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**SOMAIYA
ORGANO-
CHEMICALS
LIMITED**

**ANNUAL REPORT & ACCOUNTS
1991-92**

1992

SOMAIYA ORGANO-CHEMICALS LIMITED

(Incorporated under Companies Act, 1956)

BOARD OF DIRECTORS:

DR. T. P. S. RAJAN

SHRI B. N. NARULA

DR. (MISS) U. H. MEHTA

SHRI R. S. MHATRE

SHRI Y. S. MUZUMDAR

SHRI S. R. KHATOD

SHRI P. K. R. NAIR

Director (Works)

SHRI V. B. SAXENA

Secretary

BANKERS:

BANK OF BARODA

SOLICITORS:

MULLA & MULLA AND CRAIGIE, BLUNT AND CAROE

AUDITORS:

AMBALAL THAKKAR & CO.

REGISTERED OFFICE:

FAZALBHOY BUILDING,
45/47, MAHATMA GANDHI ROAD,
FORT, BOMBAY-400 023.

SOMAIYA ORGANO-CHEMICALS LIMITED

NOTICE

NOTICE is hereby given that Thirty-first Annual General Meeting of SOMAIYA ORGANO-CHEMICALS LIMITED, will be held on Monday the 21st day of September, 1992 at 4.00 p.m. at the Registered Office of the Company at Fazalbhoy Building, 45-47, Mahatma Gandhi Road, Bombay-400 023, to transact the following business :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1992 and the Profit and Loss Account for the year ended on that date, and the Directors' and Auditors' Report thereon.
2. To declare dividend on Equity and Preference Shares.
3. To appoint a Director in place of Shri Banarsilal Narula 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 of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modifications, the following Resolutions as Ordinary Resolution :-
 - (a) "RESOLVED THAT the Authorised Capital of the Company be increased from Rs. 2,00,00,000/- divided into 1,75,000 Equity Shares of Rs. 100/- each and 25,000 7% Free of Income-tax Cumulative Preference Shares of Rs. 100/- each to Rs. 5,00,00,000/- divided into 4,75,000 Equity Shares of Rs. 100/- each and 25,000 7% Free of Income-tax Cumulative Preference Shares of Rs. 100/- each."
 - (b) "RESOLVED THAT Clause V of the Memorandum of Association of the Company be altered by substituting the words and figures Rs. 2,00,00,000/- divided into 1,75,000 Equity Shares of Rs. 100/- each by the words and figures Rs. 5,00,00,000/- divided into 4,75,000 Equity Shares of Rs. 100/- each."
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution :

"RESOLVED THAT Article 7 of the Articles of Association of the Company be altered by substituting the words and figures Rs. 2,00,00,000/- divided into 1,75,000 Equity Shares of Rs. 100/- each by the words and figures Rs. 5,00,00,000/- divided into 4,75,000 Equity Shares of Rs. 100/- each."
8. To consider and if thought fit to pass with or without modifications, the following resolution as Ordinary Resolution :

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956 and the action of Board of Directors in :

 - (A) Having mortgaged and charged all the immovable and movable properties, present and future of the Company's Sameerwadi Factory at village Saidapur Dist. Bijapur in the State of Karnataka to and in favour of Canara Bank, Bangalore, the Trustees for the Debenture holders in respect of the 14% Secured Redeemable Non-Convertible Debentures of Rs. 100/- each aggregating to Rs. 175 lacs to secure the principal amount not exceeding Rs. 175 lacs (Rupees One Hundred Seventy five lacs only) together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charges, premium on repayment or on Redemption, cost, charges, expenses and all other monies payable by the Company to the holders of the debentures and the Trustees in terms of the Trustee Agreement/Hypothecation Agreement/Letter of Offer/Prospectus/Memorandum of Terms and conditions entered into/to be entered into by the Company in respect of the abovesaid debentures, AND

(B) Having agreed with the Trustees for the Debenture holders in terms of their respective Trustee Agreement/Trust Documents/Hypothecation Agreement, Memorandum of Terms and conditions to reserve a right to take over the management of the business and undertaking of the company in certain events be and is hereby ratified.

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

"RESOLVED THAT in accordance with the provisions of the Articles of Association of the Company and provisions of Section 81 and other applicable provisions if any of the Companies Act, 1956 and also subject to such other approvals, permissions and consents as may be necessary and subject to such terms, conditions and modifications as may be prescribed, the Company hereby accords its consent to the Board of Directors for issuing 1,50,000 Redeemable Non-Convertible Secured Debentures of the face value of Rs. 100/- each of the aggregate value of Rs. 1,50,00,000/- (Rupees One Crore Fifty lacs only) at par to Financial Institutions/Mutual Funds/Banks/Trusts/Societies/Private Parties etc. on private placement basis on such terms and conditions as the Board of Directors deem appropriate."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and is hereby authorised to agree to such terms and conditions relating to the issue of these Debentures as may be suggested by appropriate authorities in giving consent to the proposed issue and to do such acts, deeds, matters or things and take such steps as they may in their absolute discretion consider necessary, expedient or proper."

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

"RESOLVED THAT the consent of the Company be and the same is hereby accorded, in terms of Section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for mortgaging and/or creating any charge on such terms and conditions and at such time or times and in such form and manner as the Board may think fit on any one or more of the Company's immovable and movable properties wheresoever situate present and future to or in favour of any Financial Institutions/Mutual Funds/Banks/Trusts/Societies/Private Parties for securing the due repayment and redemption of the Redeemable Non-Convertible Secured Debentures of the aggregate nominal value of Rs. 1,50,00,000 (Rupees One Crore fifty lacs only) to be issued to Financial Institutions/Mutual Funds/Banks/Trusts/Societies/Private Parties etc. on private placement basis together with interest thereon, additional interest, cumulative interest, remuneration of the Trustees, premium payable on redemption, costs, charges and expenses and other monies payable by the Company to the Trustees and holders of the Debentures in terms of the issue of the Debentures."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to finalise trust deeds, trusteeship agreements and to negotiate and finalise all such documents as may be required for creating aforesaid mortgage and/or charge and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient for giving effect to this Resolution."

By Order of the Board of Directors,

T. P. S. RAJAN

Director

BOMBAY : Dated 19th August, 1992.

- NOTES :
1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
 2. The relevant Explanatory Statement setting out all material facts concerning the aforesaid Special Business as required under Section 173 (2) of the Companies Act, 1956 is annexed hereto.
 3. The Register of Members and the Share Transfer books of the Company will remain closed from 8th September, 1992 to 21st September, 1992 both days inclusive.
 4. Payment of Dividend when declared will be paid on or after 30th October, 1992 to those Shareholders whose names appear in the Register of Members of the Company on 21st September, 1992.

SOMAIYA ORGANO-CHEMICALS LIMITED

ANNEXURE TO NOTICE

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

ITEM Nos. 6 & 7

To enable the Company to provide for any further issue of capital for expansion/diversification or issue of Bonus shares, it is necessary to increase the Authorised Capital of the Company from Rs. 2,00,00,000/- to Rs. 5,00,00,000/-. Resolution No. 6(a) authorises for increasing Share Capital.

Alterations to Memorandum and Articles of Association are proposed to be made to reflect the increased Authorised Capital. Resolution No. 6(b) and 7 provide for these alterations.

ITEM No. 8

The Company has issued Non-Convertible Debentures aggregating Rs. 175 lacs to CANBANK Mutual Fund. A resolution under Section 293 (1)(a) authorising the Board to mortgage the Company's properties for securing Debentures of the nominal value of Rs. 250 lacs had been passed at the Annual General Meeting held on 25-9-90.

This resolution is being passed for noting and ratifying the action taken by the Company for Mortgaging/Creating charge on the Company's properties of Sameerwadi Unit to secure the principal amount not exceeding Rs. 175 lacs together with interest and other charges and costs payable by the Company to and executing various Agreements with the Debenture Trustees i.e. Canara Bank, Bangalore for issue of Non-Convertible Debentures aggregating Rs. 175 lacs to CANBANK Mutual Fund.

None of the Directors of the Company may be deemed to be concerned or interested in the resolution.

ITEM Nos : 9 & 10

For the purpose of inducting long term funds in the Company it is proposed to issue, subject to such approvals, permissions and consents as may be prescribed 1,50,000 Redeemable Non-Convertible Secured Debentures of Rs. 100/- each of the total nominal value of Rs. 1,50,00,000/- (Rupees One Crore fifty lacs only) on private placement basis to Financial Institutions/Mutual Funds/Banks/Trusts/Societies/Private Parties etc. or such other amount as may be permitted by the concerned authorities.

Section 293(1)(a) of the Companies Act, 1956 provides inter alia, that the Board of Directors of a public limited Company shall not, without the consent of such Company in General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking or where the Company owns more than one undertaking, the whole or substantially the whole of any such undertaking. Since the creation of mortgage/charge by the Company as aforesaid in favour of any other party may be regarded as disposal of the assets of the Company, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of such mortgage/charge.

None of the Directors of the Company may be deemed to be concerned or interested in the above resolutions.

By Order of the Board of Directors,

T. P. S. RAJAN

Director

BOMBAY : Dated 19th August, 1992.

SOMAIYA ORGANO-CHEMICALS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Thirty-first Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1992.

(A) FINANCIAL RESULTS :

	(Rs. in lacs)	
	Rs.	Rs.
Gross Operating Profit		532.62
Less : Interest & Financial Charges	168.31	
Depreciation	153.27	
Provision for Taxation	75.00	
	<u> </u>	<u>396.58</u>
Net Profit for the year		136.04
Add : Brought forward balance		0.82
Add : Excess provision for taxation written back		5.43
		<u> </u>
Amount available for appropriation		142.29
APPROPRIATIONS :		
Transfer to Debenture Redemption Reserve	18.50	
Transfer to General Reserve	109.50	
Proposed Dividend :		
On Preference Shares @ 9.1%	0.91	
On Equity Shares @ 25%	12.41	
	<u> </u>	
		<u>13.32</u>
		<u> </u>
Balance carried to Balance Sheet		<u>0.97</u>

(B) OPERATIONS :

(i) CHEMICAL PLANT AT SAKARWADI :

- (a) The production of Acetic Acid at Sakarwadi Factory increased from 10200 M.T. in 1990-91 to 12,713 M.T. during the year under report as a result of expansion of Acetic Acid Plant in June, 1991 to 15,000 M.T. Licensed Capacity.
- (b) The trial runs of Ethyl Acetate Plant have been taken during the year under report.
- (c) The factory faced shortage of water as well as experienced heavy trippings and fluctuation in power supply from Maharashtra State Electricity Board. The Company has therefore purchased a Turbine of 600 KW and also a D.G. set of 590 KVA during the year for the factory for providing regular supply of power to the factory and also to have savings in power.

(ii) SAMEERWADI DISTILLERY :

The distillery continued to be leased out to M/s. Saphthagiri Enterprises, Bangalore. The same was working satisfactorily.

(iii) FINE CHEMICAL DIVISION IN GUJARAT :

M/s. Alex & Rogers, Company's Bulk Drug Unit has apart from Dicyclomine Hydrochloride developed Diclofenac Sodium during the latter part of the year. However, there is stiff competition for marketing these products as many parties have started manufacture of these products. In fact, Diclofenac Sodium can replace Ibuprofen the former being cheaper. The unit is taking steps to develop further products under license at this unit including Trimethoprim for which Government of India has recently allowed increase of Licensed Capacity from 12 M.T. per annum to 100 M.T. per annum being the MES capacity.

(iv) EXPORTS :

During the year under report, the Company exported 3 containers i.e. about 52 tonnes of Acetic Acid valuing Rs. 9.72 lacs from Sakarwadi Factory and 100 Kgs. of Dicyclomine Hydrochloride valuing Rs. 1.72 lacs from its Bulk Drugs Division, Alex & Rogers, Gujarat.

(C) EFFLUENT TREATMENT AT SAKARWADI AND SAMEERWADI DISTILLERIES :

Bio-gas project at both the Distilleries for which contracts have been made with Degremont India Ltd. New Delhi, are under steady progress and expected to be completed by end of December, 1992.

Sakarwadi Project is being financed partly under DPG facility with Bank of Baroda and partly out of loan sanctioned by IREDA, New Delhi.

Sameerwadi Project is mainly being financed from funds received from Debentures of Rs. 175 lacs subscribed by CANBANK Mutual Fund. When these projects are completed and commissioned there would be saving in fuel cost due to generation of Methane Gas which would be used in Boilers partly replacing coal/bagasse as fuel. On completion of these projects, the company is taking necessary steps for secondary treatment of the Effluent.

(D) CURRENT YEAR'S WORKING :

The Company's Acetic Acid Plant at Sakarwadi faced a strange and peculiar problem about non-release of Industrial Alcohol by the Government of Maharashtra from Company's own captive Distillery as per its requirement for the expanded capacity. In spite of the recommendation by the Govt. of Maharashtra in the year 1988 to Central Government to allow the Company to expand its capacity of Acetic Acid from 30 tonnes per day to 50 tonnes per day and recommendation of Industries Department to the State Government to release 240 lac litres of Alcohol for Captive Consumption during the Alcohol year ending October, 1992, the Home Dept. of Govt. of Maharashtra applied 10% cut on the original allocation of 125 lac litres and released only 112.50 lac litres for captive consumption against the Plant's requirement and request for release of 240 lac litres per year. The release of 112.5 lac litres got exhausted in 2nd week of May, 1992. In spite of continuous representations to the Government, no further release was made, as a result of which the Plant had to be closed from 13th May, 1992 to 26th June, 1992 i.e. for about 1½ months. The Distillery had also to be stopped and kept closed from 17th May, 1992 to 25th June, 1992 due to storage problem because of non-release of Alcohol for captive consumption.

After continuous and strenuous efforts, the Govt. at last restored 10% cut and released 12.5 lacs litres of alcohol for captive consumption, from Company's distillery and the Plant was restarted from 27th June, 1992. At the time of making this Report, this small quantity has also very nearly been exhausted. The company is in continuous dialogue with the highest authorities in the Government. However, upto now no further release has been made. As a result, it is feared that the Plant as well as Distillery will have to be once again closed second time in a short period of 3 months. As a result of the closure of the Plant, the financial position of the Company has been severely affected. It is hoped that the Government will realise the seriousness of the situation and would

release further Alcohol for the balance period of the year ending October, 1992 and also issue at the earliest Letter of Assurance for release of 240 lac litres of Alcohol for captive consumption for the next Alcohol year from November, 1992 to October, 1993.

The above developments are indeed very peculiar and incomprehensible, all the more so when currently Maharashtra has had the highest ever record sugar production of 42 lac tonnes and consequently, there is abundance of molasses and alcohol within the State. It is hoped that on a realistic review of the alcohol situation Govt. would take early steps to avert this man-made crisis.

(E) DIVIDEND :

The Directors recommend for consideration of shareholders at the Annual General Meeting, payment of dividend of Rs. 25/- per share amounting to Rs. 9.93 lacs for the year ended 31st March, 1992 subject to deduction of tax. The Bonus shares issued and allotted during the year will rank for prorata dividend from the date of allotment.

(F) BONUS SHARES :

Pursuant to the approval of the shareholders at the Extra-ordinary General Meeting held on 21-12-1991 bonus shares were allotted on 3rd January, 1992 in the proportion of one bonus share for every one share held by capitalising an amount of Rs. 40 lacs from the Reserves of the Company.

(G) DEBENTURES :

- (i) The 15% Debentures of the face value of Rs. 15 lacs issued to Kasturba Health Society were redeemed during the year.
- (ii) The Company has also issued 14% Non-Convertible Debentures of Rs. 175 lacs to CANBANK Mutual Fund aggregating Rs. 175 lacs for financing Bio-gas Project and other Capital expenditure, out of which Rs. 87.50 lacs being 50% amount was received during the year under review and balance 50% i.e. Rs. 87.50 lacs has since been received during August 1992 after completing the mortgage formalities.

(H) PROPOSAL TO ISSUE FURTHER NON-CONVERTIBLE DEBENTURES :

With a view to inducting long term funds, the Company proposes to issue Non-Convertible Debentures upto Rs. 150 lacs under Private Placement to Financial Institutions/Mutual Funds at the rate of interest to be settled with the subscribers.

(I) FIXED DEPOSITS :

- (A) As per the amended provisions of the Companies (Acceptance of Deposits) Rules, 1975 the rate of interest on Fixed Deposits accepted by the Company has been enhanced to 15% p.a. (payable half-yearly) with effect from 10th January, 1992 on deposits accepted/renewed after that date.
- (B) Deposits of Rs. 65,500/- which became due for payment on or before 31st March, 1992 were not claimed by the depositors as on that date. Of these, deposits of Rs. 33,500/- have since been repaid/renewed.

(J) OTHER MATTERS :

(i) PARTICULARS OF EMPLOYEES :

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

(ii) CONSERVATION OF ENERGY ETC. :

The particulars in respect of conservation of energy etc. pursuant to the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are set out in the Statement annexed hereto which is forming part of this report.

(K) DIRECTORS :

Two of your Directors viz. Shri Banarsilal Narula and Shri S. R. Khatod retire from the Board by rotation and being eligible offer themselves for re-appointment.

(L) AUDITORS :

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

(M) GENERAL :

Relations between Management and Staff and workers continued to be satisfactory during the year under Report.

Your Directors place on record their sincere appreciation of the co-operation and assistance extended by Company's Bankers Bank of Baroda, CANBANK Mutual Fund and IREDA, New Delhi.

By Order of the Board of Directors,

T. P. S. RAJAN
U. H. MEHTA } *Directors*

BOMBAY : Dated 19th August, 1992.

ANNEXURE 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, 1992.

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

(A) CONSERVATION OF ENERGY :

(a) Energy Conservation measures taken :

(i) *Distillery :*

Methane gas recovery plant from spent wash of distillery i.e. renewable energy from waste.

— Erection of the plant is in progress. Expect to commission the plant by end of 1992.

(ii) *Turbine : (Acetic Acid Plant) :*

High pressure steam Turbine for captive power generation. Erection work in progress. Expect to commission by end of 1992.

(b) Additional investment proposals, if any, being implemented for reduction in consumption of energy :

We propose to instal —

(i) Economiser;

(ii) Fluidised Bed System in B & W Boiler;

(iii) High pressure steam turbine for captive power generation (Distillery);

(iv) Plate Heat Exchangers;

(c) Impact of the measures at (a) & (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 & energy consumption per unit of production.

The energy consumption per unit of production is on lower side as compared with previous year.

FORM 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Current Year *Previous Year*
1991-92 1990-91

(A) POWER & FUEL CONSUMPTION :

1. ELECTRICITY :

(A) PURCHASED.

Unit	KWH	73,44,690	67,93,531
Total Amount	Rs.	1,20,31,171	1,03,68,000
Rate/Unit	Rs./KWH	1.64	1.53

(B) OWN GENERATION :

(i) Through Diesel Generator (Skoda)

Unit	KWH	2,74,360	1,12,370
Unit per ltr. of Diesel Oil	KWH	2.58	1.95
Cost per Unit	Rs./KWH	2.38	2.91

(ii) Through steam Engine (BM Engine)

Unit	KWH	11,25,320	10,94,570
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Unit per Kg. }
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 GRADE) :

Quantity	MT	28,819	25,436
Total cost	Rs.	3,62,71,543	2,20,42,837
Average rate	Rs./MT	1,259	867
Total steam generation	MT	1,00,945	90,654
Steam generation per M.T. of coal	MT	3.50	3.56

3. FURNACE OIL :

Furnace oil not used since Boilers are coal fired;

4. OTHER MATERIAL GENERATION :

FIRE WOOD.

Quantity	MT	NIL	NIL
Total Cost	Rs.	—	—
Rate per MT	Rs./MT	—	—

(B) CONSUMPTION PER UNIT OF PRODUCTION :

(a) ALCOHOL :

Production		KL	17,742	17,927
Electricity		KWH	13,74,654	12,00,071
Rate		KWH/KL	77.48	66.94
Coal		MT	15,232	14,384
Rate } Rate }	Coal	MT/KL	0.86	0.80
	Steam	MT/KL	3.01	2.86

(b) ACETALDEHYDE :

Production		MT	11,296	9,258
Electricity		KWH	36,84,856	34,00,200
Rate		KW/MT	326.21	367.27
Coal		MT	6,570	5,481
Rate } Rate }	Coal	MT/MT	0.58	0.59
	Steam	MT/MT	2.04	2.11

(c) ACETIC ACID :

Production		MT	12,713	10,200
Electricity		KWH	36,84,860	34,00,200
Rate		KWH/MT	289.85	333.35
Coal		MT	7,017	5,571
Rate } Rate }	Coal	MT/MT	0.55	0.55
	Steam	MT/MT	1.93	1.95

(B) TECHNOLOGY ABSORPTION :

FORM 'B'

(Disclosure of Particulars with respect to Technology Absorption)

Research & Development (R & D) — NIL

(C) FOREIGN EXCHANGE EARNINGS AND OUT-GO :

The total foreign exchange earned by the Company during the year under review amounted to Rs. 11,43,936/- and total foreign exchange outgoings amounted to Rs. 1,04,371/-.

By Order of the Board of Directors,

T. P. S. RAJAN	}	Directors
U. H. MEHTA		

BOMBAY : Dated 19th August, 1992.

SOMAIYA ORGANO-CHEMICALS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1992

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

As required by the Manufacturing and other Companies (Auditor's 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 procedures followed by the Management for such physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination, we are satisfied that the valuation of these stocks is fair and proper in accordance with normally accepted accounting principles applied on the same basis in the previous year.
4. The Company has not taken any loans from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or covered by the definition of Companies under the same Management under Section 370(1B) of the Companies Act, 1956.
5. In respect of loans and advances in nature of loans given by the Company, parties have been repaying the principal amounts and interest whenever it has become due as stipulated. Loans and advances in the nature of loans given to employees are recovered regularly as stipulated.
6. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchases of Raw Materials, Stores, Plant and Machineries, Equipments and other Assets and for the sale of goods.
7. According to information and explanation given to us, there have been no transactions of purchases of goods and materials and sale of goods, materials and services, made pursuance of contracts or arrangements entered in the register(s) maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party.
8. As informed to us and as per usual practice, unsaleable and obsolete stock of Stores is shown at NIL value and no provision for the loss has been made in the accounts.
9. In respect of deposits accepted from public and loans from other parties, the Company has complied with the provisions of Section 58-A of Companies Act, 1956 and Companies (Acceptance of 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 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 Provisions) Act, 1985.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper Books of Accounts as required by the Companies Act, 1956 have been kept by the Company so far as appears from our examination of these books.

In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit & Loss Account subject to notes thereon give the information required by the Act, in the manner so required and present a true and fair view of the state of the Company's affairs as at the close of the above accounting year and of PROFIT for the year ended on that date.

For **AMBALAL THAKKAR & COMPANY,**
CHARTERED ACCOUNTANTS

G. P. BHATT
Partner

BOMBAY : Dated 20th August, 1992.

SOMAIYA ORGANO- BALANCE SHEET

As at 31st March, 1991	LIABILITIES			
Rupees			Rupees	Rupees
	I. SHARE CAPITAL :			
	AUTHORISED CAPITAL :			
1,75,00,000	1,75,000	Equity Shares of Rs. 100/- each	1,75,00,000	
25,00,000	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 ..	25,00,000	2,00,00,000
<u>2,00,00,000</u>				
	ISSUED AND SUBSCRIBED SHARE CAPITAL :			
40,00,000	80,000	Equity Shares of Rs. 100/- each fully paid-up. Of the above shares 75,000 equity shares of Rs. 100/- each are allotted as fully paid-up Bonus Shares by Capitalising General Reserve. ..	80,00,000	
10,00,000	10,000	7% Free of Income Tax Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up liable to be redeemed at the option of the Company.	10,00,000	
<u>50,00,000</u>				90,00,000
	II. RESERVES AND SURPLUS :			
	<i>(a) General Reserve :</i>			
2,58,89,103		As per last Balance Sheet	3,35,89,103	
77,00,000		Add : Set aside during the year	1,09,50,000	
—		Add : Transferred from Investment Allowance Reserve utilised A/c.	22,83,342	
<u>3,35,89,103</u>			<u>4,68,22,445</u>	
—		Less : Utilised for Equity Bonus Issue	40,00,000	
<u>3,35,89,103</u>				4,28,22,445
	<i>(b) Investment Allowance Reserve :</i>			
1,02,84,086		As per last Balance Sheet	1,02,84,086	
—		Less : Transferred to Investment Allowance Reserve Utilised Account (Against above, Plant & Machinery costing Rs. 3,35,15,191/- Purchased. Previous Year Rs. 1,85,98,544/-)	1,02,84,086	
<u>1,02,84,086</u>			<u>—</u>	
—		<i>(c) Investment Allowance Reserve Utilised A/c.</i>	1,02,84,086	
—		Less : Transferred to General Reserve	22,83,342	
—				80,00,744
	<i>(d) Debenture Redemption Reserve :</i>			
—		Set aside during the year	18,50,000	
<u>4,38,73,189</u>				
<u>50,00,000</u>		Carried Over ..	<u>5,26,73,189</u>	<u>90,00,000</u>

CHEMICALS LIMITED

AS AT 31ST MARCH, 1992

As at 31st March, 1991	ASSETS			
Rupees		Rupees	Rupees	Rupees
	I. FIXED ASSETS (AT COST)			
14,53,12,985	Gross Block	17,95,66,096		
5,81,26,841	Less : Depreciation Written off	7,33,65,585		
8,71,86,144	Net Depreciated Block as per Schedule "A"	10,62,00,511		
35,20,635	Capital Work-in-Progress	1,42,96,172		
9,07,06,779				12,04,96,683
	II. INVESTMENTS (AT COST)			
	OTHER INVESTMENTS :			
1,50,000	(1) 1,500 Equity Shares of Rs. 100/- each of Oriental Power Cables Limited fully paid-up		1,50,000	
821	(2) 500 Equity shares of Rs. 10/- each of Kutch Salt & Allied Industries Ltd. fully paid-up		821	
45,000	(3) 450 Equity Shares of Rs. 100/- each of Somaiya Organics (India) Limited fully paid-up		45,000	
995	(4) 4% 1967 Maharashtra State Loan (Face Value Rs. 1000/-) Deposited with Excise Department		995	
21,000	(5) (a) 210 Equity Shares of Rs. 100/- each of Book Centre Ltd. fully paid-up	21,000		
6,000	(b) 60 7.5% Preference Shares of Rs. 100/- each of Book Centre Ltd. fully paid-up	6,000		
27,000				27,000
1,000	(6) 7 Years National Savings Certificates		1,000	
500	(7) 5 Shares of Rs. 100/- each of Basant Co-operative Housing Society Limited		500	
2,000	(8) 80 Shares of Rs. 25/- each of Raghuvanshi Co-operative Bank Ltd.		2,000	
5,000	(9) Kisan Vikas Patra		5,000	
2,32,316				
9,07,06,779				
	Carried Over ..	2,32,316	12,04,96,683	

SOMAIYA ORGANO-

BALANCE SHEET

As at 31st March, 1991	LIABILITIES (Contd.)		
Rupees		Rupees	Rupees
50,00,000	Brought Forward ..	5,26,73,189	90,00,000
4,38,73,189	(e) Storage fund for Molasses and Alcohol Account :		
4,82,957	As per last Balance Sheet	4,82,957	
	(f) Effluent Fund Account :		
2,74,708	As per last Balance Sheet	3,01,545	
26,837	Add : Adjusted from sale of Rectified and Denatured spirit during the year	5,460	
3,01,545	(g) Profit and Loss Account :	3,07,005	
82,095	Balance as per Profit and Loss Account	97,461	
4,47,39,786		5,35,60,612	
	III. SECURED LOANS :		
	(a) Cash Credit Account with Bank of Baroda against Hypothecation of Raw Materials, Stock-in-process, Finished goods, Chemicals, Stores, Spares (including coal & silver catalyst etc.) & collateral security of Book Debts, extension of equitable mortgage of Fixed Assets at Sakarwadi and extension of Hypothecation charge on movable machinery both present and future	1,67,92,739	
1,24,31,453			
	(b) Debentures :		
	(1) (Secured by negative lien on fixed assets of the Company's Sakarwadi Factory as per Agreement)		
	(i) 15,000 6% Non-Convertible Debentures of Rs. 100/- each fully paid-up redeemable at the Company's option at any time after expiry of twenty years from the date of issue	15,00,000	
15,00,000			
	(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	5,00,000	
5,00,000			
20,00,000		20,00,000	
	(2) 15% Secured Redeemable Non-Convertible Debentures of Rs. 100/- each fully paid-up secured by second charge on company's Fixed Assets at Sakarwadi, redeemable at the expiry of seventh year from the date of allotment ..	—	
15,00,000			
	(3) 14% 1,75,000/- Secured Redeemable Non-Convertible Debentures of Rs. 100/- each & Rs. 50/- paid-up per debenture secured by 1st charge on Company's Fixed Assets at Sameerwadi, redeemable in equal instalment from 5th to 9th year from the date of allotment	87,50,000	
—			
1,26,875	(4) Interest accrued on above	1,08,179	
36,26,875		1,08,58,179	
1,60,58,328			
4,97,39,786	Carried Over ..	2,76,50,918	6,25,60,612

CHEMICALS LIMITED

AS AT 31ST MARCH, 1992

As at 31st March, 1991	ASSETS (Contd.)			
Rupees		Rupees	Rupees	Rupees
9,07,06,779	Brought Forward ..		2,32,316	12,04,96,683
2,32,316				
		<u>Cost</u>	<u>Market Value</u>	
	Aggregate Quoted Investments ..	45,000	29,700	
	Aggregate Unquoted Investments ..	1,87,316	—	
		<u>2,32,316</u>	<u>29,700</u>	<u>2,32,316</u>
2,39,904	Immovable Property (including value of land Rs. 1,65,000/- for which Agreements for sale has already been executed) ..		2,39,904	
4,72,220				4,72,220
	III. CURRENT ASSETS, LOANS AND ADVANCES :			
	(A) CURRENT ASSETS			
315	(i) Interest accrued on Investments			315
	(ii) Stores, Chemicals & Spares at Cost (as per Inventory valued and certified by a Director)			
86,59,479	(a) On Hand		82,58,658	
25,66,360	(b) In Transit		<u>5,35,408</u>	
1,12,25,839				87,94,066
2,291	(iii) Loose Tools and Implements (As Per Inventory certified by a Director)			2,062
49,27,890	(iv) Raw Materials			62,69,591
	(v) Stock-in-trade (as valued and certified by a Director) (At Cost or Market Price whichever is less)			
32,11,171	(a) Acetic Acid		39,17,630	
18,11,510	(b) Rectified Spirit		20,80,670	
—	(c) Denatured Spirit		817	
3,44,295	(d) Acetal Dehyde		1,34,249	
—	(e) Dilute Acid		1,13,106	
17,06,584	(f) Others		46,15,717	
—	(g) Agricultural Produce		1,35,926	
5,86,191	(h) Stock in process		24,68,176	
—	(i) Crop in process		<u>2,36,100</u>	
76,59,751				1,37,02,391
2,38,16,086				
9,11,78,999	Carried Over ..		2,87,68,425	12,09,68,903

SOMAIYA ORGANO-

BALANCE SHEET

As at 31st March, 1991	LIABILITIES (Contd.)				
Rupees		Rupees	Rupees	Rupees	
4,97,39,786	Brought Forward ..		2,76,50,918	6,25,60,612	
1,60,58,328					
57,46,728	(c) 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 machinery and plant both present and future (including machinery purchased under this facility)		4,39,22,788		
21,00,000	(d) (i) Term loan from Bank of Baroda secured by Hypothecation of movable machinery both present and future at Sakarwadi including Machinery/Equipments to be purchased & extension of equitable mortgage of Fixed Assets at Sakarwadi		7,00,000		
20,00,000	(ii) Demand Loan from Bank of Baroda secured by Hypothecation of movable machinery present and future at Sakarwadi including machinery purchased/ to be purchased and extension of equitable mortgage of Fixed Assets at Sakarwadi		—		
—	(iii) Demand Loan from Bank of Baroda secured by Hypothecation of movable machinery present and future at Sakarwadi including machinery purchased/ to be purchased and extension of equitable mortgage of Fixed Assets at Sakarwadi		29,00,000		
—	(iv) Loan from Indian Renewable Energy Development Agency secured by an unconditional and irrevocable guarantee by Bank of Baroda for Rs. 1,28,00,000/- (Including Interest Rs. 41,00,000/-)		45,00,000		
41,00,000			81,00,000		
4,26,66,290	(e) Instalments due for purchase of Assets under Hire Purchase Finance		2,56,89,028		
—	(f) Short Term Loan from State Industrial Investment Corporation of Maharashtra		30,00,000		
6,85,71,346				10,83,62,734	
	IV. UNSECURED LOANS :				
2,08,900	(1) Public Deposits		22,03,400		
5,000	(2) Public Loans (Guaranteed by a Director)		5,000		
17,04,239	(3) From Ex-Selling Agents		16,01,558		
11,14,751	(4) Interest Free Sales Tax Loan from SICOM		11,14,751		
38,22,330	(5) Others		25,35,558		
68,55,220				74,60,267	
12,51,66,352	Carried Over ..			17,83,83,613	

CHEMICALS LIMITED

AS AT 31ST MARCH, 1992

<i>As at 31st March, 1991</i>	ASSETS (Contd.)			
<i>Rupees</i>		Rupees	Rupees	Rupees
9,11,78,999	Brought Forward ..		2,87,68,425	12,09,68,903
2,38,16,086				
	(v) Sundry Debtors (Unsecured and considered good except otherwise stated)			
	(a) Debts outstanding for more than six months (Including Doubtful Debts of Rs. 2,11,637/- previous year Rs. 2,11,637/-)	6,74,479		
13,40,444				
53,62,139	(b) Other Debts	1,22,29,918		
67,02,583			1,29,04,397	
	(vi) Cash and Bank Balances :			
5,20,187	Cash on Hand (Including Cheques Rs. 1,25,000/-) ..	6,19,768		
9,68,327	In Current Account with Scheduled Banks	5,92,527		
3,80,000	In Fixed Deposit with a Scheduled Bank (Including Rs. 23,10,000/- as lien for Guarantees)	23,42,793		
—	Remittance in transit	44,61,150		
18,68,514			80,16,238	
3,23,87,183				
9,11,78,999	Carried Over ..		4,96,89,060	12,09,68,903

SOMAIYA ORGANO- BALANCE SHEET

As at 31st March, 1991	LIABILITIES (Contd.)				
Rupees		Rupees	Rupees	Rupees	
12,51,66,352	Brought Forward ..				17,83,83,613
	V. CURRENT LIABILITIES AND PROVISIONS :				
	(A) CURRENT LIABILITIES :				
4,34,22,570	(1) Sundry Creditors		4,11,52,724		
31,09,076	(2) Deposits and Advances from Customers		54,68,581		
36,536	(3) Liability for Wealth Tax		47,764		
30,000	(4) Advance against Sale of Immovable Property ..		30,000		
1,12,494	(5) Temporary Overdraft with Bank		4,44,658		
4,67,10,676			4,71,43,727		
	(B) PROVISIONS :				
50,00,000	(1) Provision for Taxation	1,25,00,000			
15,00,000	(2) Provision for Bonus	18,60,000			
14,91,000	(3) Proposed Dividend	13,32,094			
79,91,000			1,56,92,094		
5,47,01,676					6,28,35,821
	CONTINGENT LIABILITIES (Not provided for)				
4,00,000	(1) In respect of counter guarantee in favour of Bank of Baroda in lieu of Guarantee given by Bank in favour of Central Railway ..		6,00,000		
56,18,599	(2) In respect of Bills Discounted with Bank		1,16,00,564		
17,98,68,028	TOTAL RUPEES ..				24,12,19,434

Accompanying to our Report of even date

For **AMBALAL THAKKAR & CO.**
CHARTERED ACCOUNTANTS

G. P. BHATT
Partner

BOMBAY : Dated 20th August, 1992.

CHEMICALS LIMITED

AS AT 31ST MARCH, 1992

As at 31st March, 1991	ASSETS (Contd.)			
Rupees		Rupees	Rupees	Rupees
9,11,78,999	Brought Forward ..		4,96,89,060	12,09,68,903
3,23,87,183				
	(B) LOANS AND ADVANCES :			
	(Unsecured and considered good except otherwise stated)			
56,40,896	Loans to others	37,63,132		
34,92,807	Interest Accrued on above	18,05,892		
91,33,703			55,69,024	
1,67,69,783	Interest on Deferred Payments under D.P.G. facilities and Hire Purchase Finance		2,54,74,501	
2,14,52,786	Advances recoverable in cash or in kind for value to be received		2,16,66,859	
61,42,112	Advance Income Tax (Including Income Tax Deducted at Source Rs. 48,078/- and Refund receivable Rs. 23,457/-)		1,47,37,821	
28,03,462	Deposits		31,13,266	
8,86,89,029				12,02,50,531
17,98,68,028	TOTAL RUPEES ..			24,12,19,434

NOTE : In the Opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities and depreciation is adequate and not in excess of the amount reasonably necessary.

BOMBAY : Dated 19th August, 1992.

V. B. SAXENA
Secretary

T. P. S. RAJAN
U. H. MEHTA
R. S. MHATRE
Y. S. MUZUMDAR

Directors

SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

For the year ended 31st March, 1991	PARTICULARS	Rupees	Rupees
Rupees			
	To Opening Stock :		
26,94,030	.. Rectified Spirit	18,11,510	
70,08,271	.. Acetic Acid	32,11,171	
1,340	.. Ordinary Denatured Spirit	—	
7,42,200	.. Acetal Dehyde	3,44,295	
1,26,748	.. Dilute Acid	—	
—	.. Dicyclomine Hydrochloride	17,01,592	
5,96,465	.. Others	4,992	
3,30,159	.. Stock in Process	5,86,191	
<u>1,14,99,213</u>			76,59,751
2,55,59,869	.. Molasses/Raw Materials Consumed		3,26,44,036
—	.. Expenses on Agricultural Activities		5,13,201
—	.. Spirit Purchased		45,01,410
3,33,77,346	.. Power & Fuel		5,05,90,379
44,41,408	.. Stores and Chemicals consumed		57,37,444
1,32,87,836	.. Salaries & Wages	1,61,44,056	
21,90,643	.. Bonus of Previous Years	18,98,253	
15,00,000	.. Provision for Bonus	18,60,000	
320	.. Workmen's Compensation	—	
5,588	.. Gratuity	71,459	
8,44,173	.. Company's Contribution to Government Provident Fund & Family Pension Scheme and Administrative charges	10,07,064	
1,43,575	.. Company's Contribution to The Godavari Sugar Mills Ltd. Employees Provident Fund and Employees Family Pension Fund Scheme	1,85,131	
43,303	.. Company's Contribution to Employees Deposit Linked Insurance Scheme and Administrative charges	59,586	
10,50,314	.. Workmen & Staff welfare expenses	12,41,848	
<u>1,90,65,752</u>			2,24,67,397
	.. Repairs to :		
8,99,722	.. Plant & Machinery	28,40,773	
2,85,858	.. Buildings	4,20,340	
7,67,744	.. Other Repairs	11,46,683	
<u>19,53,324</u>			44,07,796
7,09,006	.. Rent		5,21,625
<u>9,66,05,918</u>	Carried Over		<u>12,90,43,039</u>

CHEMICALS LIMITED

THE YEAR ENDED 31ST MARCH, 1992

For the year ended 31st March, 1991	PARTICULARS		Rupees	Rupees
Rupees 15,25,71,003	By	Sales	20,98,83,724	
26,837		Less : Transferred to Effluent Fund	5,460	
15,25,44,166			<u>20,98,78,264</u>	
—	..	Agricultural Income		42,279
16,01,018	..	Micellaneous Receipts		21,95,587
240	..	Dividend (Gross)		240
	..	Interest :		
31,482		On Deposits	4,74,922	
12,728		On Others	68,156	
44,210			<u>5,43,078</u>	
62,61,580	..	Lease Rent		82,45,027
28,652	..	Income from Immovable property		28,653
38,23,368	..	Service Charges		20,12,381
13,00,000	..	Provision for Bonus for earlier year written back		15,00,000
50,596	..	Sundry Credit Balances written back		3,48,136
2,50,028	..	Claims & Refund		—
—	..	Profit on Sale of Motor Car		44,451
	..	Closing Stock-in-Trade (As valued and Certified by a Director) (At Cost or Market Price whichever is less)		
32,11,171		Acetic Acid	39,17,630	
3,44,295		Acetal Dehyde	1,34,249	
18,11,510		Rectified Spirit	20,80,670	
—		Stock on Consignment	48,500	
—		Dicyclomine Hydrochloride & Diclofenac Sodium	45,34,750	
—		Dilute Acid	1,13,106	
—		Ordinary Denatured Spirit	817	
—		Crude Amyl Alcohol	32,407	
—		Farm Produce	1,35,926	
5,86,191		Stock in Process	24,68,176	
—		Crop in Process	2,36,100	
17,06,584		Others	60	
76,59,751			<u>1,37,02,391</u>	
17,35,63,609		Carried Over		<u>23,85,40,487</u>

SOMAIYA ORGANO-

PROFIT AND LOSS ACCOUNT FOR

For the year ended 31st March, 1991	PARTICULARS				Rupees	Rupees
9,66,05,918	Brought Forward					12,90,43,039
10,75,491	To	Lease Rent .. ..	..	..		31,87,614
3,16,832	"	Excise Establishment charges .. ..	..	..		6,24,438
28,17,436	"	Transport/Administrative fee on Captive Consumption of Rectified Spirit .. ..	..	..		34,01,447
10,17,875	"	Insurance Premium .. ..	..	..		12,71,840
14,47,217	"	Group Gratuity Insurance Premium .. ..	..	..		6,44,251
5,250	"	Directors' Fees .. ..	..	..		6,750
4,04,508	"	Legal Expenses & Professional Charges .. ..	..	..		4,17,370
4,84,558	"	Directors' Travelling expenses .. ..	..	..		5,05,539
—	"	Loans & Advances written off .. ..	..	..		12,61,764
—	"	Interest on loans written off .. ..	..	..		16,86,915
2,16,475	"	Director (Works) Remuneration :				
37,500		(i) Remuneration .. ..	..	..	1,82,680	
		(ii) Commission .. ..	..	..	40,000	
2,53,975						2,22,680
	"	INTEREST :				
58,77,388		Bank Interest & Interest on D.P.G. .. ..	..	..	49,61,864	
3,57,500		Debentures .. ..	..	..	11,36,272	
31,903		Public Deposits .. ..	..	..	86,709	
8,41,569		Others & Ex-selling Agents .. ..	..	..	10,35,812	
—		D. P. G. Commission .. ..	..	..	34,47,779	
71,08,360						1,06,68,436
58,22,132	"	Financial Charges .. ..	..	..		61,63,031
51,63,902	"	Miscellaneous Expenses including Printing & Stationery, Postage & Telegram, Subscription etc. .. ..	..	..		85,02,325
1,87,84,988	"	Central Excise Duty .. ..	..	..		2,79,77,185
1,16,346	"	Rates & Taxes .. ..	..	..		5,44,649
	"	Remuneration to Auditors :				
12,000		Audit fees .. ..	..	..	12,000	
4,500		Tax Audit fees .. ..	..	..	4,500	
—		Cost Audit fees .. ..	..	..	4,500	
3,688		Others — Travelling & Certification .. ..	..	..	4,958	
20,188						25,958
89,216	"	Charity & Donation .. ..	..	..		1,12,033
255	"	Loose Tools written off .. ..	..	..		229
1,34,02,144	"	Depreciation .. ..	..	..		1,53,27,454
16,56,562	"	Motor Car Maintenance .. ..	..	..		18,95,718
8,02,032	"	Travelling Expenses .. ..	..	..		10,79,385
—	"	Foreign Travelling Expenses .. ..	..	..		2,30,981
1,31,349	"	Brokerage & Commission .. ..	..	..		5,94,862
5,26,931	"	Additional Tax on Sales Tax .. ..	..	..		3,17,582
17,93,714	"	Turn Over Tax .. ..	..	..		17,11,100
1,10,176	"	Sundry Debit Balances written off .. ..	..	..		11,936
7,104	"	Sales Tax .. ..	..	..		—
50,00,000	"	Provision for Taxation .. ..	..	..		75,00,000
85,99,150	"	Balance being Profit for the Year .. ..	..	..		1,36,03,976
17,35,63,609						23,85,40,487
						TOTAL RUPEES ..

CHEMICALS LIMITED

THE YEAR ENDED 31ST MARCH, 1992

<i>For the year ended 31st March, 1991</i>	PARTICULARS (Contd.)		
<i>Rupees</i>		<i>Rupees</i>	<i>Rupees</i>
17,35,63,609	Brought Forward ..		23,85,40,487
<u>17,35,63,609</u>	TOTAL RUPEES ..		<u>23,85,40,487</u>

SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

For the year ended 31st March, 1991	PARTICULARS				
Rupees		Rupees	Rupees	Rupees	
77,00,000	To	Transfer to General Reserve			1,09,50,000
—	..	Amount transferred to Debenture Redemption Reserve ..			18,50,000
	..	Proposed Dividend :			
91,000		On Preference Shares @ 9.1%		91,000	
14,00,000		On Equity Shares @ 25%		12,41,094	
14,91,000				<u>13,32,094</u>	
82,095	..	Balance Carried to Balance Sheet			97,461
		NOTE :			
		Computation of Commission to Director (Works):			
		Net Profit as per Profit & Loss Account		1,36,03,976	
	<i>Add :</i>	(i) Director's Remuneration	2,22,680		
		(ii) Provision for Taxation	75,00,000		
		(iii) Depreciation	1,53,27,454		
		(iv) Provision for Bonus	18,60,000		
				<u>2,49,10,134</u>	
				3,85,14,110	
	<i>Less :</i>	(i) Depreciation to the extent specified in Section 350 of the Companies Act	1,53,27,454		
		(ii) Provision for Bonus written back	15,00,000		
				<u>1,68,27,454</u>	
		Net profit for calculating Director's Commission ..		<u>2,16,86,656</u>	
		Commission @ 1% on the Net Profit		2,16,867	
		As per Agreement limited to		<u>40,000</u>	
		Total Remuneration to Director (Works) :			
		(i) Remuneration		1,66,330	
		(ii) Commission on Net Profit		40,000	
		(iii) Company's contribution to Provident Fund ..		16,350	
		(iv) Perquisites		—	
				<u>2,22,680</u>	
<u>92,73,095</u>		TOTAL RUPEES ..			<u>1,42,29,555</u>

Accompanying to our Report of even date

For **AMBALAL THAKKAR & CO.,**
CHARTERED ACCOUNTANTS

G. P. BHATT
Partner

BOMBAY : Dated 20th August, 1992.

SOMAIYA ORGANO-CHEMICALS LIMITED

SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 1992

SCHEDULE "A"

(1) Particulars	(2) Gross Block at cost except otherwise stated as at 1-4-1991	(3) Additions during the year	(4) Deduction during the year	(5) Gross Block as at 31-3-1992	(6) Depreciation written off upto 31-3-1991	(7) Depreciation provided during the year	(8) Depreciation written back	(9) Total Depreciation upto 31-3-1992	(10) Net Depreciated Block as at 31-3-1992	(11) Net Depreciated Block as at 31-3-1991
1. Land	8,66,604	1,20,000	—	9,86,604	—	—	—	—	9,86,604	8,66,604
2. Distillery Building	50,66,196	—	—	50,66,196	12,37,647	1,25,208	—	13,62,855	37,03,341	38,28,549
3. Distillery Machinery (Book Value)	3,83,19,480	6,53,125	—	3,89,72,605	1,90,18,305	39,40,079	—	2,29,58,384	1,60,14,221	1,93,01,175
4. Acetic Acid Plant Building	4,60,322	—	—	4,60,322	2,36,042	8,586	—	2,44,628	2,15,694	2,24,280
5. Electric Machinery	28,75,044	—	—	28,75,044	12,41,219	2,20,917	—	14,62,136	14,12,908	16,33,825
6. Acetic Acid Plant Machinery	3,84,58,056	1,50,83,223	—	5,35,41,279	1,97,54,611	45,27,062	—	2,42,81,673	2,92,59,606	1,87,03,445
7. General Machinery	23,85,099	—	—	23,85,099	19,40,874	1,90,991	—	21,31,865	2,53,244	4,44,225
8. Laboratory Apparatus	40,402	—	—	40,402	19,156	1,535	—	20,691	19,711	21,246
9. Furniture & Office Equipments	10,43,332	2,00,912	—	12,44,244	2,95,592	48,668	—	3,44,260	8,99,984	7,47,740
10. Motor Car, Lorries & Tankers	24,07,475	—	1,14,259	22,93,216	11,54,384	1,85,362	88,710	12,51,036	10,42,180	12,53,091
11. Scale & Weigh Bridges	3,49,148	—	—	3,49,148	1,83,596	11,892	—	1,95,488	1,53,660	1,65,552
12. Storage Vats & Tanks	55,69,787	30,96,333	—	86,66,120	16,33,423	3,69,917	—	20,03,340	66,62,780	39,36,364
13. Electric Installation	4,32,479	—	—	4,32,479	2,35,558	26,792	—	2,62,350	1,70,129	1,96,921
14. Fine Chemicals Machinery	1,10,56,700	5,35,883	—	1,15,92,583	7,49,576	12,20,946	—	19,70,522	96,22,061	1,03,07,124
15. Fine Chemicals Equipments	1,87,505	—	—	1,87,505	85,745	6,895	—	92,640	94,865	1,01,760
16. Fine Chemicals Electric Installation	1,58,418	64,428	—	2,22,846	51,295	6,032	—	57,327	1,65,519	1,07,123
17. Fine Chemicals Furniture & Office Equipments	18,077	2,004	—	20,081	1,898	815	—	2,713	17,368	16,179
18. Fine Chemicals Building	23,74,392	—	—	23,74,392	49,623	75,829	—	1,25,452	22,48,940	23,24,769

Particulars	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Gross Block at cost except otherwise stated as at 1-4-1991	Additions during the year	Deduction during the year	Gross Block as at 31-3-1992	Depreciation written off upto 31-3-1991	Depreciation provided during the year	Depreciation written back	Total Depreciation upto 31-3-1992	Net Depreciated Block as at 31-3-1992	Net Depreciated Block as at 31-3-1991
19. Fine Chemicals Tempo Traveller and Scooter	—	3,07,484	—	3,07,484	—	—	—	—	3,07,484	—
20. School Building	—	1,57,351	—	1,57,351	—	2,628	—	2,628	1,54,723	—
21. Ethyl Acetate Plant	—	1,41,46,627	—	1,41,46,627	—	3,992	—	3,992	1,41,42,635	—
22. Effluent Treatment (Lagoons)	37,67,895	—	—	37,67,895	13,71,261	1,94,047	—	15,65,308	22,02,587	23,96,634
23. Fire Fighting Equipments	43,486	—	—	43,486	12,100	2,240	—	14,340	29,146	31,386
24. Boring & Tube wells	13,28,602	—	—	13,28,602	54,219	6,963	—	61,182	12,67,420	12,74,383
25. Temporary Quarters	4,665	—	—	4,665	2,831	156	—	2,987	1,678	1,834
26. Roads	1,35,003	—	—	1,35,003	21,248	2,200	—	23,448	1,11,555	1,13,755
27. Residential Quarters	9,79,164	—	—	9,79,164	67,332	15,960	—	83,292	8,95,872	9,11,832
28. Water Storage Tanks	13,42,110	—	—	13,42,110	2,76,586	60,569	—	3,37,155	10,04,955	10,65,524
29. Administrative Building	5,87,754	—	—	5,87,754	42,572	9,639	—	52,211	5,35,543	5,45,182
	12,02,57,195	3,43,67,370	1,14,259	15,45,10,306	4,97,36,693	1,12,65,910	88,710	6,09,13,893	9,35,96,413	7,05,20,502
ASSETS GIVEN ON LEASE	2,50,55,790	—	—	2,50,55,790	83,90,148	40,61,544	—	1,24,51,692	1,26,04,098	1,66,65,642
1. Computers	14,53,12,985	3,43,67,370	1,14,259	17,95,66,096	5,81,26,841	1,53,27,454	88,710	7,33,65,585	10,62,00,511	8,71,86,144
Total Rupees										

Accompanying to our Report of even date

For **AMBALAL THAKKAR & CO.,**
CHARTERED ACCOUNTANTS

G. P. BHATT
Partner

BOMBAY : Dated 20th August, 1992.

V. B. SAXENA
Secretary

T. P. S. RAJAN
U. H. MEHTA
R. S. MHATRE
Y. S. MUZUMDAR

Directors

BOMBAY : Dated 19th August, 1992.

SOMAIYA ORGANO-CHEMICALS LIMITED

SCHEDULE "B" FOR NOTES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1992

1. ACCOUNTING POLICIES :

a. The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis.

b. INVENTORIES :

- (i) Finished and semi-finished products are carried at cost or market price whichever is lower.
 - (ii) Work-in progress is valued at cost.
 - (iii) Stores and spare parts, tools, raw materials and goods in transit are valued at cost.
 - (iv) Machinery spares & maintenance material are charged to expenses in the year of purchase.
- c. All fixed assets are valued at cost less depreciation except capital work-in-progress.

d. DEPRECIATION on Fixed Assets on Sakarwadi Factory and Head Office, capitalised upto 1984-85 and on Assets capitalised after 1-11-1985 onwards, has been provided on Written Down Value basis and on Straight Line method, respectively, at the rates prescribed under Schedule XIV of the Companies Act.

e. Investments are valued at cost of acquisition.

f. Gratuity liability to employees, is made on the basis of actuarial valuation. The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India. Total liability for accrued gratuity to employees under payment of Gratuity Act, 1972 upto 31st March, 1992 as per actuary's certificate is Rs. 39,52,264/-.

2. The Excise Appellate Tribunal at Bombay has stayed demand for Excise Duty of Rs. 10.57 Lacs and penalty of Rs. 15 Lacs raised by Collector of the Central Excise, Aurangabad with a stipulation to deposit Rs. 2 Lacs and furnishing bank guarantee for Rs. 3 Lacs. These conditions have been complied with, by the company. No Provision has been made for this disputed demand.

Two Show Cause notices for refund asked for Modvat Credit totalling Rs. 29,75,066/- alleged to be wrongly granted during the period 1-3-89 to 31-8-89 issued by Superintendent, Central Excise, Lakshmiwadi, have been ordered to be withdrawn by Asst. Collector, Central Excise, Ahmednagar vide order dated 21-7-92.

3. Expenditure on employees in receipt of Remuneration of not less than Rs. 1,44,000/- per year or Rs. 12,000/- per month if employed for a part of the year.

	Current Year		Previous Year	
	Employed for Full Year Rs.	Employed for Part of the year Rs.	Employed for Full Year Rs.	Employed for Part of the Year Rs.
(i) Salaries, Allowances and Perquisites	2,06,330	—	2,34,667	—
(ii) Contribution to Provident Fund	16,350	—	19,308	—
(iii) Number of Employees Covered	1	—	1	—

4. (a) Quantitative Information in respect of Goods Manufactured :

Class of Goods Manufactured

AT SAKARWADI :

Rectified Spirit	H.L.	1,80,000	1,80,000
Acetal Dehyde/Acetic Acid	M.T.	15,000	15,000
Ethyl Acetate	M.T.	3,000	3,000
Other Acetates	M.T.	1,800	1,800

AT SAMEERWADI :

Rectified Spirit	H.L.	1,20,450	1,20,450
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AT ALEX & ROGERS : At Karannagar

Bulk Drugs	M.T.	192	96
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Licensed Capacity
(Annual)

Installed Capacity (Annual)
(As certified by Director, Works)

Class of Goods Manufactured	Unit	Actual Production (Excluding Normal/Loss)	Opening Stock		Closing Stock		Sales	
			Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(a) AT SAKARWADI :								
Rectified Spirit	H.L.	1,77,332.240 (1,79,187.637)	6,356.175 (12,245.590)	18,11,510 (26,94,030)	5,461.080 (6,356.175)	20,80,670 (18,11,510)	8,610.480 (140.000)	27,44,077 (44,100)
Acetaldehyde/ Acetic Acid	M.T.	11,295.625/12,713.100 (9,257.681/10,200.100)	38,225/338.019 (74,220/757.651)	3,44,295/32,11,171 (7,42,200/70,08,271)	14.613/411.913 (38,255/338.018)	1,34,249/39,17,630 (3,44,295/32,11,171)	394.333/12,611.005 (679.378/10,619.733)	52,13,505/16,05,65,945 (72,37,480/11,01,29,150)
Ethyl Acetate	M.T.	Trial runs completed	—	—	—	—	—	—
Other Acetates	M.T.	R & D work in Hand	—	—	—	—	—	—
(b) AT SAMEERWADI:								
Rectified Spirit	H.L.	Distillery given on lease	—	—	—	—	—	—
(c) AT ALEX & ROGERS — At Karannagar :								
Bulk Drugs	M.T.	5,866 (1,250)	1,250 (—)	17,01,592 (—)	2,216 (1,250)	45,83,250 (17,01,592)	4,900 (—)	1,08,09,795 (—)

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

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

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

SOMAIYA ORGANO-CHEMICALS LIMITED

SCHEDULE "B" FOR NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 1992

	Unit	Current Year		Previous Year	
		Quantity	Amount Rs.	Quantity	Amount Rs.
(b) Consumption of Raw Materials :					
Molasses	M.T.	81,153.441	2,48,24,868	81,240.664	2,41,70,723
Rectified Spirit (Own Manufactured)	H.L.	1,69,616.855	—	1,84,937.052	—
Rectified Spirit Purchased	H.L.	10,400.000	—	—	—
Acetal Dehyde (Own Manufactured)	M.T.	10,924.904	—	8,614.268	—
Acetic Acid (Own Manufactured)	M.T.	28.201	—	—	—
Cyclohexanol	K.G.	13,157.000	14,86,785	4,869.000	4,28,157
M. G. Turning	K.G.	2,971.900	5,74,058	615.100	87,498
D.E.A.E.	K.G.	12,744.000	15,66,396	2,669.000	2,66,992
2 : 6 Dichloro Aniline	K.G.	1,291.000	9,85,159	—	—
Bromobenzene	K.G.	2,145.000	2,96,070	—	—
Toluene	K.G.	18,157.000	4,34,417	—	—
Others	—	—	24,76,283	34,943.000	6,06,499
			3,26,44,036		2,55,59,869
(c) C. I. F. Value of Imports		NIL		NIL	
(d) Value of Raw-Materials Consumed :		Amount (Rs.)	%	Amount (Rs.)	%
(i) Indigenous		3,26,44,036	100	2,55,59,869	100
(ii) Imported		NIL	NIL	NIL	NIL
(e) Value of Stores and Spare Parts Consumed :					
(i) Indigenous		57,16,183	99.62	42,96,733	96.64
(ii) Imported		21,261	0.38	1,44,675	3.36
(f) Earning in foreign currency		—	11,43,936	—	—
(g) Expenditure in foreign currency		—	1,04,371	—	—

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

Accompanying to our Report of even date

For **AMBALAL THAKKAR & CO.,**
CHARTERED ACCOUNTANTS.

G. P. BHATT
Partner

V. B. SAXENA
Secretary

T. P. S. RAJAN
U. H. MEHTA
R. S. MHATRE
Y. S. MUZUMDAR
} Directors

BOMBAY : Dated 20th August, 1992.

BOMBAY : Dated 19th August, 1992.

SOMAIYA ORGANO-CHEMICALS LIMITED

ATTACHMENT TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1992.

SCHEDULE "C"

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

- (a) Employees of the Company who were employed throughout the year under review and were in receipt of remuneration for that year in aggregate of not less than Rs. 1,44,000/-.
- (b) Employees of the Company who were employed for part of the year under review and were in receipt of remuneration at a rate which in the aggregate was not less than Rs. 12,000/- per month.

(a) EMPLOYED THROUGHOUT THE YEAR UNDER REVIEW

Sr. No.	Name of Employee	Designation	Remuneration Rs.	Qualifications and Experience (Years)	Date of Commencement of Employment	Age of Employee	Last Employment held
1.	Shri Nair P. K. R.	Director (Works)	2,22,680/-	Inter Science. 2 Years Technical Training in General Engineering & Air Craft Instrumentation. 39 Years.	25th May, 1961	58	Erection Engineer, Air Conditioning corporation.

(b) EMPLOYED FOR PART OF THE YEAR UNDER REVIEW

NIL

- Notes : 1. Remuneration received as shown in the statement includes Salary, Allowance, 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 one month's notice on either side.
3. Other terms and conditions as per rules and regulations of the Company.

By Order of the Board of Directors,

T. P. S. RAJAN }
U. H. MEHTA } Directors

BOMBAY : Dated 19th August, 1992.