



40th

Annual Report

SOMAIYA ORGANO-CHEMICALS LIMITED

2000-2001

। न मानुषात् परो धर्मः ।

"There is no religion greater than Humanity"

*With deep sense of gratitude to our
respected Founder*



Padmabhushan

Late Pujya Shri Karamshibhai Jethabhai Somaiya

16-05-1902 * 09-05-1999

*"न त्वहं कामये राज्यं, न स्वर्गं नापुनर्मवम्।
कामये दुःस्वतप्तानां प्राणिनामर्तिनाशनम्॥"*

*"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 the Companies Act, 1956)

Bankers and Institutions

Bank of Baroda

Syndicate Bank

Industrial Development Bank of India

ICICI Ltd.

Karnataka State Industrial Investment and
Development Corporation Ltd.

SICOM Ltd.

Technology Development Board, Govt. of India
Unit Trust of India

Solicitors :

Mulla & Mulla and Craigie
Blunt and Caroe

Auditors :

Ambalal Thakkar & Co.

Company Secretary :

Shri R. L. Somani

Registered Office:

45/47, Fazalbhoj Building,
Mahatma Gandhi Road,
Fort, Mumbai- 400 001, INDIA.

Board of Directors :

Dr. S. K. Somaiya
Chairman

Shri Samir S. Somaiya
Managing Director

Shri R. S. Mhatre

Shri Rooshikumar Pandya
(From 29-12-2000)

Dr. K. V. Raghavan
(From 29-3-2001)

Shri Y. S. Muzumdar

Shri S. R. Khatod

Shri P. S. Ramchandran
(Nominee of SICOM Ltd.)

Shri P. K. R. Nair
Director (Works - Sakarwadi)

Shri K. S. Prasad
Director (Works - Sameerwadi)

NOTICE

Notice is hereby given that the Fortieth Annual General Meeting of Somaiya Organo-Chemicals Limited will be held on Saturday the 29th September, 2001 at 11.00 A.M. at the Registered Office of the Company at 45/47, Fazalbhoy Building, Mahatma Gandhi Road, Mumbai – 400 001 to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt Audited Balance Sheet as at 31st March, 2001 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 S. R. Khatod who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution :

“RESOLVED THAT Shri Rooshikumar Pandya, 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 a Ordinary Resolution :

“RESOLVED THAT Dr. K. V. Raghavan, be and is hereby

appointed as a Director of the Company, liable to retire by rotation.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution :

“RESOLVED THAT in accordance with the Provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the re-appointment of Shri P. K. R. Nair as Director (Works-Sakarwadi) of the Company for a further period of 3 Years from 1.10.2000 to 30.9.2003 on the same terms and conditions approving his remuneration as approved by the Shareholders by Resolution No.8 passed at the 36th Annual General Meeting of the Company held on 30th September, 1997, subject to the following revision and variation, all other terms and conditions remaining unchanged :

Basic Salary : Rs. 35,000/- p.m., and with such increase, as the Board may decide from time to time, the maximum increase being upto 20% p.a.

Bonus instead of Commission : Bonus as the Board may decide, from time to time, subject to the overall maximum limit of 20% of Basic Salary.

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.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Sections 31 and all other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, the existing Articles 1 of the Articles of Association of the Company relating to Constitution be and is hereby altered

ANNEXURE TO NOTICE

by deleting the same and substituting in its place and stead, the following as new Articles 1 of the Articles of Association of the Company, viz.

1. "Deleted"

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the contribution to charitable and other funds, not directly relating to the business of the Company or the welfare of its employees, the expenditure to the extent of Rs. 34,00,000/- which exceeds 5% of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, as substantial donation has been made for the Gujarat Earthquake Relief Fund.

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman

PLACE : Mumbai

DATE : 3rd September, 2001

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.
2. 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.

3. Members are requested to bring their copies of Notice of the meeting and produce attendance slip duly filled in for attendance at the meeting.
4. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item 6 to 10 set out above is annexed hereto.

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

ITEM NO.

6. The Board of Directors in their meeting held on 29th December, 2000 has appointed Shri Rooshikumar Pandya as Additional Director of the Company. Shri Rooshikumar Pandya a management consultant is B.A. (Hons.), M.A. (U.S.A.), M.A. (Canada) and having more than 30 years experience as Management Consultant and it will be beneficial for the Company to induct him on the Board. 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.

None of the Directors except Shri Rooshikumar Pandya himself is concerned or interested in the resolution.

The Board commends the Ordinary Resolution for approval of Shareholders.

7. The Board of Directors in their meeting held on 29th March, 2001 has appointed Dr. K.V. Raghavan as Additional Director of the Company. Dr. K.V. Raghavan a technocrat is B.Tech. (Chemical Engg.), M. S. (Reaction Engg.), Ph.D. (Mathematical Modeling and Simulation) and having more than 30 years experience as technocrat and it will be beneficial for the Company to induct him on the Board. 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.

None of the Directors except Dr. K. V. Raghavan himself is concerned or interested in the resolution.

The Board commends the Ordinary Resolution for approval of Shareholders.

8. The Board of Directors at their meeting held on 29th December, 2000 has re-appointed Shri P. K. R. Nair as Director (Works-Sakarwadi) of the Company for a further period of 3 years from 1.10.2000 to 30.9.2003 on remuneration and other terms as contained in the resolution. His appointment as Director (Works-Sakarwadi) 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 re-appointment and remuneration.

None of the Directors except Shri P. K. R. Nair himself is concerned or interested in the resolution.

The Board commends the Ordinary Resolution for approval of Shareholders.

9. Under Section 43A of the Company's Act, 1956 our Company was converted from Private Limited Company to Limited Company on 4th April, 1961.

Consequent upon the Companies Amendment Act, 2000, Section 43A of the Company's Act, 1956 has become inoperative and accordingly the Board of Directors in their meeting held on 3rd September, 2001 has decided to continue as Limited Company.

To implement the same the existing Articles no. 1 of Articles of Association is to be altered by deleting the same. The item no. 9 is for the consequent alteration in the Articles of Association of the Company.

The Board commends the Special Resolution at item No. 9 for approval of Shareholders.

None of the directors are concerned or interested in the said resolution.

10. As per provisions of Section 293(1)(e) of the Companies Act, 1956, in case the contribution to any fund or institutions in any financial year exceeds Rs.50,000/- or 5% of the average net profits as determined in terms of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater, the Section is attracted. The item No. 10 is towards the approval of Shareholders for donation/contribution made of Rs. 34,00,000/- towards the Gujarat Earthquake Relief Fund as mentioned in the Resolution.

The Board commends the Ordinary Resolution at item No. 10 for approval of Shareholders.

None of the directors are concerned or interested in the said resolution.

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman

PLACE : Mumbai
DATE : 3rd September, 2001

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Fortieth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2001.

A. FINANCIAL RESULTS

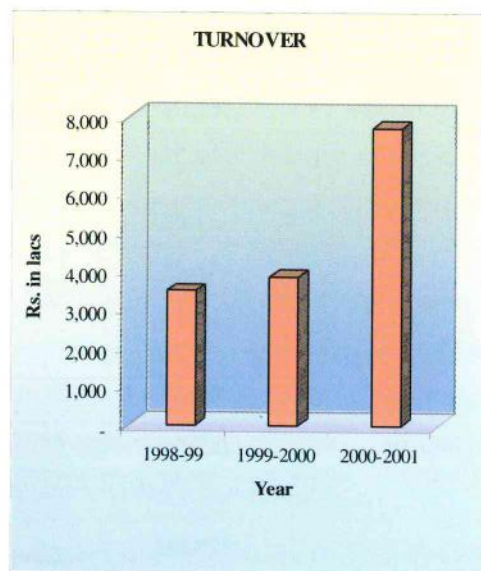
	2000-2001 (Rs. in lacs)	1999-2000 (Rs. in lacs)
Gross Turnover	7,745.99	3,855.82
Gross Operating Profit	796.97	543.52
Less : Interest and Finance Charges	372.71	269.88
Depreciation	174.43	153.65
Provision for Taxation	20.50	8.00
	567.64	431.53
Net Profit for the year	229.33	111.99
Less : Prior Period Provision for Tax	1.02	--
	228.31	111.99
Adding thereto :		
Excess Provision written back	--	5.55
Balance Profit brought forward from last year	17.67	9.34
Profit available for appropriation	245.98	126.88
Appropriations :		
Transfer to General Reserve	125.00	65.00
Interim Dividend on Equity Shares @ 5%	--	39.83
Proposed Dividend on Equity Shares @ 10%	79.65	--
Corporate Dividend Tax	8.12	4.38
Balance carried to Balance Sheet	33.21	17.67
	245.98	126.88

DIRECTORS' REPORT

- B.** Your Company has achieved highest ever sales of Rs. 7,745.99 lacs during the year mainly because of the expanded capacities of its products at its Plant in Sakarwadi.

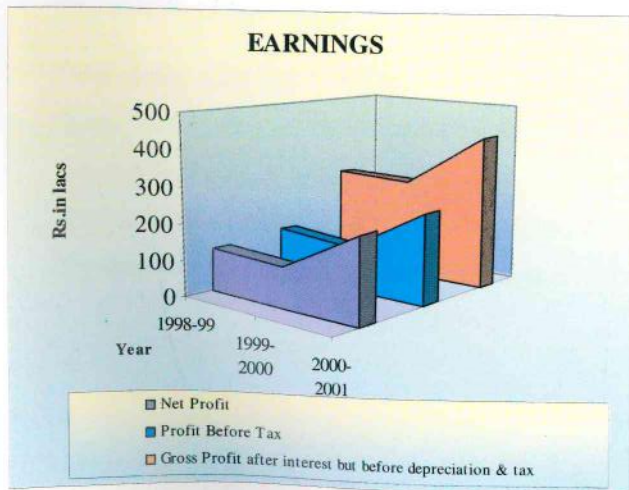
(I) PLANT AT SAKARWADI :

The increased capacity of Acetaldehyde/Acetic Acid Plant from 15000 MT per annum to 20000 MT per annum and Ethyl Acetate Plant from 3000 MT per annum to 12000 MT per annum have borne fruit. The production of Acetic Acid increased from 10145 MT to 18743 MT and Ethyl Acetate Plant from 3678 MT to 11423 MT during the year under report.



(II) PLANT AT SAMEERWADI :

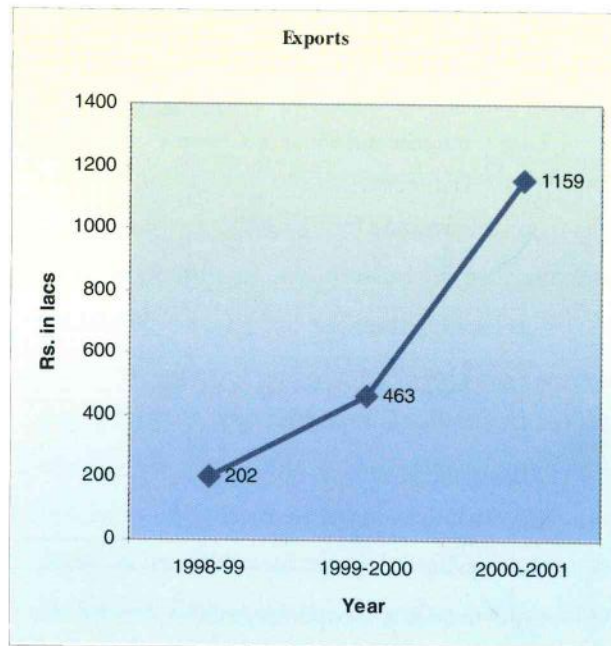
The Expansion of Distillery capacity from 40 KL/Day to 60 KL/Day was completed at the end of the year. In line with the trend to make multipurpose distilleries, catering to industrial, beverage & fuel grades, your company has planned to set up an Extra Neutral Alcohol (ENA) Plant of 40 KL per day capacity.



EXPORT :

The Company has been exporting its products to different destinations abroad. The exports, which were at Rs. 463.34 lacs in 1999-00, have gone to Rs.1,158.90 lacs in 2000-2001.

The company's exports have shown a substantial rise, indicating that the products and services offered by the company are of international standard.



(III) ENTERPRISE RESOURCE PLANNING (ERP) :

Implementation of ERP System SAP R/3 was successfully completed by the end of the year. This implementation has enabled on-line integration of all the key business processes of the company at all its locations. It will also enable accurate information to be available on time. Some of the benefits are :

- Accurate and online information
- Transaction at source and elimination of reconciliation of data
- Transparency of transaction and information
- Efficient Inventory Planning, Management and Control

(C) BUSINESS OPERATIONS AND STRATEGY

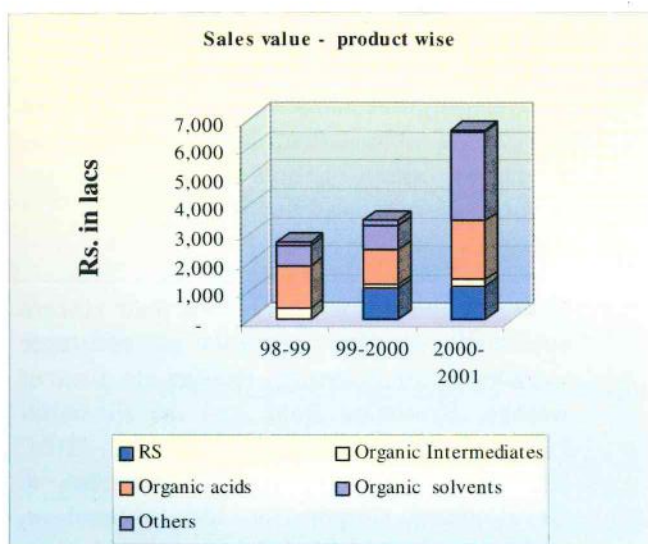
Technological innovation is the key to success in Organic Chemicals Industry. Your company has developed some products in speciality chemicals, which it proposes to commercialise in the coming years.

GROWTH STRATEGY : Your Company has two major strategies for growth that will enable us to become a larger and more profitable company.

DIRECTORS' REPORT

The Company's first strategy is to expand within our existing product line. We have increased Rectified Spirit capacity at Sameerwadi and quadrupled Ethyl Acetate capacity at Sakarwadi.

Ethyl Acetate is an Eco-friendly solvent. Ethyl Acetate is fast replacing Methyl Ethyl Ketone (MEK) & MIBK as a solvent. The aliphatic ketones (MEK and MIBK) have been declared as Hazardous Air Pollutant (HAP) under US Clean Air Act and the increased consumption of Ethyl Acetate is largely due to increase in demand for replacement of HAP solvents. To capitalise on this potential, our company has decided to further increase capacity of Ethyl Acetate at Sakarwadi. The Company will expand such operations in which it can compete internationally.



The chart giving details of product wise sales shows that the company is shifting its concentration to Ethyl Acetate and Rectified Spirit.

INCREASED OPPORTUNITIES : Our second growth strategy is new business generation. We are working towards becoming a "Specialty Chemicals" company. We have structured our senior management team to energize this effort. Currently our research team has developed technology for specialty chemicals which we shall commercialize in the current financial year. At Sameerwadi we have decided to concentrate on Alcohol. We propose to put up an Extra Neutral Alcohol (ENA) plant, which has a ready market in the neighbouring states as well as internationally.

Our long term goal is to expand existing product line, by introducing new technologies and enter new markets where we have a strong understanding and presence and thereby achieve a high growth rate.

OUTLOOK FOR 2001-2002

Our plants are operating at high capacity levels. We have the momentum of increased sales volumes and improving selling prices and also addition of new products, in the same line of business.

(D) SALES TAX INCENTIVE :

Your Company has been sanctioned Sales Tax Incentive under the Exemption Scheme of Rs.772.50 lacs for Project Expansion in the State of Maharashtra.

(E) DIVIDENDS :

In view of the improved performance this year, your Directors are pleased to recommend a Dividend @ 10% on Equity Capital as against 5% dividend in the previous year.

(F) FIXED DEPOSITS :

Deposits of Rs. 0.25 lacs, which became due for renewal/payment on or before 31st March, 2001 were not claimed by the depositors. Out of the above none of the deposits have since been renewed / paid.

(G) DIRECTORS :

Dr. S. K. Somaiya and Shri S. R. Khatod, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

Shri Rooshikumar Pandya has been appointed as an Additional Director of the company with effect from 29.12.2000 and he holds office upto the conclusion of the ensuing Annual General Meeting. A notice has been received from a member proposing Shri Rooshikumar Pandya as a candidate for the office of Director.

Dr. K. V. Raghavan has been appointed as an Additional Director of the Company with effect from 29.3.2001 and he holds office upto the conclusion of the ensuing Annual General Meeting. A notice has been received from a member proposing Dr. K. V. Raghavan as a candidate for the office of Director.

(H) DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY, ETC. :

The particulars about conservation of energy, etc., pursuant to the Companies (Disclosure of Particulars in the Report to the Board of Directors) Rules 1988, are set out in the Annexure forming part of this report.

DIRECTORS' REPORT

(I) AUDITORS :

M/s. Ambalal Thakkar & Co., Chartered Accountants, Auditors of the Company retire and being eligible confirmed their willingness to accept themselves for re-appointment.

(J) 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.

(K) COST AUDITORS :

M/s. B. J. D. Nanabhoy & Co., Cost Accountants, have been appointed as Cost Auditors of the Company.

(L) AUDIT COMMITTEE :

An Audit Committee of your Company has been formed consisting of three Directors viz.

- 1) Shri Rooshikumar Pandya - Chairman
- 2) Shri Y. S. Muzumdar
- 3) Shri Samir S. Somaiya

(M) PARTICULARS OF EMPLOYEES :

There are no employees whose particulars are required to be shown in terms of the Provision of Section 217(2A) of the Companies Act, 1956 read with (particulars of Employees) Rules, 1975 as amended.

(N) SOCIO ECONOMIC EVENTS :

The worst earth quake of Independent India occurred on 52nd Republic day, January 26, 2001. The worst hit areas are Kutch, Saurashtra, Ahmedabad and Surat of Gujarat State.

K. J. Somaiya Trust inspired by the ideals of late Chairman Shri K. J. Somaiya and under the leadership of Dr. S. K. Somaiya has taken up the challenge to assist Government to help in re-establishment of people affected by the earth quake for which your Company has generously contributed Rs. 23.50 lacs.

(O) DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217 of the Companies Act, the Directors hereby confirm that :

- i) Accounting Standards have been followed alongwith proper explanation relating to material departures.

- ii) The Accounting policies of the Company have been consistently followed and estimates have been made reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv) That the Directors have prepared the annual accounts on a going concern basis.

(P) INDUSTRIAL RELATIONS :

The Company has continued to maintain harmonious and cordial relations with its workers in all its Divisions, which enabled it to achieve this performance level on all fronts.

(Q) APPRECIATION :

Your Directors place on record their sincere appreciation of the co-operation and assistance extended by the Company's Bankers viz. Bank of Baroda, Syndicate Bank and the Financial Institutions viz. ICICI, UTI, SICOM, IDBI, Karnataka State Industrial Investment & Development Corporation Ltd., Bangalore, Technology Development Board, Govt. of India, Vendors, Customers, Labour and Staff of the Company.

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman

PLACE : Mumbai

DATE : 3rd September, 2001

ANNEXURE "A" TO THE 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, 2001.

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

(I) 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 of firing system, installation of dust collector & continuous ash discharge system. We propose to install plate heat exchangers in the distillery.

(c) Impact of the measures of (a) and (b) above improved generation of steam per tonne of Coal. Smoother operation of the plant will reduce Steam Consumption alternate fuel & captive power generation.

(d) Total energy consumption and energy consumption per unit of production as per Form 'A' given hereunder.

(II) TECHNOLOGY ABSORPTION ;

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

(III) 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. 109.21 lacs.

(c) Total foreign exchange earned Rs. 1,158.90 lacs.

Disclosure of Particulars with respect to Conservation of Energy

		For Sakarwadi Unit		For Sameerwadi Unit	
		2000-2001 Current Year	1999-2000 Previous Year	2000-2001 Current Year	1999-2000 Previous Year
(A) POWER & FUEL CONSUMPTION :					
1. ELECTRICITY :					
(a) PURCHASED :					
Unit	KWH	1,07,97,887	68,25,467	6,19,152	6,58,838
Total Amount	Rs.	4,58,39,509	2,71,47,464	27,48,232	27,59,311
Rate	Rs./KWH	4.25	3.98	4.44	4.19
(b) OWN GENERATION :					
i) Through Diesel Generator (Skoda & Kirloskar D.G.Set)					
Unit	KWH	28,03,459	18,05,513	32,696	3,67,435
Unit per litre of diesel oil	KWH	3.02	3.05	3.57	3.22
Cost per Unit	Rs./KWH	5.95	4.53	5.60	4.77
ii) Through Steam Engine (BM Engine and Turbine)					
Unit per K. G.	KWH	40,26,300	28,98,480	2,75,556	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	33,015	13,044	1,132	152
Total Cost	Rs.	6,50,37,177	2,51,87,964	25,40,459	3,20,242
Average Rate	Rs./MT	1,970	1,931	2,244	2,114
Bio-gas consumed	M3	1,16,02,651	79,60,140	29,14,688	31,05,000
Total Steam generation	MT	1,75,104	1,04,437	25,387	16,542
Steam generation per MT of coal	MT	3.81	4.76	5.00	5.08
3. FURNACE OIL					
Furnace oil not used since boilers are coal fired					
	MT	NIL	NIL	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./MT	NIL	NIL	NIL	NIL
(B) CONSUMPTION PER UNIT OF PRODUCTION :					
(i) ALCOHOL :					
Production	KL	27,614	21,076	9,840	6,299
Electricity	KWH	65,22,229	43,81,196	9,27,404	9,70,977
Rate	KWH/KL	235.89	207.56	94.25	153.98
Coal	MT	7,069	4,174	1,132	152
Bio-gas	MT	1,16,02,651	79,60,140	29,14,688	31,05,000
Rate Coal	MT/KL	0.72	0.61	0.44	0.56
Rate Steam	MT/KL	2.76	2.85	2.58	2.62

FORM "A"

(ii) ACETALDEHYDE :

Production	MT	16,882	9,327	NIL	NIL
Electricity	KWH	33,49,253	18,12,506	NIL	NIL
Rate	KWH/MT	198.39	194.33	NIL	NIL
Coal	MT	9,297	3,391	NIL	NIL
Rate Coal	MT/MT	0.55	0.36	NIL	NIL
Rate Steam	MT/MT	2.10	1.83	NIL	NIL

(iii) ACETIC ACID :

Production	MT	18,743	10,145	NIL	NIL
Electricity	KWH	59,93,400	41,50,606	NIL	NIL
Rate	KWH/MT	319.77	409.13	NIL	NIL
Coal	MT	6,593	2,739	NIL	NIL
Rate Coal	MT/MT	0.35	0.27	NIL	NIL
Rate Steam	MT/MT	1.34	1.34	NIL	NIL

(iv) ETHYL ACETATE :

Production	MT	11,423	3,678	NIL	NIL
Electricity	KWH	17,62,765	5,76,473	NIL	NIL
Rate	KWH/MT	154.32	156.74	NIL	NIL
Coal	MT	10,055	2,740	NIL	NIL
Rate Coal	MT/MT	0.88	0.75	NIL	NIL
Rate Steam	MT/MT	3.35	3.70	NIL	NIL

(v) Bio-Earth Compost (Bhumilabh)

Production	MT	NIL	NIL	9,117	6,765
Electricity	KWH	NIL	NIL	60,166	73,728
Rate	KWH/MT	NIL	NIL	6.60	10.90

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
- Benefits derived as a result of the above R & D :
 - Continuous improvement in existing process & product quality.
 - Products are Developed & Commercialised.
- Future plan of action :
 - Development of products based on Bio-technology will be taken up.
 - More work in the area of new derivatives of Ethanol & Acetaldehyde.
- Expenditure on R & D :

(a) Capital	94.53
(b) Recurring	7.40
(c) Total	101.93
(d) Total R & D expenditure as a percentage of total turnover.	1.31%

(Rs. in lacs)

Technology absorption, adaption and innovation.

- Efforts, in brief, made towards technology absorption, adaption and innovation.
- Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

By Order of the Boards of Directors,

Place : Mumbai
Date : 3rd September, 2001

S. K. SOMAIYA
Chairman

**AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2001**

We have audited the attached Balance sheet of SOMAIYA ORGANO-CHEMICALS LIMITED as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies(Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - a) 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;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - c) In our opinion, the Profit and Loss Account and Balance Sheet subject to;
 - i. *Note 1(B)(ii) regarding non-provision of leave encashment as per Accounting Standard – 15 and*
 - ii. *Note 1(G) regarding the valuation of closing stock of inventories which does not comply with the Accounting Standard – 2.*
comply with the Accounting Standard referred to in sub section (3C) of Section 211 of Companies Act, 1956.
 - d) On the basis of the written representations received from the directors, and taken on record by Board of Directors, we report that none of the said directors is disqualified as on 31st March, 2001 from being appointed as directors in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to explanations given to us, the accounts give the information required by the Companies Act, 1956 and read together with other notes give a true and fair view in the case of Balance Sheet of the state of affairs of the Company and in case of the Profit and Loss Account, of the profit for the year ended on 31st March, 2001.

For **AMBALAL THAKKAR & CO.**
Chartered Accountants

G. P. Bhatt
(Partner)

PLACE : Mumbai
DATE : 3rd September, 2001

ANNEXURE TO AUDITORS' REPORT

We have audited the attached Balance sheet of SOMAIYA ORGANO-CHEMICALS LIMITED as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. Physical verification of 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 procedures followed by 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 and in accordance with normally accepted accounting principles on the same basis as 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.
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 size of the Company and nature of its business, for the purchase of Raw Materials, Stores, Plant and Machineries, Equipments and Other Assets and for 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. 50,000/- 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 Sections 58A of the Companies Act 1956 and Companies (Acceptance of Deposits) Rules, 1975 framed thereunder.
10. The Company has maintained reasonable records for the sale and disposal of by-products and scrap.
11. In our opinion the 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 of Provident Fund dues with appropriate authorities.
14. According to the information and explanations given to us and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Customs Duty and Excise Duty outstanding for a period exceeding six months from the date they become 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 Provision) Act, 1985.

For **AMBALAL THAKKAR & CO.**
Chartered Accountants

G. P. Bhatt
(Partner)

PLACE : Mumbai
DATE : 3rd September, 2001

BALANCE SHEET AS AT 31ST MARCH, 2001

SCHEDULES		31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	796.50	796.50
(b) Reserves & Surplus	2	1,230.35	1,089.81
		2,026.85	1,886.31
LOANS :			
(a) Secured Loans	3	1,593.49	1,474.49
(b) Unsecured Loans	4	1,763.69	1,479.77
		3,357.18	2,954.26
TOTAL FUNDS EMPLOYED		5,384.03	4,840.57
APPLICATION OF FUNDS :			
FIXED ASSETS :			
(a) Gross Block	5	4,407.62	4,075.73
(b) Less : Depreciation		1,402.00	1,291.92
(c) Net Block		3,005.62	2,783.81
(d) Work in Progress		807.19	714.22
		3,812.81	3,498.03
INVESTMENTS	6	7.53	9.01
CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories	7	916.79	775.93
(b) Debtors	8	735.88	555.01
(c) Cash and Bank Balances	9	54.78	91.11
(d) Loans and Advances	10	938.07	987.66
		2,645.52	2,409.71
LESS : CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	11	970.43	1,023.97
(b) Provisions	12	132.27	63.83
		1,102.70	1,087.80
Net Current Assets		1,542.82	1,321.91
MISCELLANEOUS EXPENDITURE :			
Deferred Revenue Expenditure		20.87	11.62
TOTAL FUNDS DEPLOYED		5,384.03	4,840.57
NOTES ON ACCOUNTS	19		

Accompanying to our Report of even date

For **AMBALAL THAKKAR & CO.**
Chartered Accountants

G. P. Bhatt
Partner

R. L. Somani
Company Secretary

S. K. Somaiya	Chairman
S. S. Somaiya	Managing Director
Rooshikumar Pandya	} Directors
K. V. Raghavan	
R. S. Mhatre	
Y. S. Muzumzar	

Place : Mumbai
Dated : 3rd September, 2001

Place : Mumbai
Dated : 3rd September, 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	SCHEDULES	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
INCOME			
Sales		7,745.99	3,855.82
Other Income	13	97.86	158.79
Increase / (Decrease) in Stock	14	(62.18)	81.08
		<u>7,781.67</u>	<u>4,095.69</u>
EXPENDITURE			
Raw Materials Consumed	15	2,624.36	1,235.88
Manufacturing and Other Expenses	16	3,285.71	1,919.73
Excise Duty and Admin. Fees		1,074.63	396.56
Interest & Financial Charges	17	372.71	269.88
Depreciation	5	174.43	153.65
		<u>7,531.84</u>	<u>3,975.70</u>
PROFIT BEFORE TAX		249.83	119.99
Provision for Taxation		20.50	8.00
NET PROFIT FOR THE YEAR		229.33	111.99
Balance Profit brought forward from last year		17.67	9.34
Excess/(Short) Provision for Taxation written back/off		(1.02)	5.55
PROFIT AVAILABLE FOR APPROPRIATIONS		<u>245.98</u>	<u>126.88</u>
APPROPRIATIONS :			
Interim Dividend on Equity Shares		--	39.83
Proposed Dividend on Equity Shares		79.65	--
Dividend Tax		8.12	4.38
General Reserve		125.00	65.00
Balance carried to Balance Sheet		33.21	17.67
TOTAL		<u>245.98</u>	<u>126.88</u>
COMPUTATION OF COMMISSION TO DIRECTORS'	18		
NOTES ON ACCOUNTS	19		

Accompanying to our Report of even date

For **AMBALAL THAKKAR & CO.**
Chartered Accountants

G. P. Bhatt
Partner

R. L. Somani
Company Secretary

S. K. Somaiya	Chairman
S. S. Somaiya	Managing Director
Rooshikumar Pandya	} Directors
K. V. Raghavan	
R. S. Mhatre	
Y. S. Muzumzar	

Place : Mumbai
Dated : 3rd September, 2001

Place : Mumbai
Dated : 3rd September, 2001

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

Schedules annexed to and forming part of Balance Sheet as at 31st March, 2001 and Profit and Loss Account for the year ended 31st March, 2001.

SCHEDULE 1 - SHARE CAPITAL :

AUTHORISED :

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
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	796.50
	<u>796.50</u>	<u>796.50</u>

SCHEDULE 2 - RESERVES AND SURPLUS :

(A) GENERAL RESERVE :

As per last Balance Sheet	906.54	841.54
Add : Set aside during the year	125.00	65.00
Add : Transferred from Investment Allowance Reserve Utilised Account	12.10	--
Add : Transferred from Debenture Redemption Reserve	63.50	--
	<u>1,107.14</u>	<u>906.54</u>

(B) INVESTMENT ALLOWANCE RESERVE

UTILISED ACCOUNT :

As per last Balance Sheet	12.10	12.10
Less : Transferred to General Reserve	12.10	--
	<u>--</u>	<u>12.10</u>

(C) DEBENTURE REDEMPTION RESERVE :

As per last Balance Sheet	113.50	113.50
Less : Transferred to General Reserve	63.50	--
	<u>50.00</u>	<u>113.50</u>

(D) SHARE PREMIUM ACCOUNT :

Balance as per last Balance Sheet	40.00	40.00
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(E) PROFIT AND LOSS ACCOUNT

	33.21	17.67
	<u>1,230.35</u>	<u>1,089.81</u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

SCHEDULE 3 - SECURED LOANS :

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
(a) Bank of Baroda & Syndicate Bank :		
(i) Cash Credit	706.14	385.64
(ii) Bill discounting	5.66	55.98
(Secured by First Charge by 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 Machineries both present & future at Sakarwadi and Second Charge on Pari-Passu basis by way of Equitable Mortgage on the Fixed Assets of Sameerwadi Unit & Second Charge on the Fixed Assets acquired under Foreign Currency Loan from IDBI.)	711.80	441.62
(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 at Sakarwadi and Hypothecation of all tangible movable Machineries and Plant both present and future (including machineries 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
(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
(2) 18.5% 2,00,000 Non-Convertible Secured Debentures of Rs.75/- each Secured by Pari-Passu Equitable Mortgage & Hypothecation on Company's movable & immovable Assets at Sakarwadi & Second Charge on Company's movable & immovable Assets at Sameerwadi. (Out of above Rs. 50 per debenture has been redeemed)	50.00	100.00
(3) Interest on above	3.58	11.79
	73.58	131.79
(d) Foreign Currency Loan from Industrial Development Bank of India Secured by Hypothecation by way of First Charge on the Specific Equipments, First Pari-Passu Charge with KSIIDC on the Fixed Assets at Sameerwadi, Second Charge on the Assets at Sakarwadi and Second Charge on the current Assets of the Company.	351.15	358.38
(e) Instalments Due for Purchase of Assets under Hire Purchase Finance Secured by specific Assets.	209.63	142.66
(f) Interest Accrued but not due	8.99	11.80
(g) Term Loan from CITI Bank secured by hypothecation of Flat at Giriraj.	1.86	2.63
(h) Auto Loan from Bank of America	-	1.16
(i) Term Loan from SICOM Ltd. under Equipment Refinance secured by specific Machinery at Sakarwadi.	11.00	53.00
(j) Term Loan from SICOM Ltd. secured by Property at Sakarwadi	60.00	80.00
(k) Term Loan from Technology Development Board Secured by Hypothecation by way of First Charge on Specific Equipments	137.48	200.00
(l) Term Loan from KSIIDC Secured by Pari-Passu Hypothecation of movable Plant & Hypothecation by way of First Charge on the Specific Equipments, First Pari-Passu Charge with IDBI on the Fixed Assets at Sameerwadi.	28.00	48.00
	1,593.49	1,474.49

SCHEDULE 4 - UNSECURED LOANS :

(1) Public Deposits	42.41	45.96
(2) Public Loans (Guaranteed by a Director)	0.05	0.05
(3) Interest Free Sales Tax Loan from SICOM	258.36	260.21
(4) Inter Corporate Deposits	1,171.36	849.85
(5) Loan from I.C.I.C.I. Ltd.	135.00	135.00
(6) Loan from Development Credit Bank Ltd.	-	50.00
(7) Interest accrued but not due	10.10	12.41
(8) Others	146.41	126.29
	1,763.69	1,479.77

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

SCHEDULE 5 - FIXED ASSETS

(Rs. in lacs)

Particulars	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
		Gross Block at cost except otherwise stated as at 01-04-2000	Additions during the year	Deductions/ Adjustments during the year	Gross Block As at 31-03-2001 (2+3-4)	Depreciation Written off upto 31-03-2000	Depreciation provided during the year	Depreciation Adjustments	Total Depreciation upto 31-03-2001 (6+7-8)	Net Depreciated Block as at 31-03-2001 (5-9)	Net Depreciated Block as at 31-03-2000
SAKARWADI & H. O.											
1 Factory & Other Land		237.46	--	--	237.46	--	--	--	--	237.46	237.46
2 Non Factory Building		44.14	1.65	--	45.79	3.92	0.72	--	4.64	41.15	40.22
3 Factory Building		72.48	--	--	72.48	16.56	2.10	--	18.66	53.82	55.92
4 Plant & Machinery		2,662.70	138.36	--	2,801.06	860.65	121.62	--	982.27	1,818.79	1,802.05
5 Furniture & Fixture		17.41	0.32	--	17.73	9.83	0.75	--	10.58	7.15	7.58
6 Office Equipments		17.07	3.77	--	20.84	3.85	0.86	--	4.71	16.13	13.22
7 Motor Vehicles		66.57	29.87	4.91	91.53	27.28	6.75	3.56	30.47	61.06	39.29
8 Computers		22.78	79.63	--	102.41	5.32	6.11	--	11.43	90.98	17.46
TOTAL (A) :		3,140.61	253.60	4.91	3,389.30	927.41	138.91	3.56	1,062.76	2,326.54	2,213.20
SAMEERWADI											
1 Factory & Other Land		12.25	--	--	12.25	--	--	--	--	12.25	12.25
2 Non Factory Building		20.92	--	--	20.92	3.93	0.34	--	4.27	16.65	16.99
3 Factory Building		26.89	--	--	26.89	12.35	0.90	--	13.25	13.64	14.54
4 Plant & Machinery		675.08	246.48	--	921.56	284.84	31.23	--	316.07	605.49	390.24
5 Furniture & Fixture		2.51	1.24	--	3.75	0.01	0.17	--	0.18	3.57	2.50
6 Office Equipments		1.36	1.07	--	2.43	0.63	0.10	--	0.73	1.70	0.73
7 Motor Vehicles		12.45	4.74	--	17.19	0.49	1.48	--	1.97	15.22	11.96
8 Computers		6.60	6.73	--	13.33	1.47	1.30	--	2.77	10.56	5.13
TOTAL (B) :		758.06	260.26	--	1,018.32	303.72	35.52	--	339.24	679.08	454.34
FINE CHEMICAL											
DIVISION (A & R)											
1 Land		9.26	--	9.26	--	--	--	--	--	--	9.26
2 Buildings		24.53	--	24.53	--	6.54	--	6.54	--	--	17.99
3 Plant & Machinery		140.93	--	140.93	--	53.32	--	53.32	--	--	87.61
4 Furniture & Office Equip.		0.80	--	0.80	--	0.19	--	0.19	--	--	0.61
5 Vehicles		0.04	--	0.04	--	0.02	--	0.02	--	--	0.02
6 Electric Installation		1.50	--	1.50	--	0.72	--	0.72	--	--	0.78
TOTAL (C) :		177.06	--	177.06	--	60.79	--	60.79	--	--	116.27
TOTAL (A+B+C)		4,075.73	513.86	181.97	4,407.62	1,291.92	174.43	64.35	1,402.00	3,005.62	2,783.81

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
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. 1,000/-) 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) Kissan Vikas Patra	0.15	0.15
(8) 5000 Equity Shares of Rs. 10/- each at a premium of Rs. 75/- of Bank of Baroda partly paid	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	Mkt. Value
	Rs.	Rs.
Aggregate Quoted Investments	4.71	3.33
Aggregate Unquoted Investments	1.90	--
	6.61	3.33
Immovable Property (including value of land Rs. 1,65,000/- for which Agreement for sale has already been executed)	2.40	2.40
	9.01	9.01
Less : Provision for Diminution in Investments	1.48	--
	7.53	9.01

SCHEDULE 7 - INVENTORIES :

(i) Stores, Chemicals and Spares (at cost as per inventories valued and certified by a Director)		
(a) On Hand	327.98	251.00
(b) In Transit	--	24.30
	327.98	275.30
(ii) Raw Materials at Cost	230.61	78.30
(iii) Stock-in-trade (as value and certified by a Director) (At Cost or Market Price whichever is less)	358.20	420.38
(iv) Standing Crops and Farm Produce at Cost	--	1.95
	916.79	775.93

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SCHEDULE 8 - SUNDRY DEBTORS		
Sundry Debtors (Unsecured and considered good except otherwise stated)		
(a) Debts Outstanding for more than six months	79.61	88.80
(b) Other Debts	656.27	466.21
	<u>735.88</u>	<u>555.01</u>
SCHEDULE 9 - CASH AND BANK BALANCES :		
Cash on Hand	3.02	4.03
In Current Account with Scheduled Banks	13.38	63.29
In Fixed Deposits with Scheduled Bank (Including Rs. 2.77 lacs as lien for Gurantees)	36.16	19.33
Interest accrued on above	2.22	3.36
Demand Drafts on Hand	--	1.10
	<u>54.78</u>	<u>91.11</u>
SCHEDULE 10 - LOANS AND ADVANCES :		
(Unsecured and considered good except otherwise stated)		
Loans to others	0.66	0.66
Interest accrued on above	0.99	0.99
	<u>1.65</u>	<u>1.65</u>
Interest on Deferred payments under Hire Purchase Finance	54.68	35.09
Advances recoverable in cash or kind for value to be received	657.90	628.11
Advance Income Tax (Including Income Tax Deducted at Source Rs. 8.48 lacs)	100.45	50.09
Deposits	123.39	272.72
	<u>938.07</u>	<u>987.66</u>
SCHEDULE 11 - CURRENT LIABILITIES :		
(1) Sundry Creditors	880.80	918.84
(2) Deposits and Advances from Customers	67.84	92.43
(3) Liability for Income & Wealth Tax	4.44	4.44
(4) Temporary Overdraft with Bank	17.35	8.26
	<u>970.43</u>	<u>1,023.97</u>
SCHEDULE 12 - PROVISIONS :		
(1) Provision for Taxation	44.50	24.00
(2) Proposed Dividend : on Equity	79.65	39.83
(3) Provision for Corporate Dividend Tax	8.12	--
	<u>132.27</u>	<u>63.83</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2001

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SCHEDULE 13 - OTHER INCOME		
Interest	20.51	9.84
Service Charges & Lease Rent	5.15	36.12
Sundry Receipts	72.20	104.43
Outstanding Liabilities Written Back	--	8.40
	<u>97.86</u>	<u>158.79</u>
SCHEDULE 14 - INCREASE / (DECREASE) IN STOCK		
Closing Stock	358.20	420.38
Less : Opening Stock	420.38	339.30
	<u>(62.18)</u>	<u>81.08</u>
SCHEDULE 15 - RAW MATERIALS CONSUMED		
Molasses	1,958.05	1,110.36
Chemicals	96.13	16.68
Spirit (includes previous year trading purchase of Rs. 69.60 lacs)	570.18	69.79
Others	--	39.05
	<u>2,624.36</u>	<u>1,235.88</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2001

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SCHEDULE 16 - MANUFACTURING AND OTHER EXPENSES		
Manufacturing Expenses :		
Power and Fuel	1,488.29	717.21
Stores, Chemicals and Spare Parts	184.28	48.37
Alcohol administrative / transport fees (Captive)	85.81	48.80
Lease Rent	8.62	47.94
Insurance Premium	41.23	34.60
Packing and Forwarding Charges	232.80	141.13
Excise Establishment Charges	19.05	12.03
Research & Development Expenses	7.40	11.62
	2,067.48	1,061.70
Repairs and Maintenance :		
Plant and Machinery	94.93	44.53
Buildings	3.37	6.00
Other Repairs	5.74	7.80
	104.04	58.33
Employees Remuneration and Benefits :		
Salaries, Wages and Bonus	539.75	393.36
Contribution to Provident Fund & Other Fund	48.16	46.17
Gratuity	0.21	8.64
Voluntary Retirement Scheme	--	2.57
Welfare Expenses	42.14	32.18
Group Gratuity Insurance Premium	22.54	19.50
	652.80	502.42
Office and Establishment Expenses :		
Rates and Taxes	71.69	39.53
Cost Audit Fees	0.16	0.06
Provisions for Diminution in Investments	1.48	--
Miscellaneous Expenses (including Rent, Legal and Professional Charges, Brokerage & Commission, Charity and Donation, Motor Car Maintenance, Travelling Expenses, Foreign Travelling Expenses, etc.)	333.93	215.99
	407.26	255.58
Other Expenses :		
Foreign Exchange Fluctuations	0.85	1.73
Auditors' Remuneration :		
Audit Fees (including tax audit fees)	1.21	0.17
Auditors' Travelling Expenses & Certification fees	--	0.13
	1.21	0.30
Directors' Fees and Travelling Expenses and Remuneration :		
Fees	0.02	0.04
Travelling Expenses	2.91	2.97
Remuneration & Commission	16.15	8.84
Foreign Travelling Expenses	2.48	--
	21.56	11.85
Sales Tax :		
Additional Tax on Sales Tax	0.02	--
Turnover Tax	30.49	27.82
	30.51	27.82
	3,285.71	1,919.73

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2001

SCHEDULE 17 - INTEREST :

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
Bank and D. P. G.	119.52	93.83
Debentures	13.76	24.88
Public Deposits	7.63	6.79
Others	140.66	49.67
Financial Charges	31.19	18.22
Financial Institutions	59.95	76.49
	372.71	269.88

SCHEDULE 18 - COMPUTATION OF COMMISSION TO DIRECTORS'

Net Profit before Tax	249.83	112.04
Add :		
i) Director's Remuneration	16.15	8.84
ii) Depreciation	174.43	153.65
iii) Provision for diminution in Investments	1.48	--
iv) Loss on sale of assets	54.60	0.41
	246.66	162.90
	496.49	274.94
Less :		
i) Depreciation to the extent specified in Section 350	174.43	245.00
ii) Profit on sale of assets	0.35	0.22
	174.78	245.22
Net Profit for calculating of Director's Commission	321.71	29.72
Managing Director's Commission @ 1% on the Net Profit	3.22	--
Works Director's Commission @ 1% to each on the Net Profit	6.43	--
As per agreement maximum Commission eligible to Works Director's	1.47	--

SCHEDULE 19

(1) SIGNIFICANT ACCOUNTING POLICIES :

(A) System of Accounting :

- i) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis, except bonus which is debited on payment basis.
- ii) Financial Statements are based on historical costs.
- iii) a) Fixed Assets are carried at cost of acquisition or construction.
b) Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees, costs of implementation/system integration services and incidental expenses related to acquisition.
- iv) Long term investment are carried at cost less provision, if any, for permanent diminution in value of such investment.

(B) Retirement Benefits :

- i) The Liability as on 31st March, 2001 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs. 1,31,06,971/- (Rs. 99,71,265/- in previous year). The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India.
- ii) Provision for Leave Encashment payable on retirement has not been made as per requirement of Accounting Standard 15, which has been made mandatory from 1st April, 1995, as the liability is not ascertained.

(C) Depreciation :

Depreciation on Fixed Assets has been provided on S. L. M. as prescribed in Schedule XIV of the Companies Act, 1956.

(D) Foreign Currency Transactions :

- i) Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- ii) Fluctuations in foreign currency of Rs. 23.03 lakhs in respect of outstanding foreign currency loan is capitalised to respective class of assets.

(E) Revenue Recognition :

- i) Sales of goods are recognised on despatches to the customers and includes Exise Duty.
- ii) Dividends are recognised when the right to receive them is established.
- iii) Credit on account of custom duty & other benefits which are due to be received with a reasonable certainty, are accrued upon completion of exports.

(F) Expenditure on Research and Development :

- i) Cost of revenue nature are charged to the Profit & Loss Account when incurred.
- ii) Expenses of capital nature incurred during the year are shown under "Capital Work in Progress."

(G) Inventories :

- i) Finished goods and process stock are valued at cost or market price whichever is lower except waste/scrap which is valued at net realisable value. It includes cost of conversion and other costs incurred in bringing the same to their present location and condition. Cost is determined on standard cost basis with approximate actual cost.
- ii) The valuation of Stores, Spares and Chemicals in case of our Sameerwadi unit is changed from FIFO Method to Moving Average Method. Due to change in Method, there is no significant impact in Valuation of Closing Stock. For Sakarwadi unit Company is following Moving Average Method.
- iii) Excise Duty payable on finished goods lying in the factory as on 31st March, 2001 is neither provided nor considered in valuation of closing stock of finished goods as on 31st March, 2001. This has no impact on the financial results.

(H) Deferred Revenue Expenditure :

Deferred Revenue Expenditure is written off to the Profit & Loss Account as determined by the management.

(I) Borrowing Cost :

Borrowing Costs that are attributable to acquisition of or constructing of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily take substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(J) Capital Work in Progress :

Assets under construction/installation are carried forward under "Capital Work-in-Progress," pending capitalisation.

K) i) Quantitative Information in respect of Goods Manufactured :

Class of Goods Manufactured

AT SAKARWADI :

Rectified Spirit
Acetaldehyde
Acetic Acid
Ethyl Acetate
Other Acetates

AT SAMEERWADI :

Rectified Spirit

AT ALEX & ROGERS - At Karannagar :

Bulk Drugs

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)
AT SAKARWADI :								
Rectified Spirit	H.L.	2,76,136.74 (2,10,761.01)	12,185.54 (14,292.68)	97.48 (92.90)	1,683.56 (12,185.54)	15.98 (97.48)	--	--
Acetaldehyde / Acetic Acid	M.T.	16,881.71/18,743.37 (9,326.79/10,144.50)	67.06/67.70 (92.19/230.48)	14.08/13.54 (15.68/33.78)	17.42/399.48 (67.06/67.70)	3.17/73.28 (14.08/13.54)	(37,314.70) 1,046.87/10,360.52	(273.20) 207,732,062.54
Ethyl Acetate	M.T.	11,422.90 (3,677.90)	226.09 (40.63)	63.31 (8.34)	325.83 (226.09)	80.54 (63.31)	(640.55/7,611.01) 11,323.16 (3,492.44)	(107,601,211.52) 3,104.47 (846.39)
Other Acetate	M.T.	R & D Work in Hand	--	--	--	--	--	--
AT SAMEERWADI :								
Rectified Spirit	H.L.	98,401 (62,986.68)	1,330.46 (--)	18.32 (--)	7,311.96 (1,330.46)	65.81 (18.32)	92,419.50 (61,656.22)	1,176.39 (847.83)
Bio-Earth	M.T.	9,117.08 (6,764.60)	11,285.31 (12,271.95)	112.85 (119.28)	10,424.79 (11,285.31)	54.30 (112.85)	9,977.60 (7,751.24)	83.54 (102.09)
Traded Goods : Rectified Spirit (Trading activity)		(4,108.69)	--	--	--	--	(4,108.69)	(69.60)
FINE CHEMICAL DIVISION - At Karannagar :								
Bulk Drugs	M.T.	--	--	--	--	--	--	--
Chemicals	M.T.	--	(1.40)	(12.19)	--	--	(0.64)	(15.87)
		--	--	--	--	--	--	--
		--	(3.89)	(0.13)	--	--	(0.15)	(0.08)

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.

ii) Consumption of Raw Materials

	Unit	Current Year		Previous Year	
		Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
Molasses	M.T.	1,65,239.20	1,958.05	93,085.80	1110.36
Rectified Spirit (Own Manufactured)	H.L.	2,86,638.72	--	1,75,553.45	--
Special Dnatured Spirit	H.L.	48,899.44	539.96	--	--
Rectified Spirit Purchased	H.L.	3,000.00	30.24	--	0.19
Acetal Dehyde (Own Manufactured)	M.T.	15,884.48	--	8,711.37	--
Acetic Acid (Own Manufactured)	M.T.	8,051.07	--	2,696.27	--
Acetic Acid Purchased	M.T.	164.28	36.07	--	--
Ethyl Acetate	M.T.	--	--	--	--
Others		--	60.04	--	55.73
			<u>2,624.36</u>		<u>1,166.28</u>

iii) C.I.F. Value of Imports (Alcohol) :

M.T.	--	--	--	--
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iv) Value of Raw Materials Consumed :	Amount		Amount	
	(Rs. in lacs)	%	(Rs. in lacs)	%
a) Indigenous	2,624.36	100%	1,166.28	100%
b) Imported (Chemicals)	--	--	--	--

v) Value of Stores and Spare Parts Consumed :

a) Indigenous	184.28	100%	48.37	100%
b) Imported	--	--	--	--

vi) Earning in foreign currency

1,158.90	--	463.34	--
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vii) Expenditure in foreign currency

a) For Capital Goods				
1) Research & Development	--	--	--	--
2) Others (Including Foreign Currency Loan installments paid, equivalent to Indian Rupees 78.25)	78.25	--	17.41	--
b) Other expenses (Includes Interest on Foreign Currency Loan equivalent to Indian Rupees 22.38 Lakhs)	30.96	-	12.04	--

2) Contingent Liabilities (Not provided for)

	Current Year	Previous Year
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
a) In respect of counter guarantee in favour of Bank of Baroda in Lieu of Guarantee given.	30.00	15.00
b) In respect of guarantee given by the Company to I.D.B.I. for a Loan given to The Godavari Sugar Mills Ltd.	441.00	630.00
	<u>471.00</u>	<u>645.00</u>

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. Registration Details

Registration No.	011897	State Code	11
Balance Sheet Date	31 03 2001		

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

Public Issue	Right Issue
NIL	NIL
Bonus Shares	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities	Total Assets
	5,38,403	5,38,403
Sources of Funds	Paid-up Capital	Reserves & Surplus
	79,650	1,23,035
	Secured Loans	Unsecured Loans
	1,59,349	1,76,369
Application of Funds	Net Fixed Assets	Investments
	3,81,281	753
	Net Current Assets	Misc. Expenditure
	1,54,282	2,087
	Accumulated Losses	
	NIL	

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

Turnover & Other Income	Total Expenditure
7,78,167	7,53,184
+/- Profit/Loss Before Tax	+/- Profit / Loss After Tax
+ 24,983	+ 22,933
Earning per Share in Rs.	Dividend Rate %
2.88	10.00

V. Generic Name of Three Principal Products / Services of 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

R. L. Somani
Company Secretary

S. K. Somaiya	Chairman
S. S. Somaiya	
Rooshikumar Pandya	Directors
K. V. Raghavan	
R. S. Mhatre	
Y. S. Muzumzar	

Place : Mumbai
Dated : 3rd September, 2001

Place : Mumbai
Dated : 3rd September, 2001