

Board of Directors

Mr. V.N. Sunanda Reddy	Managing Director
Dr. D. Sadasiva Reddy	Director
Mr. P. Ramachandra Gupta	Director
Mr. N. Gangi Reddy	Director
Mr. Y.V. Ratna Kumar	Director

Statutory Auditors

VDNR & ASSOCIATES
201, Dwaraka Avenue,
Dwaraka Puri Colony,
Panjagutta, Hyderabad – 34.

Internal Auditors

Amarnadha Reddy & Co,
6-1-229/40,
Old CIB Quarters,
Khairatabad,
Hyderabad – 500 004.

Regd. Office & Factory

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

Corporate Office

170/C, Sree Srinivasa Nilayam,
Vengalrao Nagar, Hyderabad – 500 038
Andhra Pradesh, India.
Ph : 040-20004157/23713690
Fax No. 08455-250080
e-mail: md@ssorganics.co.in

Demat Registrars

M/s. Venture Capital & Corporate Investments Limited
12.10.167, Bharat Nagar, Hyderabad – 500 018.
Phone No. 040-23818475/476 Fax No. 040-23868024
e.mail: info@vccilindia.com

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of S S ORGANICS LIMITED will be held on 04-05-2013 at 3.30 PM at its Registered Office at Survey No. 252/1, Aroor Village, Sadasivapet Mandal, Medak District, A.P., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2012 and the Audited Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Dr. D. Sadasiva Reddy who is liable to retire by rotation being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. P. Ramachandra Gupta who is liable to retire by rotation being eligible, offers himself for reappointment.
4. To appoint M/s. VDNR & Associates., Chartered Accountants, Hyderabad as Statutory Auditors of the Company to conduct audit of the accounts of the Company from financial year 2006-07 to 2011-12 and to hold such office until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Hyderabad
Date : 28-03-2013

V.N.SUNANDA REDDY
MANAGING DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, must be received at the Registered Office/Corporate Office of the Company not less than Forty-eight hours before the meeting.
2. The register of members and Share Transfer Books of the Company will remain closed during the period from 25-04-2013 to 04-05-2013 (both days inclusive).
3. Members are requested to send all communications relating to shares and any change in address to the Registrar and Share Transfer Agent, M/s Venture Capital And Corporate Investments Private Limited. Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing the share certificates to enable the Company to consolidate their holding into one folio.

4. Members/ Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting. Additional copy of Annual Report and duplicate attendance slip will not be issued at the place of the meeting.
5. The ISIN (International Securities Identification Number) allotted to the Company's equity shares is **INE102E01018**.
6. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is annexed hereto.
7. **Details of Director seeking and appointment at the up-coming 19th Annual General Meeting (pursuant to Clause 49 of the Listing Agreement) :**
As required under the Listing Agreement, the particulars of Directors **Dr. D. Sadasiva Reddy & Mr. P. Ramachandra Gupta** who are being proposed to re-appoint as Director's are given below:

A	Name	Dr.D. Sadasiva Reddy
B	Brief Resume	
	i) Age	66 Years
	ii) Qualification	M.B.B.S
	iii) Experience in specific functional area	10 years Experience in Pharma Industry
	iv) Date of appointment on the Board of the Company (S S Organics Limited)	26 th June 2011
C	Nature of expertise in specific functional Areas	Original Promoter of the company worked as Managing Director and Director in the same Company
D	Names of other companies in which directorship held (as per Section 275 and 278 of the Companies Act, 1956)	NIL
E	Name(s) of companies in which committee Membership(s) held	NIL
F	No. of shares of Rs.10/- each held by the Director	104670
g	Relationship between Directors inter se (As per section 6 and schedule 1A of the Companies Act, 1956)	No relation with other directors

A	Name	Mr. P. Ramachandra Gupta
B	Brief Resume	
	i) Age	68 Years
	ii) Qualification	B.Com
	iii) Experience in specific functional area	30 years Experience in Distilleries & Brewarages
	iv) Date of appointment on the Board of the Company (S S Organics Limited)	26 th June 2011
C	Nature of expertise in specific functional Areas	NIL
D	Names of other companies in which directorship held (as per Section 275 and 278 of the Companies Act, 1956)	NIL
E	Name(s) of companies in which committee Membership(s) held	NIL
F	No. of shares of Rs.10/- each held by the Director	82300
g	Relationship between Directors inter se (As per section 6 and schedule 1A of the Companies Act, 1956)	No relation with other directors

DIRECTORS REPORT

To
The Members of
S S ORGANICS LIMITED

Your Directors are pleased to present the 19th Annual Report of the Company together with the Audited financial Statements for the year ending 31st March, 2012.

FINANCIAL RESULTS

	For the year ending 31.03.2012 (12 months)	(Rs. In lacs) Previous period 31.03.2011 (12 months)
Total Income	-	-
Profit/ (Loss) before Financial Expenses and Depreciation	(23.59)	(15.05)
Profit/ (Loss) after Financial Expenses and Depreciation	(23.59)	(15.05)
	<hr/>	<hr/>
Less : Prior Year Adjustments	-	-
Profit / (Loss) for the year Before taxation.	(23.59)	(15.05)
Less: Deferred Tax Liability	-	-
FBT	-	-
	<hr/>	<hr/>
Profit / (Loss) after Tax	(23.59)	(15.05)
	<hr/>	<hr/>

OPERATIONS:

The dispute raised by erstwhile Director, namely Mr.B.Subba Reddy has affected the company on various fronts viz. expansion, availability of working capital, own production and sales, tie-ups with large companies etc., Further, the AP Pollution Control Board has issued closure order of the factory of the company on 19th November, 2005, which the company successfully got revoked on 10.02.2006. Again the A.P.Pollution Control Board closed the unit on 15.04.2006 due to the instigation by Mr. B. Subba Reddy, the then Director. The A.P.Pollution Control Board has not renewed the Consent For Operations since 30.06.2006 to 23.10.2012. Mr. B. Subba Reddy has illegally and forcibly occupied the company w.e.f. 20.10.2006. From the date of Mr. B. Subba Reddy's occupation (20.10.2006), there was no drug license, no Consent For Operation from A.P.Pollution Control Board. Mr. B. Subba Reddy committed number of statutory violations. The Company is under forcible and illegal occupation from 20.10.2006 to 15.05.2012.

All the operations of the Company came to standstill w.e.f. 20-10-2006 as the management of the Company was forcibly taken over by Mr.B.Subba Reddy. Brief description of management dispute is as follows:

Mr.B.Subba Reddy has illegally and forcibly occupied the company w.e.f. 20.10.2006 under a pretext that he has been appointed as Managing Director at the 13th Annual General Meeting which was conducted by him on his own even though, Mr.V N.Sunanda Reddy was reappointed as Managing Director at the properly held AGM on 20-10-2006. Mr.B.Subba Reddy illegally occupied the factory and other assets of the Company till 15-05-2012 misrepresenting himself as Managing Director.

An Extra Ordinary General Meeting was held under the observation of the Advocate Observer appointed by the Hon'ble High Court of Andhra Pradesh on 26.06.2011. At the said meeting all the resolutions unanimously as proposed in the notice calling the meeting issued by Mr. V.N. Sunanda Reddy were approved. It is worthwhile to note that the said Extra Ordinary General Meeting was attended by shareholders holding 53,79,770 shares representing 52.73% of the total equity capital of 1,02,01,300 shares of SSOL. The Advocate Observer filed his report with the Hon'ble High Court of Andhra Pradesh on 29.06.2011.

In a Company Petition No.14/2007 with Hon'ble Company Law Board, Additional Principle Bench, Chennai, has held all the acts of Mr.B.Subba Reddy as null and void. Therefore, the Company is no way responsible/ liable for all acts, transactions, operations and other fillings done by Mr.B.Subba Reddy during his illegal occupation. Mr.B.Subba Reddy challenged the said Order of Hon'ble Company Law Board in the Hon'ble High Court of A.P. which has been dismissed upholding the Order of Hon'ble Company Law Board.

According to the said Orders the acts & transactions done, bank accounts operated, various statutory returns filed misrepresenting the facts by Mr.B.Subba Reddy during his illegal occupancy of factory are null and void. Accordingly the Company is no way responsible or liable for any of those acts or transactions or any other.

Mr.B.Subba Reddy has misappropriated some of the assets & funds and brought the plant & equipment to a dilapidated condition without proper usage and maintenance. Due to lack of proper security to the plant & machinery valuable items have been removed. The Company has filed a private criminal & civil complaint against Mr.B.Subba Reddy to recover the damages caused to the Company.

In view of the above, financial statements have been prepared in all material respects and in line of the Orders of Hon'ble Company Law Board in the Company Petition No. 14/2007 by Mr.V N.Sunanda Reddy whose, position as Managing Director has been upheld by the said Order.

On 16.05.2012, Mr. V N Sunanda Reddy, the present Managing Director has taken possession of the company and immediately started the revival work. At the time of taking possession it was observed that the machinery and equipment of the company are in dilapidated condition. All the cables, transformer, CTPT, MCC & PCC panels are tampered. The Auxiliary equipment of Reactors such as digital thermometers, Censors, Push Button stands are removed / sold out. Similar is the fate of Generators, Nitrogen Plant, Air Compressors, and (3) chilling plants. At the time of taking possession it is observed that the plant is without any watch and ward staff. There is no stock of any raw materials or finished goods. The same fact is also informed to Central

Excise Department vide our letter dated 16.05.2012. No statutory records pertaining to Finance, Central Excise, sales and purchases, Commercial Taxes, PF, ESI, Secretarial records etc, are available in the company's Registered Office. The Registered Office is without any watch and ward staff and without any records.

The present management infused more than Rs. 300 Lacs for revival of the company and restored all the Machinery and Equipment. The entire cables, lights, transformer, CTPT, MCC & PCC panels are totally replaced and brought back the company to working condition and started renewing all the licenses.

The present management displays photographs of plant machinery and equipment at the time of taking possession on 16.05.2012 and after revival and restoration of the company. The photos display the damage done to the company during forcible and illegal occupation of the company by Mr. B. Subba Reddy.

Now the present management is contemplating for contract manufacturing work.

The company is confident of resolving all the issues and to improve its performance.

STATUS WITH BIFR:

The Net worth of the company eroded as per the audited accounts as on 31.03.1996 and hence a reference was made to Hon'ble Board for Industrial and Financial Reconstruction (BIFR) as required under Sections 15 of the Sick Industrial Companies (Special Provisions) Act, 1985 and registered as Case No. 91/97. IDBI was appointed as Operating Agency. The Hon'ble BIFR sanctioned a Scheme for revival of sick company (SSOL) vide its orders dt. 12.02.2002. The Board subsequently sanctioned a modified scheme vide its order dt. 27.01.2005. The company cleared the SBI and IDBI dues through One Time Settlement in 2002 and 2005 respectively.

Meanwhile on 20.10.2006, Mr. B. Subba Reddy, the then Director and share holder of the Company illegally and forcibly occupied the Company. Aggrieved by the actions of Mr. B. Subba Reddy, Mr. V. N. Sunanda Reddy approached the Hon'ble Company Law Board by filling Company Petition No: 14 of 2007. The Hon'ble Company Law Board vide its Judgment dt. 14.08.2009 allowed Company Petition and held that all the actions of Mr. B. Subba Reddy are null and void. Mr. B. Subba Reddy has challenged the Hon'ble Company Law Board order by filling a Company Application No: 22/09 before Hon'ble High Court of A.P. The Company application was dismissed upholding the orders of Hon'ble Company Law Board on 22.02.2012. Mr. V. N. Sunanda Reddy has taken re-possession of the company on 16.05.2012 and started renovation of the company. The Civil Court at Sanga Reddy, Medak Dist, on a suit filed by Mr. V. N. Sunanda Reddy in an interim order prohibited Mr. B. Subba Reddy in interfering with the management of the company. These fact were also reported to the Hon'ble BIFR.

The Hon'ble BIFR in its proceedings dt. 29.03.2012 directed IDBI which is a Monitoring Agency to submit a comprehensive status report along with its comments on the Company. The IDBI submitted its report to BIFR on 21.09.2012.

The Company has already submitted a draft Revival Scheme indicating that the present management is ready to induct upto Rs. 4,00,00,000/- (Rupees Four Crores Only) for the revival of the company and requested for several reliefs. The next hearing of BIFR is on 11.04.2013.

STEPS TAKEN FOR STATUTORY IRREGULARITIES COMMITTED BY Mr. B.SUBBA REDDY.

01. Mr.B.Subba Reddy and his Management of the Company has not conducted any AGM's for the Years 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011 and 2011-12 as required under Section 166 of Companies Act, 1956. The Registrar of Companies has also served a notice for non-conducting AGM's. Now the present management has completed the audit of accounts and finalized all the pending annual reports after taking over the possession of the Company and hence the present AGM's.
02. The Bombay Stock Exchange has suspended the company's scrip on May 2012 for not filling the financial statements and requisite fee for the last five years. The management had paid pending dues of Rs.1,09,000/- on 03.06.2012 and submitted a detailed report with a request to revoke the suspension. The matter is still pending.
03. The consent for operation granted by AP Pollution Control Board has lapsed on 30.06.2006 and has not been renewed till date. The Consent fee for the last 6 years was not paid by previous management. The present management has paid consent fee of Rs.3,86,228/- and obtained CFO on 23.10.2012.
04. The drug license issued by AP Drug administration has lapsed on 31.12.2006 and has not been renewed by Mr.B.Subba Reddy. On the request of the management the Drug Inspection has been completed and drug license will be issued shortly.
05. The power connection has been disconnected by AP Central Power Distribution on 19-12-2009 for failure to clear the current dues and AP central Power Distribution has adjusted the existing deposit of the company and still Rs.14 Lacs is due. The management has cleared the dues and power was reconnected on 28.11.2012.
05. The two boiler licenses expired on 01-09-2008 and 01-11-2009 respectively and the Boiler licenses have been now renewed.
06. During the period of Mr.B.Subba Reddy's management the Inspector of Factories issued a demand notice for license fee and as well as for cancellation of factories license. The management paid the requisite fee and renewed the factories license on the Dt. 08.08.2012.
07. Mr.B.Subba Reddy has never insured the current and fixed assets of the company. The present management has insured the company's assets on Dt 14th Dec, 2012 by paying premium of Rs. 1,75,000/-.
08. The ISO Certificate which was valid up to 22-09-2008 was not renewed and even the WHO cGMP certificate is also lapsed. The present management is taking steps for renewal of the said license.

09. The commercial tax department has served a final assessment orders and subsequently attached the landed property of the company by its orders dated 13-04-2012, for an amount of Rs.227 lacs. It is informed that the earlier management of Mr.B.Subba Reddy has not properly filed the returns and submitted any C Forms. He has also not paid the tax deferment dues during his tenure. Because of which several notices were given. After taking possession of the company on 16.05.2012 Mr.V N Sunanda Reddy had addressed letter to Commissioner and Deputy Commissioner of Commercial Taxes Department, to grant permission to submit C, F & H Forms and requested to place the attachment orders in abeyance till the actual tax liability is arrived at. The Commissioner vide his letter dt.11.07.2012 allowed us to submit the statutory forms and all the dues up to the cutoff date of the BIFR Scheme. After arriving at revised tax liability we requested to allow to pay the tax dues in monthly installments, the Deputy Commissioner has agreed in principle for giving installments. We are in regular touch with Deputy Commissioner for revising the dues and for installments.
10. The Provident Fund commissioner has attached the immovable property of the company vide its orders dated 05.01.2011 for non payment of P.F. dues amounting to Rs.15.40 lacs.
11. The ESI has also attached the immovable properties of the company on Feb, 2010 for an amount of Rs.25.50 Lacs (Rs.15.50 principle and Rs.10 Lacs as interest and penalty) for non-payment of ESI dues by Mr.Subba Reddy. The management has filed an appeal before ESI Tribunal and obtained stay orders.
12. The building tax to village Panchayath was not paid since 2006. The special officer Aroor village Panchayat has served a notice on 27.07.2012 for a tax amount of Rs.5.00 Lacs. The present management has requested for revision in the building tax and the matter is in the process.

DIRECTORS

Mr.P.Ramachandra Gupta, Mr.N.Gangi Reddy and Mr.Y.V.Ratna Kumar, Dr.D.Sadasiva Reddy as directors and Mr.V.N.Sunanda Reddy as Managing Director were appointed at the Extra-Ordinary General Meeting held on 26th June, 2011 under the observation of the Advocate Observer appointed by the Hon'ble High Court of Andhra Pradesh on 26.06.2011.

Dr. D.Sadasiva Reddy and Mr.P.Ramachandra Gupta retire by rotation at the ensuing AGM and being eligible offers themselves for reappointment. Mr. Y.V. Ratna Kumar has expressed his inability to continue as a director after the conclusion of the ensuing Annual General Meeting for the financial year 2011-12. The Board placed on record its appreciation to Mr.Y.V.Ratna Kumar for his valuable service and guidance to the Company during his tenure.

PARTICULARS REQUIRED U/ S 217(2A) OF THE COMPANIES ACT, 1956, R/ W THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, FOR THE YEAR UNDER REVIEW ARE AS UNDER:

No employee of the Company was in receipt of remuneration, during the financial year 2011-2012, in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

FIXED DEPOSITS

The Company has not accepted any deposits which cover under the section 58A of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 Your Directors' confirm that:

- i. In preparation of annual accounts for the financial year ended 31st March, 2012 the applicable Accounting Standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the Company at the end of the financial year ended 31st March, 2012 and of the profit and loss of the Company for the year.
- iii. The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Company Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- iv. The Directors have prepared the annual accounts on a 'going concern' basis.

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

As required under Section 217 (1) (e) of the Companies Act, 1956 read with companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the information is given as Annexure to this report.

CORPORATE GOVERNANCE

Your Company has complied with the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchanges. Report on Corporate Governance including Auditor's certificate on compliance with the code of Corporate Governance under Clause 49 of the Listing Agreement is enclosed as Annexure to this report.

MANAGEMENT DISCUSSION AND ANALYSIS

A report on the Management Discussion and Analysis for the year under review is annexed hereto and forms part of the Annual Report.

AUDITORS

M/s VDNR & Associates, Chartered Accountants have been appointed as Statutory Auditors of the Company to hold office until the conclusion of Annual General Meeting to be held for the financial year 2011-2012 at the extra-ordinary general meeting held on 18th March, 2013. As such M/s VDNR & Associates, Chartered Accountants will continue to hold office until the conclusion of Annual General Meeting to be held for the year 2011-12.

ACKNOWLEDGEMENTS

Your Directors wish to express their gratitude to the Central and State Governments, investors, analysts, financial institutions, banks, business associates and customers, the medical profession, distributors and suppliers for their whole-hearted support. Your Directors commend all the employees of your Company for their continued dedication, significant contributions, hard work and commitment.

For and on behalf of the Board of Directors

Sd/-
V N SUNANDA REDDY
Chairman

Place : Hyderabad.

Date : 28.03.2013

ANNEXURE TO THE DIRECTOR'S REPORT**Form 'A'**

Particulars under the Companies (Disclosures of particulars in the report of the Board of Directors) Rules, 1988

01. Conservation of Energy	2011-2012 (12 months)	2010-2011 (12 months)
POWER AND FUEL		
Number of Units Consumed (Nos. in Lakhs)	-	-
Unit Rate (Rs.)	-	-
Total Amount (Rs. in Lakhs)	-	-
OWN GENERATION (Through D.G.SET)		
Number of Units Consumed (Nos. in Lakhs)	-	-
Unit Rate (Rs.)	-	-
Total Amount (Rs. in Lakhs)	-	-
COAL		
Quantity (MT)	-	-
Total Cost (Rs. in Lakhs)	-	-
Average Rate (M.T.in Rs.)	-	-

FORM 'B'
PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

01. RESEARCH & DEVELOPMENT

The Company is carrying out Research and Development in Process Development to achieve required yields and to make the price competitive in the market.

02. TECHNOLY ABSORPTION

The Company has not acquired any specific technology for its operations. The process technologies are acquired indigenously. The Plant & Machinery are installed keeping in view the present process requirements.

03. CONSERVATION OF ENERGY

The company has already implemented energy conservation measures to conserve and optimize the use of energy through improved operation methods and other means will continue.

04. FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign exchange earnings during the year is Rs. NIL & outflow is NIL.

MANAGEMENT DISCUSSION AND ANALYSIS:**01. INDUSTRY REVIEW**

The overall performance of Pharmaceutical Industry both in domestic and international market is very buoyant. Lot of opportunities for improving overall performance of Indian Pharmaceutical Industry is available presently. The Management is optimistic to grab such opportunities in coming years, provided the operations are conducted smoothly without any hindrance and litigations.

02. OPPORTUNITIES, RISKS AND THREATS

The Company is no exception to the competition from the market, new technologies and stringent patent laws. The Company has already identified such risks and trying to counter them over a period of time.

03. INTERNAL CONTROL SYSTEMS & ADEQUACY

The management has realized the importance of internal controls and systems, while improving the operations during the period under review. Accordingly strict systems have been laid down which are checked and audited periodically by the Internal Auditors and the same is being monitored by the members of the Audited Committee from time to time. The systems are well laid out as per ISO-9000-2001 Certificate for Systems implementation.

04. FINANCIAL PERFORMANCE:

As Mr.B.Subba Reddy forcibly took over the management of the Company, the Company could not carry on with the operations subsequent to 20.10.2006, which had effect on the financial performance of the Company.

05. HUMAN RESOURCES:

Due to litigation with regard to the management of the Company, the Company could not concentrate on Human Resources. But the Company shall take steps to attract and retain the best talent.

06. CAUTIONARY STATEMENT:

Statements in the “Management Discussion and Analysis” describing the company’s objectives, estimates, expectations or projections may be “forward looking statements” within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied.

CORPORATE GOVERNANCE REPORT

(As required under Clause 49 of the listing agreement)

1. CORPORATE GOVERNANCE PHILOSOPHY:

The Company is committed to the highest standards of Corporate Governance Practices. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance will certainly benefit the Board and Management to carry out the objectives effectively for the benefit of the company and its shareholders. The code of Corporate Governance emphasizes the transparency of systems to enhance the benefit of shareholders, customers, creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standards of ethical conduct are maintained throughout the organization.

2. BOARD OF DIRECTORS:

The Board comprises of the following Directors:

Name of the Director	Category
V.N Sunanda Reddy	Managing Director
P.Ramachandra Gupta	Director
N.Gangi Reddy	Director
Y.V Ratna Kumar	Director
Dr.D.Sadasiva Reddy	Director

3. COMMITTEES OF DIRECTORS:**A. Audit Committee**

The Audit Committee comprises of:

S.No	Name of the Director
1	N.Gangi Reddy
2	P.Ramachandra Gupta
3	Dr.D.Sadasiva Reddy

B. REMUNERATION COMMITTEE

The Remuneration Committee comprises of:

S.No	Name of the Director
1	N.Gangi Reddy
2	P.Ramachandra Gupta
3	Dr.D.Sadasiva Reddy

C. INVESTOR RELATIONS COMMITTEE

The present composition of the Investors relations Committee (Shareholders/ Investors grievances Committee) is as under:

S.No	Name of the Director
1	N.Gangi Reddy
2	V.N.Sunanda Reddy

4. DISCLOSURES**A. Disclosures on Materially Significant Related Party Transactions**

There were no materially significant related party transactions compared to the business volume of the Company during the year conflicting with the interest of the Company.

B. As per the Internal Code of Conduct the employees have been given access to the Audit Committee.

C. Code of Conduct

The Company has framed the Code of Conduct for Directors and Senior Management. The Code of Conduct is applicable to all Directors and senior Management of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the financial year ended 31st March, 2012.

D. Relationship inter-se among directors

In accordance with the provisions of Section 6 read with Schedule IA no Directors of the Company are related to each other.

5. MEANS OF COMMUNICATION

A. Management Discussion and Analysis forms part of this Annual Report.

6. GENERAL SHAREHOLDER'S INFORMATION

A. Financial Year : 1st April 2011 to 31st March 2012.

B. Book Closure : 25-04-2013 to 04-05-2013

C. Listing on Stock

Exchanges : 1. BSE Limited, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai.

2. Stock Code

Name of the Stock Exchange	Stock Code	Scrip Code
Bombay Stock Exchange Limited	524636	SSORGS
Demat ISIN No. for CDSL	INE102E01018.	

The Companies Securities are listed on the Bombay Stock Exchange Limited

All Services relating to share transfer/transmissions and information may be addressed to:

D. Registrar and Share Transfer Agent

M/s. Venture Capital & Corporate Investments Limited

12.10.167, Bharat Nagar,

Hyderabad – 500 018.

Phone No. 040-23818475/476

Fax No. 040-23868024

e-mail : info@vccilindia.com

The Company periodically audits the operations of share transfer agent.

E. Share Transfer System

Share Transfers in physical form shall be lodged with the Registrar at the above-said address. The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

F. Dematerialization of shares and liquidity

The Company has made necessary arrangement with and Central Depository Services (India) limited (CDSL) for dematerialization facility. Shareholders can open an account with any of the depository participants registered with any of these depositories.

G. Address for Correspondence

S. S. Organics Limited
170/C, Sree Srinivasa Nilayam, Vengalrao Nagar,
Hyderabad – 500 038, Andhra Pradesh. Ph: 040- 20004158/23713690
Fax: 08455-250080

For and on behalf of the Board of Directors
For S S ORGANICS LIMITED

N Gangi Reddy
Director

V.N.Sunanda Reddy
Managing Director

Place : Hyderabad
Date : 28.03.2013

AUDITOR'S REPORT

The Members of **S S ORGANICS LIMITED**,

1. We have audited the attached Balance Sheet of **S S ORGANICS LIMITED**, as at 31st March, 2012 the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on the financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Attention is drawn to our comments on the accounts as under:
 1. Dispute was arisen among its Board of Directors regarding the Management of the company and a Case was filed before the Hon'ble High Court by its Board of Directors. The Hon'ble High Court in its order dated 22-02-2012 has given favorable orders to the present management of the Company by declaring that the Transactions of Previous Management was declared as Null and void. So while preparing the Audited Financials of the Current financial year, we have considered the Transactions purely done by the Present Management of the company
 - Accounting policy number '5' & Notes No.8.1 regarding Non-provision of Gratuity on Actuarial Valuation and Leave encashment Salary as per Accounting Standard-15.

- Note No. 17(a) Regarding non- availability of statutory records pertaining to Finance, Central Excise, sales and purchases, Commercial Taxes, PF, ESI, Secretarial records etc.
- Note No.12.1 Regarding non-confirmation of Debtors Balances.
- Note No.17 (b) Regarding non-confirmation and reconciliation of certain Current Assets and Current Liabilities.
- Note No. 16.1 Regarding Non-identification of Small scale industrial Undertakings whose outstanding is more than Rupees one lakh for more than 30 days.
- Note No. 11.1 regarding amount paid to Central Excise Department consequent to Search proceedings by the said Department. Pending information of outcome of the said proceedings, the liability, if any cannot be ascertained and provided for in these accounts.
- Note No. (1) (a) of accounting policies regarding preparation of accounts on principles applicable to the going concern.
- Note No.17(i) Regarding Non- Provision of Depreciation on Fixed assets
- Note No. 17(j) Regarding Pending Legal cases against the company

5. Further to our comments in the annexure referred to above, we report that :

- i) 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;
- ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The balance sheet, the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts;
- iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except in clause 4 above.
- v) We have not received any written representations from the directors, as on 31st March, 2012, So we are unable to comment whether any of those Directors are disqualified from being appointed as a Director as on 31st March, 2012 in terms of clause (g) of sub-section (1) of Sec. 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our comment in Para 4 above, read in conjunction with the Notes annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true

and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of balance sheet, of the state of affairs of the company as at 31st March, 2012;
- (b) in the case of profit and loss account, of the Loss for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date:

For VDNR & ASSOCIATES
Chartered Accountants

(D. Venkateswarlu)
Partner
Membership No.: 028488
Firm Reg. No. 011251S

Place: Hyderabad
Date: 28-03-2013

Annexure to the Auditor's Report

Re: **S S ORGANICS LIMITED**

Referred to in paragraph 3 of my report of even date.

(i)

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year, and there is also a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off any substantial part of its Fixed Assets so as to affect its going concern status.

(ii)

- (a) According to the information and explanations given to us, the Company has no Inventories through out the Year. Hence the Clauses (b) & (c) are not applicable for the Current Financial Year.

(iii)

- (a) According to the information and explanations given to us, the register under Section 301 of the Companies Act, 1956 is not traceable. The Management has informed that, the Company has not granted any loans, secured or unsecured to companies, firms and others in the Register maintained under Section 301 of the Companies Act 1956. Accordingly the provisions of (iii) (b), (iii) (c), (iii) (d) of the Companies (Auditors Report) Order 2003 (as amended) are not applicable to the Company.
- (b).As per information provided, the company has taken loans from parties covered in the register to be maintained under section 301of the companies act, 1956. The maximum amount involved during the year was Rs.71,10,591/-. and the year end balance taken from such persons was Rs.71,10,591/-.
- (c). These amounts are interest free and other terms and conditions of loans taken by the company which are unsecured are prima facie not prejudicial to the interests of the company.
- (d). The amounts brought in are having no specific repayment period.

- (iv) 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 the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v)
- (a) According to the information and explanations given to us, the register under section 301 of the Companies Act 1956 is not traceable. We are unable to comment on the same in the absence of such register furnished to us.
- (b) We are unable to comment whether any transactions exceeding the value of rupees five lakhs in respect of any party during the year were been made at prices which are reasonable having regard to prevailing market prices at the relevant time, in the absence of such register.
- (vi) In our opinion and according to the information and explanations given to us, The company has outstanding unsecured loans as on the balance sheet date Rs. 1,84,08,455/- which were accepted by the company during the period prior to and subsequent to the reference to the Hon'ble BIFR under SICA. Any shortfall of funds in the implementation of the scheme should be met by the company/promoters as per sanctioned scheme of the Hon'ble BIFR. In this scenario, we are not in a position to express our views with regard to applicability of provisions of Sections 58 A and 58AA of the Act and the rules framed there under as on 31st March 2012.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Cost records to be maintainable under section 209 (1) (d) of the Companies Act 1956 are not traceable. Hence, we are unable to comment on the same in the absence of such register furnished to us.
- (ix) (a). The Company is generally not regular in depositing Statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Excise, Cess, Wealth Tax, Service Tax and other statutory dues with appropriate

authorities According to the information and explanation given to us, Arrears of undisputed amount outstanding as at 31st March 2012 for a period of more than six months from the date they became payable are as follows

<u>Nature of Dues</u>	<u>Due Amount in Rs.</u>
(i). Provident Fund	Rs.89,285/-
(ii). Employees State Insurance	Rs.25,997/-
(iii). Tax deducted at source	Rs 28,81,678/-
(iv). Fringe Benefit Tax	Rs.3,31,779/-
(v). Sales Tax	Rs. 55,90,096/-
(vi) Professional Tax	Rs. 1,37,450/-

(b). The Statement of Disputed dues as required by the clause are as given under

Name of the Authority	Nature of Dues	Amount in Rs.	Financial Year to which the amount relates	Forum where disputes are pending.
Customs Duty Department	Customs Duty	Rs.62,40,052/-	FY:1996-97	Hon'ble Customs, Excise, Gold (Control) Appellate Tribunal, Bangalore
Assistant Commissioner of Provident Fund, Pattancheru, Medak District	Providend Fund	Rs.13,74,918/-		Employees Provident Fund Appellate Tribunal, New Delhi.

- (x) The company is Sick Industrial Company with in the meaning of clause (o) of sub-section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The accumulated losses of the company at the end of the accounting period are more than the fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year is Rs.23,59,496/- covered by our audit and the immediately preceding financial year is Rs.15,05,310/-

- (xi) As per the information received and explanations given to us, the Company has no outstanding dues to any Banks or financial institutions or debenture holders.
- (xii) As explained to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and the Company is not required to maintain any records thereof.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) The company has not obtained any Term Loans during the period under review.
- (xvii) According to the information and explanations given to us the funds raised during the period under review on short term basis have not been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had not issued any debentures.
- (xx) The Company had not raised any money by public issues during the period covered by audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

VDNR & ASSOCIATES
Chartered Accountants

Place: Hyderabad
Date: 28-03-2013

(D. Venkateswarlu)
Partner
Membership No.: 028488
Firm Reg. No. 011251S

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Convention:

The Financial statements are prepared as a going concern under the historical cost convention on accrual basis and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India even though the factory is under closure from 15th April' 06 as per the closure Orders of the Pollution Control Board, since the company is contesting the said order at higher legal forum and confident of appropriate legal remedy for restart of the factory. As on date of 31st March 2012, the Company is not a Going Concern, However as on date of this report, the Company is a going concern as on the date of this Report and accordingly financials has been prepared.

2. Fixed Assets:

a) Fixed Assets are stated at their cost of acquisition comprising of the purchase price and any attributable cost of bringing the asset to working condition for the intended use.

b) Depreciation is provided on Straight line method on pro-rata basis in accordance rates prescribed under Schedule XIV of the Companies Act, 1956.

c). The Carrying amount of assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts and where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount.

3. Inventories:

a) Raw Materials, Packing Materials, Stores, Spares and Consumables are valued at cost, calculated on "First-in-First-Out (FIFO) "basis, which either equal to or Less than the realizable value. Items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

b) Finished goods and Work-in-process are valued at lower of the cost and net realizable value. In respect of finished goods, cost includes material, labour and proportion of appropriate overheads and excise duty.

4. Revenue recognition:

Revenues are recognized on accrual basis. Sales are recognized exclusive of Excise Duty and Sales Tax.

5. Retirement Benefits:

- a) The Company's contribution to Provident Fund is recognized on accrual basis.
- b) Gratuity and Leave Encashment Liability is provided on the basis of actuarial valuation at the end of each financial year.

6. Deferred Taxation:

Deferred Tax resulting from timing differences between book and tax profit is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize.

7. Contingencies.

Loss arising from claims, litigation, assessments, fines, penalties ect are provided for when it is probable that a liability may be incurred and the amount can be reasonably estimated.

Note No. 17. Additional Information to the Financial Statements:

a). Due to Deadlock in the Management of the company during the Fy 2006-07, at present No statutory records pertaining to Finance, Central Excise, sales and purchases, Commercial Taxes, PF, ESI, Secretarial records etc, are available in the company for the Fy:2011-12.

b). Deposits, Loans and advances, inoperative bank accounts, unsecured loans and sundry creditors are subject to confirmation and reconciliation. However necessary action in this regard is already initiated. Pending confirmation/reconciliation and review by the Company, consequential adjustments arising thereon, if any are presently are not ascertainable

c). Remuneration to Directors

During the Current Financial year, The Company provides the following remuneration.

Particulars	01-04-11 to 31-03-12	01-04-10 to 31-03-11
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	(12 Months)	(12 Months)
Managing Director – Salary & Allow Perquisites	5,76,000 3,24,000	5,76,000 3,24,000
Total	9,00,000	9,00,000

d). **Annual Capacities**

(As Certified by the Management)

DETAILS	2011-12	2010-11
Registered / Installed Capacity	320 TPA	320 TPA

e). **CONTINGENT LIABILITIES:**

Particulars	As at 31st March, 12	As at 31st March, 11
(i) Estimated Amount of Contracts Remaining to be executed on Capital account and not provided for	0.00	25,00,000
(ii) Exported obligation	70, 00,000	70, 00,000
(iii) Claims not acknowledged as debts	76,14,970	76,14,970

f). **FOREIGN EXCHANGE TRANSACTIONS:**

Inflow - Nil

Outflow- Nil

g). **Earnings per Share:**

	As at 31st March 2012	As at 31st March 2011
Net Profit/(Loss) for the Year	23,59,496	(15,05,310)
No.of Equity Shares (Face Value of Rs.10/- each)	1,02,01,300	1,02,01,300
EPS	----	----

h). As per accounting standards 18, the disclosure of transactions with the related parties are given below:

(i). List of related parties where control exists and related parties with whom transactions have taken place

Sl. No	Name of the Related Party	Nature of Relationship

1.	V N Sunanda Reddy	Key Management Personnel
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ii) Transactions during the year with the related parties

Name of the Related Party/Nature of Transactions	Nature of Relationship	Amount In Rs
A). V N Sunanda Reddy 1. Salary & Allowances 2. Perquisites	Key Management Personnel	5,76,000 3,24,000
	Total	9,00,000
B). V N Sunanda Reddy Unsecured Loans received	Key Management Personnel	17,05,339/-
	Total	17,05,339/-

iii) Amounts due from/to related parties as at the year end:

Sl. No	Name of the Related Party	Due to	Due from
1.	V N Sunanda Reddy	97.57	Nil

i). During the Current Financial Year, The company has not provided for Depreciation on its fixed assets, since the company is not a going concern as on 31st March 2012. Depreciation has been provided in books of accounts, the loss after tax will be increased by Rs.1,19,98,130/-.

j). 28 Cases are pending against the company as on 31st March 2012.

k). Figures for the previous period have been regrouped and reclassified wherever necessary to be in conformity with the current period.

l). The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached

**For VDNR & Associates
Chartered Accountants**

For and on behalf of the Board

**(VENKATESWARLU D)
Partner**

**(V N SUNANDA REDDY)
Managing Director**

**(N GANGI REDDY)
Director**

Date : 28-03-2013

Place: Hyderabad