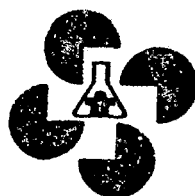


6th Annual Report 1997-98

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
ACM	✓	✓	SHI	✓
YE	✓	✓		

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S S ORGANICS LIMITED

S S ORGANICS LIMITED

BOARD OF DIRECTORS

Dr.G. Subramanyam	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
Chikkadpally
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.

S S ORGANICS LIMITED**NOTICE**

NOTICE is hereby given that Sixth Annual General Meeting of Equity Share Holders of S S ORGANICS LIMITED will be held on Saturday September 26th 1998 at 10.00 A.M. at Regd. Office i.e., at Survey No. 252/1, Aroor Village, Sadasivapet Mandal, Medak District to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Profit and Loss Account for the year ended 31-03-98 and the Balance Sheet as on 31-3-98 together with the Directors' report and Auditors' Report thereon.
2. To consider and re-appoint Dr.D.Sadasiva Reddy as Director who retires by rotation.
3. To appoint Auditors and to fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

Place : Hyderabad (V N SUNANDA REDDY)
Date : 8-7-98 MANAGING DIRECTOR

REGD. OFF. & FACTORY :

Survey No. 252/1
Aroor Village
Sadasivapet Mandal
Medak District
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 from 27-8-98 to 31-8-98 (both days inclusive).

DIRECTORS' REPORT:

Your Directors hereby present the Sixth Annual Report together with the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	(Rs. In Lacs)	
	For the year ending 31-3-98	Previous year 31-3-97
Gross Income	216.81	174.03
Profit & (Loss) before Interest and Depreciation	62.89	(172.32)
Depreciation	44.25	44.35
Interest	144.46	131.55
Prior Year Adjustment		7.50
Net Profit/ (Net Loss)		
c/f to Balance Sheet	(125.82)	(355.72)

OPERATIONS :

Your Company has been registered as a Sick Industrial Company and subsequently admitted by the BIFR.

Industrial Development Bank of India (IDBI) has been appointed as the Operating Agency. A draft revival package was submitted by your Company to IDBI whose response is awaited.

The Company would undertake normal operations to the full capacity, if rehabilitation package is allowed by BIFR.

Due to lack of working capital, your Company has not been able to undertake any operations except for job works on behalf of leading pharmaceutical Companies. The income of

S S ORGANICS LIMITED

Rs. 212.18 lacs has been earned through job works only.

DIRECTORS :

Dr. D Sadasiva Reddy retires at this Annual General Meeting of Equity Share Holders. Dr. D Sadasiva Reddy expressed his willingness for reappointment and the resolution to this effect is placed before you.

PARTICULARS OF EMPLOYEES:

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

FIXED DEPOSITS:

The Company has not accepted any fixed deposits from public.

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 of particulars in the report of Directors) Rules 1988 forming part of the Directors' Report for the Year ended 31-3-98 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 :

1. Since reschedulement for repayment of ICD's is being worked out wherein interest waiver is considered and hence interest on ICD's has not been provided.
2. Fixed assets register is being updated as suggested by Auditor.
3. As advised by Auditor steps have already been initiated for strengthening the procedure for physical verification of Stocks and and internal

Audit Systems.

4. Cost records under Sec. 209(1) (d) of the Companies Act 1956 will be maintained in due course of time.
5. Arrears of payment to be made to ESI, PF, Income Tax, Sales Tax have been included in the rehabilitation package and expecting reliefs through BIFR.
Some of the Auditors observations are suitably explained in Notes to accounts and are self explanatory.
6. Unsecured loans taken from Directors, Promoters and their friends and relatives are considered as exempted U/S 58A

ACKNOWLEDGEMENTS:

Your Directors wish to express their gratitude to all Share Holders, Banks and Financial Institutions i.e., State Bank of India, AP Industrial Development Corp, Indl. Development Bank of India and 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

sd/-

Place : Hyderabad (V N Sunanda Reddy)
Date : 08-07-98 Managing Director

ANNEXURE**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 Purchased:	31-3-98	31-3-97
Units (Nos. in Lakhs)	7.55	4.30

S S ORGANICS LIMITED

Total Amount (Rs. in Lacs)	26.64	16.88
Unit Rate (Rs.)	3.53	3.92

B. Own Generation**i) Through Diesel Generator**

Units (Nos. in Lakhs)	1.03	0.93
Total Amount (Rs. in Lakhs)	5.52	3.35
Unit Rate (Rs.)	5.36	2.50

2. Coal (Specify Qty. and where used)

Quantity (Tonnes)	1140.00	1200.00
Total Cost (Rs. in Lakhs)	19.49	10.65
Average Rate (MT in Rs.)	1710.00	887.50

3. Furnace Oil

Consumption per unit of production

Electricity
Coal

Since the Company manufactures different types of bulk drug, drug intermediates it is not practical to give consumption per unit of production.

C. TECHNOLOGY ABSORPTION :

Efforts made in Technology Absorption as given in Form 'B' as below :

FORM 'B'**RESEARCH AND DEVELOPMENT :**

- Specific areas in which Research and Development carried out by the Company. The Company is continuously carrying out Process Development of various products.

- Benefits derived as a result of the above Research and Development efforts particularly in Ciprofloxacin and Naproxin.

- Future plan of action - NIL.

- Expenditure on Research and Development : Not being substantial included under usual heads of expenditure.

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION :

- Efforts in brief, made towards technology absorption, adaptation and innovation. Technology absorption is not involved as the process for the manufacture of bulk drugs is being developed in-house by the Company.

- Benefits derived as a result of the above efforts, e.g., product improvement, product development.

- Particulars of Imported Technology: There is no imported technology.

FORM C**C. Foreign Exchange Earnings and outgo**

	1997-98	1996-97
	(Rs. in Lacs)	(Rs. in Lacs)

Foreign Exchange Earnings	
FOB Value of Exports	71.47
Foreign Exchange Outgo :	
Import of raw material	-----