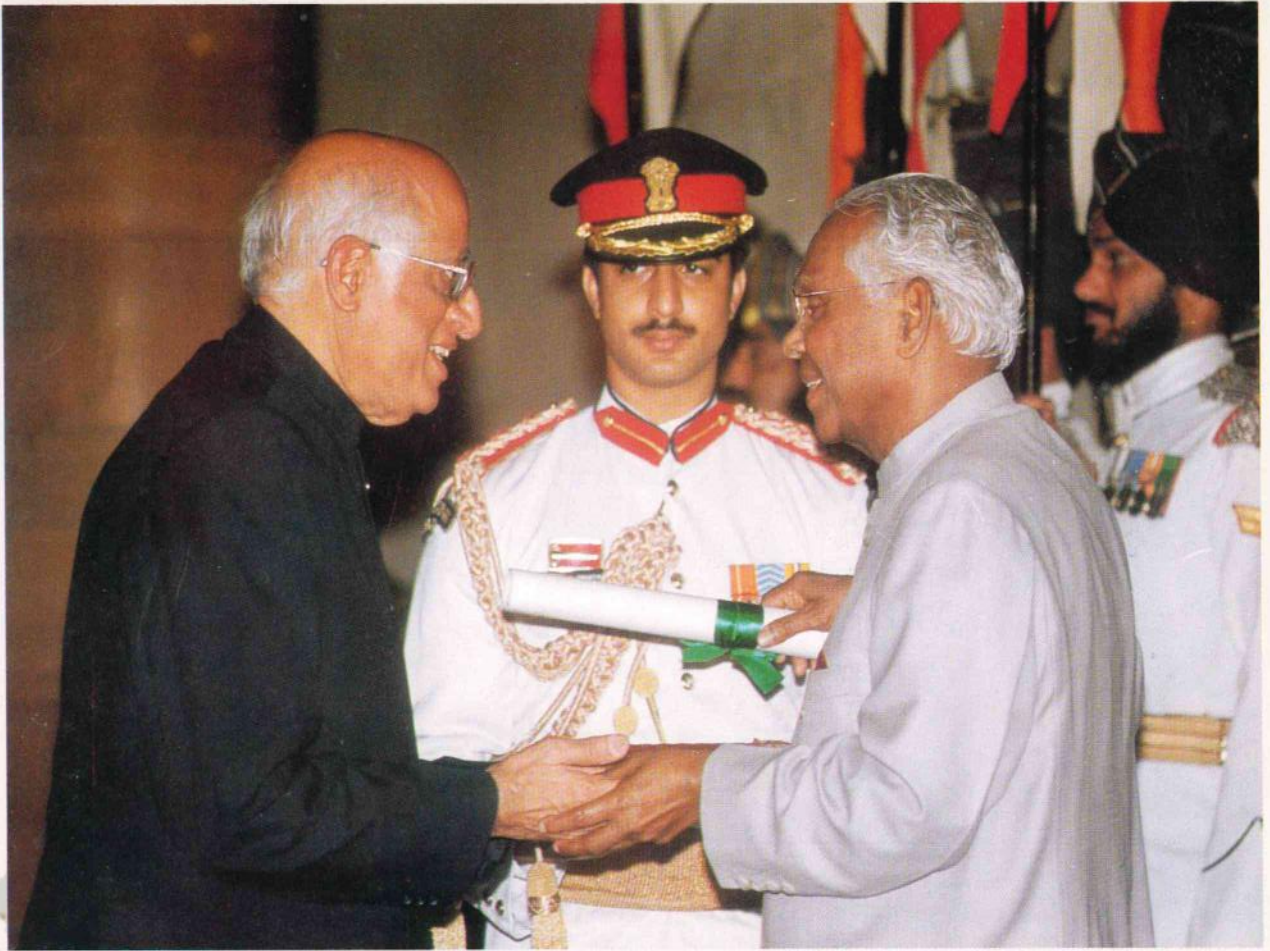


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**SOMAIYA
ORGANO-
CHEMICALS
LIMITED**

**ANNUAL REPORT & ACCOUNTS
1999-2000**



Late Shri Karamshibhai Jethabhai Somaiya,
Who was an outstanding Industrialist, Humanist, Philanthropist &
a visionary and Founder of Educational complexes, Somaiya Vidyavihar,
Somaiya Ayurvihar & Girivanavasi Pragati Mandal, was posthumously awarded the
"PADMA BHUSHAN" on Republic Day, 2000.

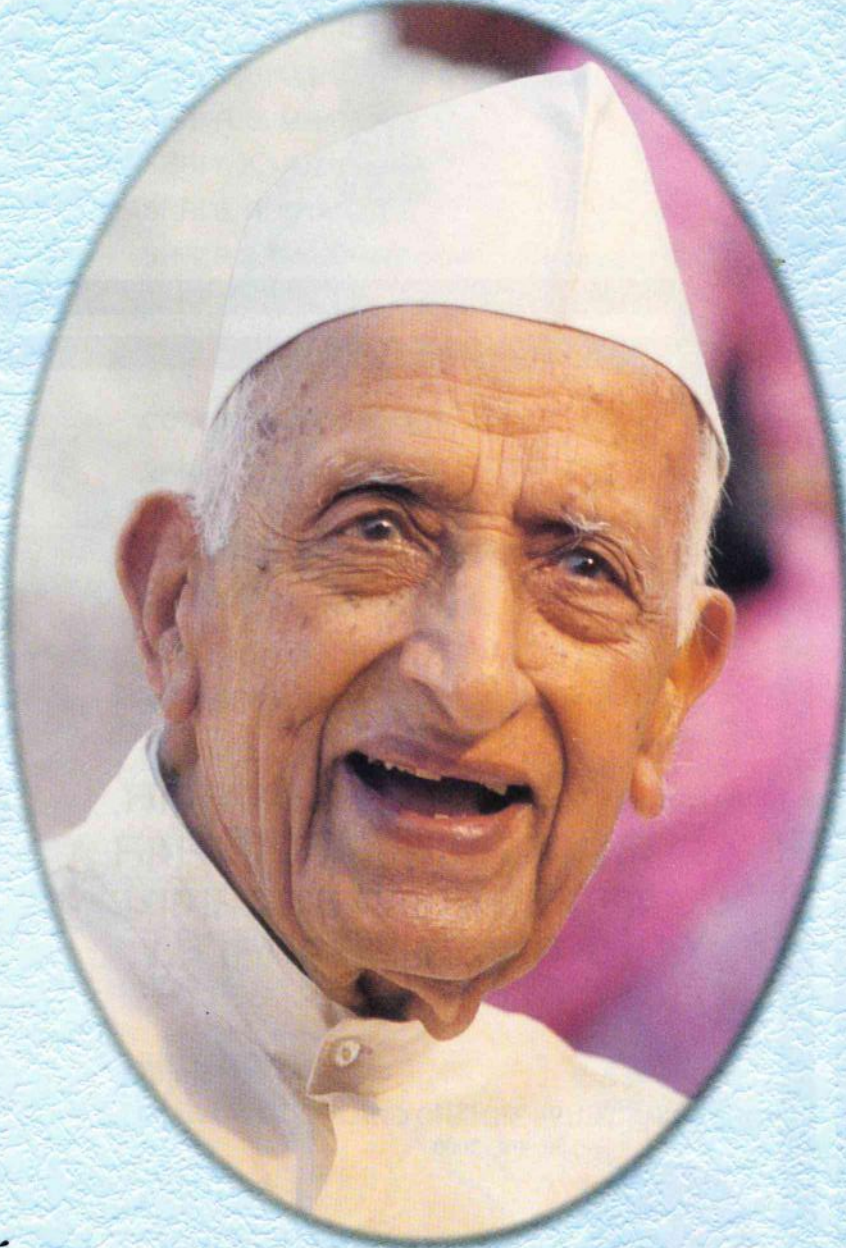
H.E. Shri K.R. Narayanan, President of India,
is giving the **"PADMA BHUSHAN"** Award
on behalf of late Shri Karamshibhai Jethabhai Somaiya to
his son Dr. Shantilal K. Somaiya on Thursday,
30-3-2000 in the Darbar Hall of
Rashtrapati Bhavan at New Delhi.

। न मानुषात् परो धर्मः ।

"There is no religion greater than Humanity"

*With deep sense of gratitude to our
respected Founder*

Late Puja 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!"*



करमशी जेठाभाई सोमैया
(मरणोपरांत)

मैं, भारत का राष्ट्रपति,
के० आर० नारायणन, व्यक्तिगत
गुणों के लिए आपके सम्मानार्थ,
पद्म भूषण प्रदान करता हूँ।

नई दिल्ली
दिनांक 10 चैत्र, 1922
30 मार्च, 2000

के० आर० नारायणन
राष्ट्रपति



SOMAIYA ORGANO-CHEMICALS LIMITED

(Incorporated under the Companies Act, 1956)

BOARD OF DIRECTORS :

DR. S. K. SOMAIYA - Chairman

SHRI S. S. SOMAIYA - Managing Director (From 01-06-1999)

SHRI B. N. NARULA (Resigned from 28-06-2000)

DR.(MISS) U. H. MEHTA (Passed away on 11-08-2000)

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)

SHRI K. S. PRASAD - Director (Works - Sameerwadi) (From 17-03-2000)

COMPANY SECRETARY :

SHRI R. L. SOMANI

BANKERS AND INSTITUTIONS :

BANK OF BARODA

SYNDICATE BANK

INDUSTRIAL DEVELOPMENT BANK OF INDIA

ICICI LTD.

KARNATAKA STATE INDUSTRIAL INVESTMENT AND DEVELOPMENT
CORPORATION LIMITED

SICOM LTD.

TECHNOLOGY DEVELOPMENT BOARD, GOVT. OF INDIA

UNIT TRUST 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 Ninth Annual General Meeting of Somaiya Organo-Chemicals Limited will be held on Friday, the 29th September, 2000 at 4.00 p.m. at the Registered Office of the Company at Fazalbhoj Building, 45/47, Mahatma Gandhi Road, Mumbai - 400 001 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To confirm the Interim-cum-final Dividend.
3. To appoint a Director in place of Shri R.S. Mhatre, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Y.S. Muzumdar, 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, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri K.S. Prasad, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. 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, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") approval be and is hereby accorded to the appointment of Shri K.S. Prasad, as Director (Works-Sameerwadi) of the Company for a period of three years from 17th

March, 2000 on remuneration and other terms as under :

Salary : Rs. 30,000/- P.M.

Commission : 1% of the net Profit, subject to limit of Rs.72,000/- p.a.

PERQUISITES :

- i) Housing : Furnished Quarters.
- ii) Medical Reimbursement : For self and family to the extent of 21 days salary p.a.
- iii) Leave Travel Reimbursement : For self and family once in a year incurred in accordance with the rules specified by the Company.
- iv) Contribution to provident fund, will not be included in the computation of ceiling on perquisites to the extent it is not taxable under the Income Tax Act.
- v) Gratuity : as per Company's Rules.
- vi) Reimbursement of entertainment expenses for Company's business not exceeding Rs.7000/- (Rupees Seven Thousand only) p.m.
- vii) Reimbursement of expenses on Books, Magazines and Research and specialised Project work not exceeding Rs.3,000/- (Rupees Three Thousand only) p.m.
- viii) Provision of car for use on company's business will not be considered as perquisites, use of car for private purpose shall be billed by the Company to Shri K.S. Prasad.

RESOLVED FURTHER THAT in the event of loss or inadequacy of Profits in any financial year during the currency of aforesaid period, Shri K.S. Prasad shall be entitled to the above remuneration 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 the Board of Directors of the Company as it may at its discretion deem fit subject to the applicable provisions of the Companies Act, 1956 so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time

being in force or any amendment made thereto from time to time.

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 : 31st August, 2000

NOTE :

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 the business under item 6 & 7 set out above is annexed hereto.

ANNEXURE TO NOTICE

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

ITEM NO. :

6&7 The Board of Directors in their meeting held on 17th March, 2000 has appointed Shri K.S. Prasad as an Additional Director of the Company. The Company has received a Notice u/s. 257 of the Companies Act, 1956 from a member, alongwith deposit of Rs.500/- proposing his candidature for the office of Director.

The Board of Directors also appointed Shri K.S. Prasad as Director (Works-Sameerwadi) of the Company for a period of three years from 17th March, 2000 on remuneration and other terms as contained in the resolution.

Shri K.S. Prasad is B.Tech from Nagpur University, having 38 years of experience in Chemical/ Technical Fields. His appointment as Director (Works-Sameerwadi) is considered by the Board as expedient and in the 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 K.S. Prasad himself is concerned or interested in the resolution.

The Board of Directors commends the ordinary resolutions for your approval.

By Order of the Board of Directors,

S. S. Somaiya

Managing Director

PLACE : MUMBAI

Dated : 31st August, 2000

SOMAIYA ORGANO-CHEMICALS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

At the outset, the Board wishes to record that the Founder of the Group and former Chairman of the Company, Late Shri K. J. Somaiya who passed away on 9th May, 1999 was honoured with the award of "Padmabhushan" posthumously.

The Board records with a deep sense of sorrow that its Director Dr.(Miss) Ushaben H. Mehta, an eminent educationist & renowned Gandhian, who was on the Board of the Company for nearly two decades, passed away on the 11th August, 2000. At its meeting held on 31st August, 2000, the Board placed on record the valuable services rendered by Dr.(Miss) Ushaben Mehta to the Company.

Your Directors have pleasure in presenting their Thirty-Ninth Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2000.

(A) FINANCIAL RESULTS :

		(Rs. in lacs)
Gross Operating Profit		543.52
Less : Interest & Financial charges	269.88	
Depreciation	153.65	
Provision for Taxation	8.00	431.53
Net Profit for the year		111.99
Add : Brought forward balance		9.34
Excess Provision Written back		5.55
Amount available for appropriation		126.88

APPROPRIATIONS :

Transfer to General Reserve	65.00
Interim Dividend on Equity Shares@ 5% paid	39.83
Corporate Dividend Tax	4.38
Balance carried to Balance Sheet	17.67
	126.88

(B) OPERATIONS :

(i) PLANT AT SAKARWADI :

The Working of the Distillery at Sakarwadi was satisfactory. However, the Chemical Plant was not upto the mark as the Thermax Boiler was under major repairs for about one month. The Plant also remained closed for two months for enhancement

of capacity. The capacity of Acetaldehyde/Acetic Acid Plant has been now increased from 50 MT per day to 60 MT per day and Ethyl Acetate Plant from 10 MT per day to 25 MT per day. After teething problems, the production of Ethyl Acetate got stabilised in March 2000 and Acetaldehyde/Acetic Acid in April 2000.

The prices of the Molasses and Alcohol in the beginning of the season 1999-2000 were at reasonable level. However, by end of the season, prices of Molasses and Alcohol shot up and were on higher level. This has led to adverse working of the Company.

The prices of Acetic Acid and Ethyl Acetate more or less remained at subdued level during the major part of the year.

(ii) PLANT AT SAMEERWADI :

a) DISTILLERY :

On the expiry of the Lease period, the possession of Sameerwadi Distillery was taken back from the Lessee : Sapthagiri Enterprises from 1st July, 1999. The same is working satisfactorily. The expansion of Distillery production from 40 KL/day to 60 KL/day is under implementation and is expected to be completed shortly.

b) CHEMICAL PLANT :

The Company is setting up a Plant to manufacture 1,3 BUTYLENE GLYCOL of 2000 MT capacity per annum for which Technology Development Board, of Government of India has sanctioned a Soft Loan of Rs. 350 lacs, the project is under implementation.

c) BHUMILABH ACTIVITY AT SAMEERWADI :

This product viz. BHUMILABH is gradually getting a more positive response from farmers. Sales during the financial year were 7751 MT valuing Rs. 102 lacs compared to previous year which was 5069 MT valuing Rs. 67.17 lacs.

(iii) FINE CHEMICAL DIVISION IN GUJARAT :

In view of continuous losses in Bulk Drugs division, the Company hived off this activity and sold the unit to NDB Pharma Private Limited, Ahmedabad.

(iv) **ENTERPRISE RESOURCE PLANNING (ERP) :**

Realising the potential of information technology in this era of Globalisation, your Company has decided to implement ERP with a view to help the Company to respond quickly and decisively to dynamic market conditions and to achieve and maintain a competitive advantage. Connectivity has been provided to offices/units through VSAT and internet connections.

(v) **EXPORTS :**

During the year under report, the Company exported various products valued at Rs. 463.34 lacs.

(c) **DIVIDEND :**

The Board has declared and paid interim dividend @ 5%. The Board recommends that the same be treated as final dividend on Equity amounting to Rs. 39.83 lacs.

(D) **FIXED DEPOSITS :**

Deposits of Rs. 0.25 lacs, which became due for renewal/payment on or before 31st March, 2000 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. R.S. Mhatre and Shri Y.S. Muzumdar retires from the Board by rotation and being eligible, offer themselves for re-appointment.

b) Dr.(Miss) U.H. Mehta passed away on 11th August, 2000 and Shri B.N. Narula has resigned from the Board. The Board places on record their valuable contribution rendered to the Company.

c) Shri K.S. Prasad who was appointed as an Additional Director on 17th March, 2000 hold office as Director upto the date of ensuing Annual General Meeting. The Company has received Notice from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Directors of the Company. The Board has appointed Shri K.S. Prasad as Director (Works Sameerwadi) for a period of three years with effect from 17th March, 2000.

Appropriate Resolution proposing appointment of the aforesaid Directors are appearing in the Notice of the ensuing Annual General Meeting.

(G) **AUDITORS :**

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

(H) **AUDITORS' REPORT :**

The notes to the accounts referred to in the Auditors Report are self explanatory and, therefore, do not call for any further comments.

(I) **GENERAL :**

Relations between Management and Staff and Workers continued to be satisfactory during the year under Report. Your Directors place on record their sincere appreciation of the co-operation and assistance received by Company from its Bankers - Bank of Baroda, Syndicate Bank as well as from ICICI Limited, Unit Trust of India, SICOM, IDBI, Karnataka State Industrial Investment and Development Corporation Limited, Bangalore, Technology Development Board, Government of India, for the financial support given to the Company.

By order of the Board of Directors,

S. S. Somaiya

Managing Director

PLACE : MUMBAI

Dated : 31st August, 2000

SOMAIYA ORGANO-CHEMICALS LIMITED

ANNEXURE 'A' TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000

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	Date of Commencement of Employment	Age of Employee	Last Employment Held
1.	Shri P. K. R. Nair	Director (Works)	6,08,300/-	Inter Science. 2 years Technical Training in General Engineering & Air Craft Instrumentation. 47 years.	25th May, 1961	66 years	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, 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 employee mentioned above is a relative of any Director of the Company.

By Order of the Board of Directors,

S. S. Somaiya

Managing Director

PLACE : MUMBAI

Dated : 31st August, 2000

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, 2000.

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) CONSERVATION OF ENERGY :

- (a) Energy Conservation measures taken :
Methane gas recovery plant from spent wash of Distillery - working satisfactory.
- (b) Additional investment proposals, if any, being implemented for reduction in consumption of energy :
B & W Boiler modifications being implemented - installation of economiser, modification firing system, installation of dust collector & continuous ash discharge system. We propose to install plate heat exchangers in distillery.
- (c) 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 & captive power generation.
- (d) Total energy consumption and energy consumption per unit of production as per Form 'A' given hereunder.

(B) TECHNOLOGY ABSORPTION :

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export market for products and services and export plans;
- (b) Total foreign exchange used Rs. 29.45 lacs.
- (c) Total foreign exchange earned Rs. 463.34 lacs.

FORM 'A'

Disclosure of Particulars with respect to Conservation of Energy.

		For Sakarwadi Unit		For Sameerwadi Unit	
		Current Year 1999-2000	Previous Year 1998-1999	Current Period July 1999 to March 2000	Previous Year 1998-1999
(A) POWER & FUEL CONSUMPTION :					
1. ELECTRICITY :					
(A) PURCHASED :					
Unit	KWH	68,25,467	69,81,903	6,58,838	NIL
Total Amount	Rs.	2,71,48,464	2,70,72,443	27,59,311	NIL
Rate	Rs./KWH	3.98	3.88	4.19	NIL
(B) OWN GENERATION :					
i) Through Diesel Generator (Skoda & Kirloskar D.G.Set)					
Unit	KWH	18,05,513	28,24,677	3,67,435	NIL
Unit per litre of diesel oil	KWH	3.05	3.03	3.22	NIL
Cost per Unit	Rs./KWH	4.53	3.61	4.77	NIL
ii) Through Steam Engine (BM Engine and Turbine)					
Unit per k.g.	KWH	28,98,480	13,32,041	NIL	NIL
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	13,044	20,236	151.5	NIL
Total Cost	Rs.	2,51,87,964	3,44,48,731	3,20,242	NIL
Average Rate	Rs./ MT	1,931	1,702	2,114	NIL
Bio-gas consumed	M³	79,60,140	42,34,576	31,05,000	NIL
Total Steam generation	MT	1,04,437	97,475	16,542	NIL
Steam generation per MT of coal	MT	4.76	3.80	5.08	NIL
3. FURNACE OIL					
Furnace oil not used since boilers are coal fired.	MT	NIL	1,90,615	NIL	NIL
4. OTHER / INTERNAL GENERATIONS FIRE WOOD :					
Quantity	MT	NIL	NIL	NIL	NIL
Total Cost	Rs.	NIL	NIL	NIL	NIL
Rate per M.T.	Rs./M.T.	NIL	NIL	NIL	NIL
(B) CONSUMPTION PER UNIT OF PRODUCTION :					
(a) ALCOHOL :					
Production	KL	21,108	19,589	6,306	NIL
Electricity	KWH	43,81,196	42,32,676	9,70,977	NIL
Rate	KWH / KL	207.56	216.07	153.98	NIL
Coal	MT	4,174	8,099	151.5	NIL
Bio-gas (Equ. Coal = 8875 M.T.)	M³	79,60,140	42,34,576	31,05,000	NIL
Rate Coal	MT / KL	0.61	0.65	0.56	NIL
Rate Steam	MT / KL	2.85	2.68	0.49	NIL
(b) BIO-EARTH COMPOST (BHUMI LABH) :					
Production	KL	NIL	NIL	3,700	NIL
Electricity	KWH	NIL	NIL	73,728	NIL
Rate	KWH / MT	NIL	NIL	19.66	NIL

(c) ACETALDEHYDE :

Production	MT	9,327	11,465	NIL	NIL
Electricity	KWH	18,12,506	23,39,110	NIL	NIL
Rate	KWH / MT	194.33	204.02	NIL	NIL
Coal	MT	3,391	5,417	NIL	NIL
Rate Coal	MT / MT	0.36	0.47	NIL	NIL
Steam	MT / MT	1.83	1.74	NIL	NIL

(d) ACETIC ACID :

Production	MT	10,145	10,938	NIL	NIL
Electricity	KWH	41,50,606	40,09,904	NIL	NIL
Rate	KWH / MT	409.13	366.60	NIL	NIL
Coal	MT	2,739	4,118	NIL	NIL
Rate Coal	MT / MT	0.27	0.38	NIL	NIL
Steam	MT / MT	1.34	1.41	NIL	NIL

(e) ETHYL ACETATE :

Production	MT	3,678	2,878	NIL	NIL
Electricity	KWH	5,76,473	5,56,931	NIL	NIL
Rate	KWH / MT	156.74	193.51	NIL	NIL
Coal	MT	2,740	2,602	NIL	NIL
Rate Coal	MT / MT	0.75	0.90	NIL	NIL
Steam	MT / MT	3.70	3.37	NIL	NIL

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

1. Specific areas in which R & D carried out by the Company :
 - (a) New products development.
 - (b) Existing product quality improvement.
 - (c) Process development.
2. Benefits derived as a result of the above R & D. :
 - (a) Continuous improvement in existing product quality.
 - (b) 1, 3 - Butylene Glycol is being commercialised with the financial assistance from Technology Development Board. More work on process improvement is going on.
 - (c) Experiments on new products like Crotonic Acid derivatives and Crotonaldehyde derivatives are going on.
 - (d) Crotonic Acid put on commercial scale and is being successfully marketed.
 - (e) Pilot scale work on Sorbic Acid is going on.
3. Future plan of action :
 - (a) Development of products based on biotechnology.
 - (b) More work in the area of new derivatives of Ethanol and Crotonaldehyde.
4. Expenditure on R & D. :

	(Rs. in lacs)
(a) Capital	75.96
(b) Recurring	11.62
(c) Total	<u>87.58</u>
(d) Total R & D expenditure as a percentage of total turnover.	2.14%

Technology absorption, adaptation and innovation.

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

<ol style="list-style-type: none"> (a) Technology imported. (b) Year of Import. (c) Has technology been fully absorbed? (d) 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

PLACE : MUMBAI

Dated : 31st August, 2000

SOMAIYA ORGANO-CHEMICALS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2000

We have audited 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. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 50000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.

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 and the Profit & Loss Account and Balance Sheet read with Note No. 1 (d) comply with the requirements of Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.

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 Note - 2, regarding treatment of Silver Catalyst and read together with 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 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

PLACE : MUMBAI
Dated : 31st August, 2000

SOMAIYA ORGANO-CHEMICALS LIMITED

Balance Sheet as at 31st March, 2000

			(Rs. in lacs) 31.03.2000	(Rs. in lacs) 31.03.1999
SCHEDULES				
SOURCES OF FUNDS :				
SHARE HOLDERS' FUNDS :				
(a) Share Capital	1		796.50	796.50
(b) Reserves & Surplus	2		1,089.81	1,016.48
			<u>1,886.31</u>	<u>1,812.98</u>
LOANS :				
(a) Secured Loans	3		1,474.49	1,010.32
(b) Unsecured Loans	4		1,479.77	1,250.16
			<u>2,954.26</u>	<u>2,260.48</u>
TOTAL FUNDS EMPLOYED			<u><u>4,840.57</u></u>	<u><u>4,073.46</u></u>
APPLICATION OF FUNDS :				
FIXED ASSETS :				
	5			
(a) Gross Block		4,075.73		3,140.12
(b) Less : Depreciation		<u>1,291.92</u>		<u>1,165.67</u>
(c) Net Block			2,783.81	1,974.45
(d) Work-in-Progress			705.64	519.63
(e) Advance against purchase of Land and Buildings			<u>8.58</u>	<u>155.11</u>
			<u>3,498.03</u>	<u>2,649.19</u>
INVESTMENTS	6		9.01	8.96
CURRENT ASSETS, LOANS AND ADVANCES				
(a) Inventories	7	775.93		686.65
(b) Debtors	8	555.01		653.29
(c) Cash / Bank Balances	9	91.11		187.07
(d) Loans and Advances	10	<u>987.66</u>		<u>763.61</u>
		<u>2,409.71</u>		<u>2,290.62</u>
LESS : CURRENT LIABILITIES AND PROVISIONS				
(a) Current Liabilities	11	1,023.97		744.27
(b) Provisions	12	<u>63.83</u>		<u>144.78</u>
		<u>1,087.80</u>		<u>889.05</u>
Net Current Assets			1,321.91	1,401.57
MISCELLANEOUS EXPENDITURE :				
Deferred Revenue Expenditure			<u>11.62</u>	<u>13.74</u>
TOTAL ASSETS			<u><u>4,840.57</u></u>	<u><u>4,073.46</u></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

Managing Director

R. S. MHATRE

Y. S. MUZUMDAR

Directors

PLACE : MUMBAI
Dated : 31st August, 2000.

PLACE : MUMBAI
Dated : 31st August, 2000.

SOMAIYA ORGANO-CHEMICALS LIMITED

Profit and Loss Account for the year ended 31st March, 2000

		(Rs.in lacs) 1999-2000	(Rs.in lacs) 1998-1999
SCHEDULES			
INCOME			
Sales		3,855.82	3,486.50
Other Income	14	155.01	347.02
Agricultural Income		3.78	5.85
Increase / (Decrease) in Stock	15	81.08	(13.35)
		<u>4,095.69</u>	<u>3,826.02</u>
EXPENDITURE			
Agricultural Expenses		4.60	5.38
Raw Materials Consumed	16	1,235.88	1,124.15
Manufacturing and Other Expenses	17	1,976.78	1,665.42
Excise Duty		334.91	496.64
Interest & Financial Charges	18	269.88	257.03
Depreciation		153.65	140.61
		<u>3,975.70</u>	<u>3,689.23</u>
PROFIT BEFORE TAX		119.99	136.79
Provision for Taxation		8.00	16.00
NET PROFIT FOR THE YEAR		111.99	120.79
Balance Profit brought forward from last year		9.34	48.07
Excess Provision for Taxation written back		5.55	5.41
PROFIT AVAILABLE FOR APPROPRIATIONS		<u>126.88</u>	<u>174.27</u>
APPROPRIATIONS :			
Preference Dividend paid (Inclusive of Dividend Tax)		-	0.15
Interim Dividend on Equity Shares		39.83	-
Proposed Dividend on Equity Shares		-	35.84
Dividend Tax		4.38	3.94
General Reserve		65.00	125.00
Balance carried to Balance Sheet		17.67	9.34
		<u>126.88</u>	<u>174.27</u>
COMPUTATION OF COMMISSION TO DIRECTORS	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 Managing Director

R. S. MHATRE

Y. S. MUZUMDAR

} Directors

PLACE : MUMBAI
Dated : 31st August, 2000.

PLACE : MUMBAI
Dated : 31st August, 2000.

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.2000	(Rs.in lacs) 31.03.1999
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Schedules annexed to and forming part of Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended 31st March, 2000.

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
	1,500.00	1,500.00

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	796.50
	796.50	796.50

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.2000	(Rs.in lacs) 31.03.1999
SCHEDULE 2 - RESERVES AND SURPLUS :		
(A) GENERAL RESERVE :		
As per last Balance Sheet	841.54	943.09
Add : Set aside during the year	65.00	125.00
Add : Transferred from Investment Allowance Reserves Utilised Account	-	38.95
	<u>906.54</u>	<u>1,107.04</u>
Less : Utilised for Equity Bonus Issue	-	265.50
	<u>906.54</u>	<u>841.54</u>
(B) INVESTMENT ALLOWANCE RESERVE UTILISED ACCOUNT :		
As per last Balance Sheet	12.10	51.05
Less : Transferred to General Reserve	-	38.95
	<u>12.10</u>	<u>12.10</u>
(C) DEBENTURE REDEMPTION RESERVE :		
As per last Balance Sheet	113.50	113.50
(D) SHARE PREMIUM ACCOUNT :		
As per last Balance Sheet	40.00	40.00
(E) PROFIT AND LOSS ACCOUNT	17.67	9.34
	<u>1,089.81</u>	<u>1,016.48</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.2000	(Rs.in lacs) 31.03.1999
SCHEDULE 3 - SECURED LOANS :		
(a) Bank of Baroda & Syndicate Bank :		
(i) Cash Credit	385.64	275.12
(ii) Bill discounting	55.98	14.17
(Secured by First Charge by way of hypothecation of Raw Materials Stock-in Process, Finished goods, Chemicals, Stores, Spares & Collateral security of Book Debts, Equitable Mortgage of Fixed Assets & Hypothecation on movable Machinery both present & future at Sakarwadi and Second Charge on Pari Passu basis by way of Equitable Mortgage on the Fixed Assets of Sameerwadi Unit and Second Charge on the Fixed Assets acquired under Foreign Currency Loan from IDBI).	441.62	289.29
(b) Due for Purchase of Machinery 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 at Sakarwadi and Hypothecation of all tangible, movable machinery and plant both present and future (including machinery purchased under this facility) and Second Charge on pari passu basis by way of Equitable Mortgage on the Fixed Assets of Sameerwadi Unit.	3.45	12.16
(c) Debentures :		
(1) (Secured by negative lien on Fixed Assets of the Company's Sakarwadi Unit)		
(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. 50/- (75/-) each Secured by Pari Passu Equitable Mortgage & Hypothecation on Company's movable and immovable Assets at Sakarwadi Unit and second charge on Company's movable & immovable Assets at Sameerwadi Unit.	100.00	150.00
(3) Interest on above	11.79	10.36
	131.79	180.36
(d) Foreign Currency Loan from Industrial Development Bank of India Secured by At Sakarwadi :-	358.38	230.00
1) First Charge on the Fixed Assets acquired under the scheme		
2) Pari Passu Second Charge on the Existing Fixed Assets		
3) Second Charge on Current Assets		
At Sameerwadi :-		
1) Pari Passu First Charge on Entire Fixed Assets (both Proposed & Existing)		
2) Second Charge on Current Assets		
(e) Installments Due for Purchase of Assets under Hire Purchase Finance Secured by specific Assets.	142.66	134.45
(f) Interest Accrued but not due	11.80	3.55
(g) Term Loan from CITI Bank secured by hypothecation of Flat at Giriraj.	2.63	3.21
(h) Auto Loan from Bank of America	1.16	2.30
(i) Term Loan from SICOM Ltd. under Equipment Refinance secured by specific Machinery at Sakarwadi.	53.00	87.00
(j) Term Loan from SICOM Ltd. secured by Mortgage of specific Land at Sakarwadi	80.00	-
(k) Term Loan from Technology Development Board Secured by First Charge by way of Hypothecation of assets acquired for 1, 3 Butylene Glycol Project	200.00	-
(l) Term Loan from KSIIDC Secured by Pari Passu Mortgage & Hypothecation of movable Plant & Machinery both present & future at Sameerwadi and Pari Passu Second Charge on the Assets of Sakarwadi.	48.00	68.00
	1,474.49	1,010.32
SCHEDULE 4 - UNSECURED LOANS :		
(1) Public Deposits	45.96	65.95
(2) Public Loans (Guaranteed by a Director)	0.05	0.05
(3) From Ex-selling Agents	-	7.96
(4) Interest Free Sales Tax Loan from SICOM Ltd.	260.21	262.07
(5) Inter Corporate Deposits	849.85	573.91
(6) Loan from ICICI Ltd.	135.00	135.00
(7) Loan from Development Credit Bank Ltd.	50.00	50.00
(8) Interest accrued but not due	12.41	-
(9) Others	126.29	155.22
	1,479.77	1,250.16

SOMAIYA ORGANO-CHEMICALS LIMITED

SCHEDULE 5 - FIXED ASSETS :

(Rs.in lacs)

PARTICULARS	Gross Block at cost except otherwise stated as at 01-04-1999	Additions during the year	Deductions during the year	Gross Block as at 31-03-2000 (2+3-4)	Depreciation written off upto 31-03-1999	Depreciation provided during the year	Depreciation/ Adjustment	Total Depreciation upto 31-03-2000 (6+7-8)	Net Depreciated Block as at 31-03-2000 (5-9)	Net Depreciated Block as at 31-03-1999
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
SAKARWADI & H. O.										
1. Land	10.47	219.15	—	229.62	—	—	—	—	229.62	10.47
2. Buildings	108.46	18.22	—	126.68	18.23	2.66	—	20.89	105.79	90.23
3. Plant & Machinery	1,960.46	472.88	4.81	2,428.53	756.99	102.23	5.00	854.22	1,574.31	1,203.47
4. Furniture & Office Equipments	51.92	7.31	—	59.23	14.12	5.02	—	19.14	40.09	37.80
5. Vehicles	69.18	9.58	12.20	66.56	29.90	5.79	8.17	27.52	39.04	39.28
6. Silver Catalyst	—	93.66	—	93.66	—	—	—	—	93.66	—
7. Electric Installations	4.87	131.46	—	136.33	4.18	1.46	—	5.64	130.69	0.69
TOTAL (A) :	2,205.36	952.26	17.01	3,140.61	823.42	117.16	13.17	927.41	2,213.20	1,381.94
SAMEERWADI										
1. Land	12.25	—	—	12.25	—	—	—	—	12.25	12.25
2. Buildings	47.81	—	—	47.81	15.04	1.24	—	16.28	31.53	32.77
3. Plant & Machinery	547.22	0.46	—	547.68	241.86	24.33	8.20	257.99	289.69	305.36
4. Furniture & Office Equipments	4.55	5.92	—	10.47	1.21	0.89	—	2.10	8.37	3.34
5. Vehicles	13.50	12.45	—	25.95	2.38	0.48	—	2.86	23.09	11.12
6. Electric Installations	2.70	—	—	2.70	1.74	0.13	—	1.87	0.83	0.96
7. Bio-earth Compost Plant	111.20	—	—	111.20	16.38	6.24	—	22.62	88.58	94.82
TOTAL (B) :	739.23	18.83	—	758.06	278.61	33.31	8.20	303.72	454.34	460.62
FINE CHEMICAL DIVISION (A & R)										
1. Land	9.26	—	—	9.26	—	—	—	—	9.26	9.26
2. Buildings	24.53	—	—	24.53	6.27	0.27	—	6.54	17.99	18.26
3. Plant & Machinery	155.45	3.73	18.25	140.93	54.09	2.74	3.51	53.32	87.61	101.36
4. Furniture & Office Equipments	1.71	—	0.91	0.80	0.36	0.03	0.20	0.19	0.61	1.35
5. Vehicles	3.08	—	3.04	0.04	2.22	0.12	2.32	0.02	0.02	0.86
6. Electric Installations	1.50	—	—	1.50	0.70	0.02	—	0.72	0.78	0.80
TOTAL (C) :	195.53	3.73	22.20	177.06	63.64	3.18	6.03	60.79	116.27	131.89
TOTAL (A+B+C) :	3,140.12	974.82	39.21	4,075.73	1,165.67	153.65	27.40	1,291.92	2,783.81	1,974.45

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.2000	(Rs.in lacs) 31.03.1999
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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	0.15	0.10
(8) 5000 Equity Shares of Rs.10/- each at a premium of Rs. 75/- 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	2.56
Aggregate Unquoted Investments	1.86	1.86
	<u>6.56</u>	<u>4.42</u>

Immovable Property (including value of land Rs. 1,65,000/- for which Agreement for sale has already been executed)

2.40	2.40
<u>9.01</u>	<u>8.96</u>

SCHEDULE 7 - INVENTORIES :

(i) Stores, Chemicals and Spares		
(a) On Hand	251.00	211.14
(b) In Transit	<u>24.30</u>	<u>43.18</u>
	275.30	254.32
(ii) Loose Tools and Implements	-	0.01
(iii) Raw Materials at Cost	78.30	91.65
(iv) Stock-in-trade	420.38	339.30
(v) Standing Crops and Farm Produce at Cost	1.95	1.37
	<u>775.93</u>	<u>686.65</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.2000	(Rs.in lacs) 31.03.1999
SCHEDULE 8 - SUNDRY DEBTORS :		
Sundry Debtors (Unsecured and considered good except otherwise stated)		
(a) Debts Outstanding for more than six months	88.80	98.88
(b) Other Debts	466.21	554.41
	<u>555.01</u>	<u>653.29</u>
SCHEDULE 9 - CASH AND BANK BALANCES :		
Cash on Hand	4.03	1.50
In Current Account with Scheduled Bank	63.29	167.88
In Fixed Deposits with Scheduled Bank (Including Rs.2.77 lacs as lien for Guarantees)	19.33	9.38
Interest accrued on above	3.36	1.80
Demand Drafts on Hand	1.10	1.51
Remittance in Transit	-	5.00
	<u>91.11</u>	<u>187.07</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	35.09	61.23
Advances recoverable in cash or kind for value to be received	628.11	454.58
Advance Income Tax (Including Income Tax Deducted at Source Rs.8.49 lacs)	50.09	118.53
Deposits	<u>272.72</u>	<u>127.62</u>
	<u>987.66</u>	<u>763.61</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 31.03.2000	(Rs.in lacs) 31.03.1999
SCHEDULE 11 - CURRENT LIABILITIES :		
(1) Sundry Creditors	918.84	631.11
(2) Deposits and Advances from Customers	92.43	81.72
(3) Liability for Income & Wealth Tax	4.44	25.22
(4) Temporary Overdraft with Bank	8.26	6.22
	<u>1,023.97</u>	<u>744.27</u>
SCHEDULE 12 - PROVISIONS :		
(1) Provision for Taxation	24.00	105.00
(2) Interim Dividend	39.83	35.84
(3) Provision for Corporate Dividend Tax	-	3.94
	<u>63.83</u>	<u>144.78</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	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>645.00</u>	<u>795.00</u>
	1999-2000	1998-1999
SCHEDULE 14 - OTHER INCOME :		
Interest	9.84	22.01
Service Charges & Lease Rent	36.12	211.12
Sundry Receipts	109.05	101.72
Outstanding Liabilities Written Back	-	12.17
	<u>155.01</u>	<u>347.02</u>
SCHEDULE 15 - INCREASE / (DECREASE) IN STOCK		
Closing Stock	420.38	339.30
Less : Opening Stock	339.30	352.65
	<u>81.08</u>	<u>(13.35)</u>
SCHEDULE 16 - RAW MATERIALS CONSUMED		
Molasses	1,110.36	972.04
Chemicals	16.68	37.73
Spirit (Includes trading purchase of Rs. 69.60)	69.79	72.71
Others	39.05	41.67
	<u>1,235.88</u>	<u>1,124.15</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 1999-2000	(Rs.in lacs) 1998-1999
SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES		
Manufacturing Expenses :		
Power and Fuel	717.21	755.72
Stores, Chemicals and Spare Parts	48.37	104.40
Alcohol Administrative / Transport Fees (captive)	110.45	-
Lease Rent	47.94	110.71
Insurance Premium	34.60	28.17
Packing and Forwarding Charges	129.75	62.37
Excise Establishment Charges	12.03	6.29
Research & Development Expenses	11.62	7.46
	<u>1,111.97</u>	<u>1,075.12</u>
Repairs and Maintenance :		
Plant and Machinery	44.53	35.73
Buildings	6.00	5.92
Other Repairs	7.80	6.34
	<u>58.33</u>	<u>47.99</u>
Employees Remuneration and Benefits :		
Salaries, Wages and Bonus	393.36	253.04
Contribution to Provident Fund & Other Funds	46.17	27.74
Gratuity	8.64	0.38
Voluntary Retirement Scheme	2.57	-
Welfare Expenses	32.18	36.13
Group Gratuity Insurance Premium	19.50	16.25
	<u>502.42</u>	<u>333.54</u>
Office and Establishment Expenses :		
Rates and Taxes	39.53	25.99
Miscellaneous Expenses (including Rent, Legal and Professional Charges, Brokerage & Commission, Charity and Donation, Motor Car Maintenance, Travelling Expenses, Foreign Travelling Expenses, etc.)	<u>211.39</u>	<u>164.56</u>
	250.92	190.55
Other Expenses :		
Foreign Exchange Fluctuations	1.73	3.11
Bhumilabh Transport Charges	11.38	4.57
	<u>13.11</u>	<u>7.68</u>
Auditors' Remuneration :		
Audit Fees	0.12	0.12
Tax Audit Fees	0.05	0.05
Auditors' Travelling Expenses & Certification fees	0.13	0.06
Cost Audit Fees	0.06	0.10
	<u>0.36</u>	<u>0.33</u>
Directors' Fees and Travelling Expenses and Remuneration :		
Fees	0.04	0.04
Travelling Expenses	2.97	2.20
Remuneration	8.84	6.55
Foreign Travelling Expenses	-	-
	<u>11.85</u>	<u>8.79</u>
Sales Tax :		
Additional Tax on Sales Tax	-	0.52
Turnover Tax	27.82	0.90
	<u>27.82</u>	<u>1.42</u>
	<u>1,976.78</u>	<u>1,665.42</u>

SOMAIYA ORGANO-CHEMICALS LIMITED

	(Rs.in lacs) 1999-2000	(Rs.in lacs) 1998-1999
SCHEDULE 18 - INTEREST :		
Bank and Deferred Payment	93.83	95.89
Debentures	24.88	33.70
Public Deposits	6.79	6.61
Ex-selling Agents & Others	76.49	65.48
Financial Charges	18.22	16.40
Financial Institutions	49.67	38.95
	<u>269.88</u>	<u>257.03</u>
SCHEDULE 19 - COMPUTATION OF COMMISSION TO DIRECTORS :		
Net Profit as per Profit and Loss Account	111.99	120.79
Add :		
i) Depreciation as per books	153.65	140.60
ii) Loss on sale of Assets	<u>0.41</u>	<u>-</u>
	154.06	140.60
	<u>266.05</u>	<u>261.39</u>
Less :		
i) Depreciation to the extent specified in Section 350	245.00	140.60
ii) Profit on sale of assets	<u>0.22</u>	<u>-</u>
	245.22	140.60
	<u>20.83</u>	<u>120.79</u>
Add :		
Directors' Remuneration (including Commission)	8.84	6.55
Net Profit for calculating Directors' Commission	18.45	127.33
Commission to Directors (Please refer note given below)	-	1.27
Commission restricted as per Agreement	-	0.75
Total remuneration paid to Directors Remuneration	7.99	5.27
Commission on Net Profit	-	0.75
Company's Contribution to Provident Fund	0.85	0.53
	<u>8.84</u>	<u>6.55</u>

Note :

Total remuneration paid to all Directors is Rs. 8.84 lacs which exceeds the limit specified under the Companies Act, and hence no provisions is made for commission.

SOMAIYA ORGANO-CHEMICALS LIMITED

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2000

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 31-3-2000 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs.99,71,265/-. The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India.
- Depreciation :
 - During the year, the Company has charged Straight Line Method of depreciation on all the fixed assets for all the units.
 - Upto 31st March, 1999 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 1-1-1985 onwards has been provided on Straight Line Method. The difference in the change of method is not significant.
- 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.
- The Company has capitalised stock of silver catalyst valuing Rs. 93.66 lacs under fixed assets which was hitherto part of stores, spares, chemicals as inventories with book value of Rs. 42 lacs for the reason that silver catalyst is having continued life, as all the silver catalyst have been purchased from time to time whenever expansion took place till date are in existence as certified by the Director (Works). In view of the same the difference between the revalued price and book value is adjusted against stores, spares and chemicals consumption consequently having the effect on the profit.
- Inventories :
 - Finished stock, stock-in process are valued at full absorption cost or net realisable value whichever is lower.
 - Raw materials has been valued on moving average basis.
 - Stores, Spares and Chemicals are valued at cost which includes cost incurred for bringing the goods to present location & Condition. Cost is arrived at on FIFO basis at Sameerwadi unit and on moving average basis at Sakarwadi unit.
- There were no amounts due to Small Scale and/or Ancillary industrial suppliers on account of principal and/or interest as at the close of the year exceeding Rs. One lac for more than thirty days. This disclosure is based on the information available with the Company.
- 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	Employed for Part of the year	Employed for Full year	Employed for Part of the year
	Rs.	Rs.	Rs.	Rs.
i) Salaries, Allowances and Perquisites	5,60,780	—	6,01,620	—
ii) Contribution to Provident Fund	47,520	—	52,920	—
iii) Number of Employees Covered	1	—	1	—
6) 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 :				
1) Rectified Spirit		H.L.	1,80,000	2,40,000
2) Acetaldehyde		M.T.	18,000	18,000
3) Acetic Acid		M.T.	20,000	20,000
4) Ethyl Acetate		M.T.	7,500	7,500
5) Other Acetate		M.T.	1,800	1,800
AT SAMEERWADI :				
Rectified Spirit		H.L.	1,20,000	1,20,000
AT ALEX & ROGERS : At Karannagar :		M.T.	192	96
Bulk Drugs				

SOMAIYA ORGANO-CHEMICALS LIMITED

Class of Goods Manufactured	Unit	Actual Production (Excluding Normal Loss)	Opening Stock		Closing Stock		Sales	
			Quantity	Value (Rs.in lacs)	Quantity	Value (Rs.in lacs)	Quantity	Value (Rs.in lacs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(i) AT SAKARWADI :								
Rectified Spirit	H.L.	2,10,761.01 (1,95,470.40)	14,292.68 (9,449.75)	92.90 (107.45)	12,185.54 (14,292.68)	97.48 (92.90)	37,314.70 (—)	273.20 (—)
Acetaldehyde / Acetic Acid	M.T.	9,326.79/10,144.50 (11,464.61/10,938.10)	92.19/230.48 (3.30/304.07)	15.68/33.78 (0.57/56.20)	67.06/67.70 (92.19/230.48)	14.08/13.54 (15.68/33.78)	640.55/7,611.01 (1,989.22/8,886.29)	107.60/1,211.52 (418.63/1,463.13)
Ethyl Acetate	M.T.	3,677.90 (2,877.70)	40.63 (153.03)	8.34 (39.15)	226.09 (40.63)	63.31 (8.34)	3,492.44 (2,990.10)	846.39 (707.85)
Other Acetates	M.T.	R & D Work in Hand	—	—	—	—	—	—
(ii) AT SAMEERWADI :								
Rectified Spirit	H.L.	62,986.68 (—)	— (—)	— (—)	1,330.46 (—)	18.32 (—)	61,656.22 (—)	847.83 (—)
Bio-Earth	M.T.	6,764.60 (7,307.65)	12,271.95 (10,033.534)	119.28 (76.05)	11,285.31 (12,271.95)	112.85 (119.28)	7,751.24 (5,069.23)	102.09 (67.17)
Traded Goods : Rectified Spirit	M.T.	4,108.69 (—)	— (—)	— (—)	— (—)	— (—)	4,108.69 (—)	69.60 (—)
(iii) AT ALEX & ROGERS :- At Karannagar :								
a) Bulk Drugs	M.T.	— (1.99)	1.40 (1,960)	12.19 (24.99)	— (1.40)	— (12.19)	0.641 (2.56)	15.87 (50.08)
b) Chemicals	M.T.	— (1.27)	3.89 (6.39)	0.13 (1.58)	— (3.89)	— (0.13)	0.15 (3.77)	0.08 (1.78)

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.

4. Previous year figures for Rectified Spirit of Sameerwadi Unit has not been shown as the distillery was given on lease upto 30th June, 1999.

SOMAIYA ORGANO-CHEMICALS LIMITED

		Current Year		Previous Year	
b) Consumption of Raw Materials					
	Unit	Quantity	Amount (Rs.in lacs)	Quantity	Amount (Rs.in lacs)
Molasses	M.T.	93,085.80	1,110.36	86,301.14	972.04
Rectified Spirit (Own Manufactured)	H.L.	1,75,553.45	—	1,90,627.47	—
Rectified Spirit Purchased	H.L.	—	0.19	4,331.69	72.71
Acetal Dehyde (Own Manufactured)	M.T.	8,711.37	—	9,386.49	—
Acetic Acid (Own Manufactured)	M.T.	2,696.27	—	2,125.40	—
Ethyl Acetate	M.T.	—	—	—	—
Others		—	55.73	—	61.56
			<u>1,166.28</u>		<u>1,106.31</u>
c) C.I.F. Value of Imports (Alcohol) :					
	M.T.	—	—	3,403.00	46.93
d) Value of Raw Materials Consumed :					
		Amount (Rs.in lacs)	%	Amount (Rs.in lacs)	%
i)	Indigenous	1,166.28	100%	1,077.22	95.64
ii)	Imported (Chemicals)	—	—	46.93	4.36
e) Value of Stores and Spare Parts Consumed :					
i)	Indigenous	48.37	100%	104.40	100.00
ii)	Imported	—	—	—	—
f) Earning in foreign currency					
		463.34	—	202.12	—
g) Expenditure in foreign currency					
i)	For Capital Goods				
a)	Research & Development	—	—	—	—
b)	Others	17.41	—	—	—
ii)	Other expenses	12.04	—	6.93	—

NOTE : Figures of previous year have been regrouped and re-cast 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

3. Item Code No. (ITC Code)

Product Description

2. Item Code No. (ITC Code)

Product Description

4. Item Code No. (ITC Code)

Product Description

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 Managing Director
 R. S. MHATRE
 Y. S. MUZUMDAR } Directors

PLACE : MUMBAI
 Dated : 31st August, 2000.

PLACE : MUMBAI
 Dated : 31st August, 2000.