.534)	119.28 (76.05)	5,069.234 (4,725.419)	67.17 (72.24)
(iii) AT ALEX & ROGERS :- At Karamnagar :								
a) Bulk Drugs	M.T.	1,988 (6,850)	1,960 (1,865)	24.99 (40.70)	1,395 (1,960)	12.19 (24.99)	2,553 (6,755)	50.08 (104.23)
b) Chemicals	M.T.	1,265 (160.633)	6,394 (5,640)	1.58 (2.41)	3,894 (6,394)	0.13 (1.58)	3,765 (159,879)	1.78 (72.06)

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.	86,301.138	972.04	89,280.780	1,469.44
Rectified Spirit (Own Manufactured)	H.L.	1,90,627.474	—	1,95,232.947	—
Rectified Spirit Purchased	H.L.	4,331.694	72.71	30,298.740	308.68
Acetal Dehyde (Own Manufactured)	M.T.	9,386.495	—	11,953.139	—
Acetic Acid (Own Manufactured)	M.T.	2,125.400	—	2,639.660	—
Ethyl Acetate (Own Manufactured)	M.T.	—	—	1.400	—
Others		—	61.56	—	148.58
			1,106.31		1,926.70
c) C.I.F. Value of Imports (Alcohol) :	H.L.	3,403.00	46.93	13,201.74	116.85
d) Value of Raw Materials Consumed :		Amount (Rs.in lacs)	%	Amount (Rs.in lacs)	%
i) Indigenous		1,077.22	95.64	1,815.08	93.85
ii) Imported (Chemicals)		46.93	4.36	111.62	6.15
e) Value of Stores and Spare Parts Consumed :					
i) Indigenous		104.40	100.00	149.04	100.00
ii) Imported		—	—	0.05	—
f) Earning in foreign currency		202.12	—	367.19	—
g) Expenditure in foreign currency					
i) For Capital Goods					
a) Research & Development		—	—	—	—
b) Others		—	—	5.15	—
ii) Other expenses		6.93	—	—	—

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. 011897
 Balance Sheet Date 31 03 99
 Date Month Year

State Code
 11

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

Public Issue
 NIL
 Bonus Issue
 26,550

Right Issue
 NIL
 Private Placement
 NIL

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

Total Liabilities
 4,96,251

Total Assets
 4,96,251

Sources of Funds

Paid-up Capital
 79,650
 Secured Loans
 1,01,031

Reserves and surplus
 1,01,648
 Unsecured Loans
 1,25,016

Application of Funds

Net Fixed Assets
 2,64,919
 Net Current Assets
 1,44,235

Investments
 896
 Misc. Expenditure
 1,374

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

Turnover & Others Income
 3,82,602
 +/- Profit / Loss Before Tax
 + 13,679
 Earning per Share in Rs.
 1.52

Total Expenditure
 3,68,924
 +/- Profit / Loss After Tax
 + 12,079
 Dividend Rate %
 6

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

S. S. SOMAIYA
 USHABEN H. MEHTA
 B. N. NARULA
 R. S. MHATRE
 P. S. RAMCHANDRAN

Managing Director

Directors

MUMBAI : Dated 29th June, 1999

MUMBAI : Dated 29th June, 1999