

S S ORGANICS LIMITED**BOARD OF DIRECTORS**

Dr. G. Subramanyam	Director
Shri. B.G. Raghupathy	Director
Shri. P.V. Subrahmanyam	Director (APIDC Nominee)
Shri. B. Subba Reddy	Director
Dr. S. S. Vankineni	Director
Dr. D. Sadasiva Reddy	Director
Shri. V.N. Sunanda Reddy	Managing Director

AUDITORS

M/s. K. Nagaraju & Associates
1-8-197, Chikadapally
HYDERABAD 500 020.

BANKERS

State Bank of India
Industrial Finance Branch
Somajiguda,
HYDERABAD 500 082..

REGD. OFF. & FACTORY

Survey No. 252/1
Aroor Village, Sadasivapet Mandal
Medak Dist.
Andhra Pradesh.

CORP. OFFICE

A-43, Madhuranagar,
Ameerpet,
HYDERABAD - 500 038.

S S ORGANICS LIMITED

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of Members of S S ORGANICS LIMITED will be held on 28th July 1997 at 3.00 P.M. at Regd. Office i.e., at Survey No. 252/1, Aror Village, Sadasivapet Mandal, Medak District to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31-03-97 and the Balance Sheet as on 31-3-97 together with the Directors' report and Auditors' Report thereon.
2. To consider and re-appoint Dr. S. S. Vankineni as Director who retires by rotation.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To pass, if thought fit the following Resolution as an Ordinary Resolution with or without modification(s):
"RESOLVED THAT Shri V.N. Sunanda Reddy be and is hereby appointed as Managing Director of the Company in terms of sec.269, 309 & schedule XIII of the Companies Act, 1956 w.e.f. 1-1-97 for a period of 5 years on the following terms & conditions."

- I. Salary : Rs. 11,500/- per month.
- II. Commission: 1% on the net profits of the Company computed in accordance with sec.309(5) of the Companies Act, 1956 subject to a ceiling of 50% of the Annual salary or Rs.90,000/- per annum whichever is less.
- III. Perquisites: Perquisites will be allowed in addition to salary and or/commission or both. Perks shall be allowed restricted to an amount equal to the annual salary or Rs. 135000/- per annum whichever is less. Perquisites are classified into 3 categories - Part A,B, & C as under:

IV. Part A(i) :

Housing

- (a) The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceilings, Bombay, Calcutta, Delhi, and Madras - 60 % of the salary over and above 10% payable by Managing Director. Other places-50% of other salary over and above 10% payable by the said Managing Director.

(b) If the Company does not provide accommodation to the Managing Director, House Rent Allowance will be paid to the Managing Director as above.

(c) If accommodation in the Company owned house is provided, the Managing Director shall pay by way of rent 10% of the salary to the Company.

(ii) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in one year or three month's salary over a period of three years.

(iii) Leave Travel Concession: Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company.

(iv) Club fees : Fees of clubs subject to a maximum of two clubs. No admission and Life Membership fees will be paid.

(v) Personal Accident: Personal accident insurance of an amount the premium of which shall not exceed Rs. 100000/- per annum.

NOTE: For the purpose of perquisites stated in Part-A above family means the spouse, the dependent children and dependent parents of the appointee.

V. Part B: Contribution to Provident Fund or Annuity shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

i) Company's Contribution towards Provident Fund as per the rules of the Company but not exceeding 10% of the salary.

ii) Company's Contribution towards super annuation fund as per the rules of the company, but it shall not together with the Company's Contribution to Provident exceed 25% of the salary.

iii) Gratuity payable will not exceed half-a-month's salary for each completed year of service, subject to a ceiling of Rs 100000/-.

VI Part C: Provision of car for use on the Company's business and telephone at residence will not be considered as perquisites.

Personal long-distance calls on telephone and use of car for personal purposes shall be billed by the Company.

VII. Part D: On full pay and allowance as per the rules of the Company shall be provided but not exceeding one month's leave for every eleven months' of services, subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed."

S S ORGANICS LIMITED

"RESOLVED THAT in the event of loss or in adequacy of profits in any financial year of the Company during the term of his office the salary of Shri V.N.Sunanda Reddy be reduced by 10% and he shall be entitled to all other benefits and perquisites."

BY ORDER OF THE BOARD OF DIRECTORS

Place: Hyderabad (V N SUNANDA REDDY)
Date : 4-6-97 MANAGING DIRECTOR
REGD. OFF.
Survey No. 252/1
Aroor Village, Sadasivapet Mandal,
Medak Dist., Andhra Pradesh.

NOTES:-

1. A member entitled to vote need not present and can appoint a proxy to vote in his place.
2. Proxy form to be valid should be deposited with Company duly filled in before 48 hours of the commencement of the meeting.
3. The Members Registers and Share Transfer Registers shall be closed on 7th and 8th of August 1997 (both days inclusive).
4. Explanatory statement under section 173(2) of the Companies Act, 1956 is annexed herewith.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5 :**

Shri V.N.Sunanda Reddy was appointed as Managing Director by the Board of Directors to monitor and supervise the day to day activities of the Company. As per sec.269 of the Companies Act 1956, appointment of Managing Director is to be approved by Members. Hence the resolutions are placed before you. None of the Directors is interested in the above Resolution except Shri V.N.Sunanda Reddy and for the respective appointment.

BY ORDER OF THE BOARD OF DIRECTORS

Place: Hyderabad (V N SUNANDA REDDY)
Date : 4-6-97 MANAGING DIRECTOR

Regd. Office:

Survey No. 252/1,
Aroor Village, Sadasivapet Mandal,
Medak Dist., Andhra Pradesh.

DIRECTORS' REPORT:

Your Directors hereby present the Fifth Annual Report together with the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	For the year ending 31-3-97	previous year 31-3-96
Gross Income	174.03	450.18
Profit &(Loss) before Interest- and Depreciation	(172.32)	(152.58)
Depreciation	44.35	33.44
Interest	131.55	89.80
Prior year adjustment	7.50	—
Net Profit/(Net Loss)		
c/f to Balance Sheet	(355.72)	(275.82)

OPERATIONS:

Your Company had incurred heavy losses in the year under review because of various unfavourable conditions such as technical problem, low realisation, stiff competition, higher input costs etc., Apart from the above factors, non availability of sufficient Working Capital and various Fund and Non-Fund based facilities have resulted in the low turnover.

In view of these factors the networth of the Company is completely eroded by 31st March 1997, and consequently your Company has become Sick Industrial Company as per the provisions of Sick Industrial Company Act, 1985. Your Board of Directors have noted the same and the matter is being referred to BIFR as per Sick Industrial Company Act, 1985.

DIRECTORS

Shri. N. Srinivasan, resigned as Director during the year, Dr. D. Sadasiva Reddy, Dr. S. S. Vankineni resigned as Managing Director & Director-Finance respectively and continues to be as Directors. According to the provisions of the Companies Act 1956 and the Articles of Association of the Company. Dr. S. S. Vankineni and Shri B.G. Raghupathy retire at this Annual General Meeting of Equity Share Holders. Dr.S.S. Vankineni expressed his willingness for re-appointment and the resolution to this effect is placed before you. However, Shri B.G. Raghupathy did not opt for re-appointment at this Annual General Meeting of Equity Share Holders.

Shri V.N. Sunanda Reddy has been appointed as Managing Director, by Board of Directors and whose resolutions are placed before you.

PARTICULARS OF EMPLOYEES

There are no employees covered by section 217(2 A) of the Companies Act, 1956 as ammended from time to time.

S S ORGANICS LIMITED**CONSERVATION OF ENERGY :**

Particulars with respect to Conservation of Energy as per Sec. 217(1) (e) of the Companies Act, 1956 read with Companies. (Disclosure if particulars in the report of Directors) Rules 1988 forming part of the Directors' Report for the year ended 31-3-97 are annexed to this report.

AUDITORS:

M/s. K. Nagaraju & Associates, Chartered Accountants, the present Statutory Auditors of the Company retire on the date of forthcoming Annual General Meeting and are eligible for re-appointment. A Certificate has been filed by them to this effect that their appointment if made would be within the limits prescribed under section 224(1.B) of the Companies Act 1956.

REPLIES TO AUDITORS:

- A. Negotiations have been initiated to waive the interest on Inter Corporate Deposit and hence not provided for.
- B. The Fixed Assets register would be updated in due course of time.
- C. Steps have already been initiated to recover loans and advances given to employees who left the Organisation.
- D. As suggested by Auditors adequate internal procedures would be evolved.
- E. Unsecured Loans from Directors and Associates were accepted during the year under review for which interest was not paid.
The amount so raised was for the purpose of meeting the over-run costs and the same was informed to the institutions.
- F. As suggested by Auditors internal audit systems would be strengthened.
- G. Steps have already been initiated to maintain some of the Cost records as per sec.209(1)(d) of the Companies Act, 1956.
- H. Action has been initiated in remitting the Income Tax Amounts.
- I. Payment of ESI dues have been regularised.
- J. The provisions of Sick Industrial Companies Act, 1985 being applied by referring the matter to BIFR.

PROJECTIONS Vs. ACTUALS:

	(Rs. in lakhs)	
	Projections as per prospectus 1996-97	Actuals 1996-97
Sales Turnover	1620	174.03
Profit/(Loss) after tax	239	(355.72)

NOTES:

Projected figure as given in the Prospectus could not be achieved due to technical problems and low margins.

ACKNOWLEDGEMENTS:

Your Directors wish to express their gratitude to all Share Holders, Banks and Financial Institutions i.e., State Bank of India, Indl. Development Bank of India and Andhra Pradesh Indl. Development Corp., and our Customers for the confidence reposed and look forward to their continued support in future. Your Directors also wish to thank all employees for their dedicated work and loyalty and cordial relations maintained with the Management.

ON BEHALF OF THE BOARD OF DIRECTORS

Place :Hyderabad

(V N SUNANDA REDDY)

Date :4-6-97

MANAGING DIRECTOR

Form - A**A) CONSERVATION OF ENERGY :**

The details of conservation of energy in total and per unit are given in Form 'A' as below :

FORM - A**ENERGY CONSERVATION****a. POWER AND FUEL CONSUMPTION:**

1. ELECTRICITY	31.3.97	31.3.96
Purchased:		
Units (Nos. in lakhs)	4.30	4.11
Total Amount (Rs. in lakhs)	16.88	10.13
Unit Rate (Rs.)	3.92	2.46
b. Own Generation		
i). Through Diesel Generator		
Units (Nos. in lakhs)	0.93	—
Total Amount (Rs.in lakhs)	3.35	—
Cost per unit (Rs.)	2.50	—
2. Coal (Specify quantity and where used)		
Quantity (Tonnes)	1200.00	1000.00
Total Cost (Rs. in lakhs)	10.65	8.19
Average Rate (per MT in Rs.)	887.50	819.00
3. Furnace Oil	—	—
Quantity	—	—
Total Amount	—	—
Average Rate	—	—

Consumption per unit of Production: (Electricity, Coal): Since the company manufactures different types of bulk drugs, drug intermediates it is not practical to given consumption per unit of production.