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SOMAIYA ORGANO-CHEMICALS LIMITED
BOMBAY

*

ANNUAL REPORT
&
ACCOUNTS

1968-69

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

(Incorporated under Indian Companies Act, 1956)

BOARD OF DIRECTORS :

SHRI KARAMSHI JETHABHAI SOMAIYA
SHRI SHANTILAL KARAMSHI SOMAIYA
SHRI PURUSHOTTAM MAVJI KAVADIA
SHRI NAVINCHANDRA CHUNILAL SAYTA
SHRI CHAMPAKLAL AMRITLAL MEHTA
SHRI BANARSILAL NARULA

BANKERS :

UNION BANK OF INDIA
BANK OF INDIA
UNITED COMMERCIAL BANK

SOLICITORS :

MULLA & MULLA AND CRAIGIE BLUNT AND CAROE

AUDITORS :

NANUBHAI & Co.

REGISTERED OFFICE :

FAZALBHOY BUILDING,
MAHATMA GANDHI ROAD,
FORT, BOMBAY 1.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of SOMAIYA ORGANO-CHEMICALS LIMITED will be held on Wednesday the 31st December, 1969, at 4-30 p.m. (S.T.) at the Registered Office of the Company, Fazalbhoy Building, Mahatma Gandhi Road, Bombay-1, to transact the following business:

1. To adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st May, 1969.
2. To elect a Director in place of Shri S. K. Somaiya who retires by rotation, but being eligible offers himself for re-election.
3. To elect a Director in place of Dr. C. A. Mehta who retires by rotation, but being eligible offers himself for re-election.
4. To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary resolution:

Ordinary Resolution—

"Resolved that pursuant to the provisions of Section 294 of the Companies Act, 1956, the Company hereby approves of the appointment of Shri Shantilal Karamshi Somaiya, Karta and Manager of his Hindu Undivided Family, as the Sole Selling Agents of the Company for the sale of the products of the Company for the areas comprising of the States of Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Andhra Pradesh, Kerala, Madras, Mysore, West Bengal, Uttar Pradesh, Bihar and Delhi for an initial period of two years commencing from 1st June, 1969 with power to the Board of Directors of the Company to renew the said term for a period not exceeding one year at a time, but so that the total period of appointment shall not exceed in all five years upon the terms and conditions contained in the draft agreement placed before the meeting and initialled by the Chairman for the purpose of identification made between the Company of the one part and Shri Shantilal Karamshi Somaiya, Karta and Manager of his Hindu Undivided Family of the other part."

5. To consider and if thought fit, to pass, with or without modifications, the following Resolution as a Special Resolution:

Special Resolution—

"Resolved that pursuant to the provisions of Section 314 of the Companies Act, 1956, the Company hereby approves of the payment of a sum of Rs. 18,615/- (Rupees Eighteen thousand Six hundred and Fifteen) only to Sugar Selling Agency Private Limited as 'ad hoc' commission for the sale of 1,55,125 kilograms of Acetic Acid supplied by the Company at the rate of 12 (twelve) paise per kilogram during the period from 5th December, 1968 to 31st May, 1969."

6. To appoint Auditors for the current year and to fix their remuneration.

By Order of the Board of Directors,
K. J. SOMAIYA,
Chairman.

BOMBAY, dated 29th December, 1969.

Notes: A member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

An Explanatory Statement under Section 173 of the Companies Act, 1956 in respect of items No. 4 and No. 5 above is annexed.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

EXPLANATORY STATEMENT

The following explanatory statement is given in respect of the special items of business mentioned in the accompanying Notice pursuant to the provisions contained in Section 173 of the Companies Act, 1956.

Ordinary Resolution—

The Board of Directors of the Company has appointed Shri Shantilal Karamshi Somaiya, Karta and Manager of his Hindu Undivided Family, for the sale of the products manufactured by the Company for an initial period of two years commencing from 1st June, 1969, with power to the Board of Directors of the Company to renew the said term for a period not exceeding one year at a time, but so that the total period of appointment shall not exceed in all five years upon the terms and conditions contained in the draft agreement. The said appointment is made as per the terms and conditions mentioned in the said draft agreement to be entered into by the Company with Shri Shantilal Karamshi Somaiya, Karta and Manager of his Hindu Undivided Family, a copy whereof is placed before the meeting duly initialled by the Chairman for the purpose of identification. Your approval is necessary under Section 294 of the Companies Act, 1956, to the said appointment of Shri Shantilal Karamshi Somaiya, Karta and Manager of his Hindu Undivided Family as the Sole Selling Agent of the Company for the areas comprising of the States of Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, Andhra Pradesh, Kerala, Madras, Mysore, West Bengal, Uttar Pradesh, Bihar and Delhi. You are requested to pass the Ordinary Resolution as set out in the accompanying Notice.

Special Resolution—

The Board of Directors of the Company has paid a sum of Rs. 18,615/- to Sugar Selling Agency Private Limited as 'ad hoc' commission for the sale of 1,55,125 kilograms of Acetic Acid supplied by the Company at the rate of 12 (twelve) paise per kilogram during the period of from 5th December, 1968 to 31st May, 1969. Your approval is necessary under Section 314 of the Companies Act, 1956, to the said payment to Sugar Selling Agency Private Ltd. Shri P. M. Kavadia, a Director of the Company, is also a Director of the said Sugar Selling Agency Private Ltd. Shri K. J. Somaiya, a Director of the Company, jointly with Shri S. K. Somaiya (another Director of the Company), Smt. Sakarbai Karamshi Somaiya and Shri Nadirshah Rustomji Mulla holds 848 equity shares of the said Sugar Selling Agency Private Ltd. The respective share-holding of each of the Directors of the Company is shown below:

						Somaiya Organo- Chemicals Ltd.		Sugar Selling Agency Pvt. Ltd.	
						Preference	Equity	Preference	Equity
1.	Shri K. J. Somaiya	..	..	..	..	—	320	—	—
2.	Shri S. K. Somaiya	..	..	..	..	—	320	—	—
3.	Shri P. M. Kavadia	..	..	..	..	—	10	—	—
4.	Shri N. C. Sayta	..	..	..	..	—	10	—	—
5.	Dr. C. A. Mehta	..	..	..	..	—	10	—	—

You are requested to pass the *Special Resolution* as set out in the accompanying notice.

By Order of the Board of Directors,

K. J. SOMAIYA,

Chairman.

BOMBAY, dated 29th December, 1969.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

DIRECTORS' REPORT

The Shareholders,
Somaiya Organo-Chemicals Ltd.,
Bombay.

Ladies and Gentlemen,

Your Directors are pleased to report on the audited accounts of the Company for the year ended 31st May, 1969, submitted herewith. The net profit of the Company for the year amounts to Rs. 16,21,430/- after providing Rs. 11,60,000/- for provision for taxation, Rs. 5,24,486/- for depreciation and after transferring Rs. 66,233/- to Development Rebate Reserve. The Balance Profit after adjusting carried forward loss of Rs. 12,11,073/- from last year comes to Rs. 4,10,357/- which is carried forward to next year.

The Directors do not recommend any dividends in view of insufficient balance in Profit and Loss Account to pay the arrears of Preference Dividends. You are requested to approve the same.

The working of the distillery and the Acetic Acid Plant during the year under report were quite satisfactory. The Acetic Acid market continued to rule steady during the year. Besides meeting requirements of our Acetic Acid Plant, the distillery continued to meet the demands of other industrial users of alcohol.

While the allotment of molasses to your distillery was adequate in respect of quantity, the allotment continues to be made from distant sugar factories from Nasik Dist. and Aurangabad Dist. and not from the nearby sugar factories in Ahmednagar Dist. Your Directors have pursued this matter with the authorities in the past and are endeavouring their best to have the principle of "nearby molasses to the nearest distillery" accepted.

Two of your Directors Shri S. K. Somaiya and Shri N. C. Sayta retire by rotation, but being eligible, offer themselves for re-election. Shri Banarasilal Narula has been appointed as an additional director of the Company from 29-12-1969.

Messrs. Nanubhai & Co., retire and offer themselves for re-appointment as auditors.

Yours faithfully,
For and on behalf of the Board of Directors,
K. J. SOMAIYA,
Chairman.

BOMBAY, Dated: 29th December, 1969.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Somaiya Organo-Chemicals Limited, as at 31st May, 1969, and also the Profit and Loss Account of the Company for the year ended on that date, attached thereto and report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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.
3. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the Books of Accounts.
4. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st May, 1969 and
 - (b) in the case of the Profit and Loss Account of the 'Profit' for the year ended on that date.

NANUBHAI & CO.,
Chartered Accountants.

BOMBAY, dated the 30th day of December, 1969.

SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1968	LIABILITIES		Rupees	Rupees
Rupees	I. SHARE CAPITAL:			
	AUTHORISED CAPITAL:			
25,00,000	25,000	Equity Shares of Rs. 100/- each	25,00,000	
25,00,000	25,000	7% Free of Income-tax cumulative Preference Shares of Rs. 100/- each liable to be redeemed at the option of the Company	25,00,000	50,00,000
50,00,000				
	ISSUED & SUBSCRIBED CAPITAL:			
5,00,000	5,000	Equity Shares of Rs. 100/- each fully paid out of which, 2,550 shares are held by the holding Company, The Godavari Sugar Mills Ltd.	5,00,000	
10,00,000	10,000	7% Free of Income-tax cumulative Preference Shares of Rs. 100/- each fully paid up, liable to be redeemed at the option of the Company held by the holding company, The Godavari Sugar Mills Limited	10,00,000	15,00,000
15,00,000				
	II. RESERVES AND SURPLUS:			
	(a) Development Rebate Reserve—			
10,44,076		As per last Balance Sheet	11,68,927	
1,24,851		Add: Amount set aside from the Profit of the year	66,233	
11,68,927			12,35,160	
—	(b) Profit & Loss Account—			
		Balance as per Profit & Loss Account	4,10,357	16,45,517
11,68,927				
	III. SECURED LOANS:			
18,00,000		From Union Bank of India against Equitable Mortgage of Fixed Assets including Machineries etc. and guaranteed by two Directors of the Company		14,00,000
	IV. UNSECURED LOANS:			
17,48,320		On Current account with the Holding Company, The Godavari Sugar Mills Limited	—	
1,99,362		Interest on above	—	
19,47,682				
	V. CURRENT LIABILITIES AND PROVISIONS:			
	(A) CURRENT LIABILITIES:			
3,66,806		Due to Selling Agents	3,79,657	
5,38,354		Sundry Creditors	6,88,783	
4,03,080		Deposits and Advances from Customers	3,67,082	
29,415		Interest accrued but not due	10,765	
			14,46,287	
13,37,655	(B) PROVISION:			
—		Provision for taxation	11,60,000	26,06,287
13,37,655				
77,54,264	Carried Over			71,51,804

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1969

As at 31st May, 1968	ASSETS										Rupees	Rupees
Rupees												
	I. FIXED ASSETS (At cost):											
77,01,752	Gross Block .. .. .	..	..	..	..	..	..	..	..	..	81,04,616	
44,02,010	Less: Depreciation written off upto 31st May 1969 .. .. .	..	..	..	..	..	..	..	..	..	49,26,496	
32,99,742	Net depreciated Block as per Schedule 'A' .. .. .	..	..	..	..	..	..	..	..	..	31,78,120	
54,859	Capital Work-in-Progress .. .. .	..	..	..	..	..	..	..	..	..	25,661	32,03,781
33,54,601												
	II. INVESTMENT (At cost):											
	(A) TRADE INVESTMENTS:											
1,50,000	(1) (In Company under same Group) 1,500 fully paid up equity Shares of Rs. 100/- each of Oriental Power Cables Ltd. (Managing Agents Somaiya Bharaktiya Private Ltd.) .. .. .	..	..	..	..	..	..	..	..	..	1,50,000	
87,750	(2) 19,500 Equity Shares of Rs. 10/- each of Kutch Salt & Allied Industries Limited fully paid up .. .. .	..	..	..	..	..	..	..	..	87,750		
—	Add: 5,000 Equity Shares of Rs. 10/- each purchased during the year .. .. .	..	..	..	..	..	..	..	..	15,791	1,03,541	
87,750												
—	(3) 450 Equity Shares of Rs. 100/- each of Somaiya Organics (India) Ltd. Purchased during the year partly paid up .. .. .	..	..	..	..	..	..	..	..	..	33,750	
2,37,750											2,87,291	
	(B) OTHER INVESTMENTS:											
995	4% 1967 Maharashtra State Loan (face value Rs. 1,000/- deposited with Excise Department)... .. .	..	..	..	..	..	..	..	..	..	995	
	Aggregate quoted Investments .. .. .	..	..	..	..	..	..	..	..	2,53,541	3,41,750	
	Aggregate unquoted Investments .. .. .	..	..	..	..	..	..	..	..	34,745	—	
2,38,745										2,88,286	3,41,750	2,88,286
	III. CURRENT ASSETS, LOANS AND ADVANCES:											
	(A) CURRENT ASSETS:											
9,29,815	(i) Stores, Chemicals and spares at cost (as per inventory valued and certified by a Director)	..	..	..	..	..	..	..	..	..
1,14,379	(a) On hand .. .. .	..	..	..	..	..	..	..	..	8,15,980		
	(b) In transit .. .. .	..	..	..	..	..	..	..	..	2,38,506	10,54,486	
10,44,194												
16,137	(ii) Loose Tools and implements (as per inventory certified by a Director) .. .. .	..	..	..	..	..	..	..	..	..	15,169	
	(iii) Stock-in-trade: (As valued and certified by a Director)	..	..	..	..	..	..	..	..	..
4,05,756	(a) Acetic Acid at Market rate .. .. .	..	..	..	..	..	..	..	..	2,88,684		
2,47,564	(b) Rectified Spirit at market rate .. .. .	..	..	..	..	..	..	..	..	3,56,283		
82,372	(c) Raw Materials (Molasses) at cost .. .. .	..	..	..	..	..	..	..	..	1,38,484		
7,35,692												
10,60,331												
10,60,331												
35,93,346	Carried Over .. .. .	..	..	..	..	..	..	..	..	7,83,451	10,69,655	34,92,067

SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1968	LIABILITIES—(Contd.)					
Rupees						Rupees
77,54,264	Brought Forward	..	..	..	..	71,51,804
CONTINGENT LIABILITIES (Not provided for):						
3,74,824	1. Arrears of dividend on 7% (free of Income-tax) redeemable cumulative preference shares for the period of 1960-61 to 1968-69	..	..	..	..	4,44,824
28,000	2. In respect of counter guarantee given to a Bank	..	..	..	..	28,000
Notes:						
(1) The Company has made during the year a Donation of Rs. 30,000/- to a political party and Rs. 1,000/- to an Institution. Through inadvertence, the limits of donation laid down in Section 293 (1) (c) and Section 293 (A) of the Companies Act, 1956 have been exceeded.						
(2) Applications to Company Law Board are being made for the following:—						
(a) Loan during the year in excess of the limit laid down in Section 370 (1) of the Companies Act 1956 to Oriental Power Cables Ltd., a Company under the same management without the prior approval of the Central Government. The balance as on 31st May, 1969 is within the limit laid down in the said Section.						
(b) Loans to Bodies Corporate including holding Company in excess of the limit laid down under Section 370 of the Companies Act, 1956 without prior approval of the Central Government.						
(c) Loans given to Private Ltd. Companies in which one or more Directors are interested as Directors without obtaining previous approval of the Central Government.						
77,54,264	Total Rupees	..	..			71,51,804

Referred to in our Report of even date.

NANUBHAI & CO.,
Chartered Accountants.

BOMBAY, dated the 30th December, 1969.

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1969

As at 31st May, 1968	ASSETS—(Contd.)					Rupees	Rupees	Rupees
Rupees 35,93,346								
10,60,331								
7,35,692								
12,562	(d)	Denatured Spirit at Market rate	..	..	..	13,713		
4,900	(e)	Fusel Oil at Market rate	..	..	..	—
12,750	(f)	Ethyl Acetate at Market rate	..	..	..	—
7,65,904							7,97,164	
73,615	(iv)	Sundry Debtors (unsecured and considered good—other than in dispute not provided for)						
	(a)	Debts outstanding for more than 6 months	..	..	..	1,68,980		
5,06,595	(b)	Other debts (including Rs. 4,000/- due by Oriental Power Cables Ltd. a Company under the same management Rs. 95,313/- in dispute)	..	..	..	4,00,929		
5,80,210							5,69,909	
27,326	(v)	Cash and Bank Balances:						
96,858		Cash on Hand	..	..	..	15,781		
		In current account with Scheduled Banks	..	..	..	53,806		
1,24,184							69,587	
25,30,629							25,06,315	
	(B)	LOANS AND ADVANCES: (Unsecured and considered good except otherwise stated)						
2,88,641	(i)	(1) To Companies under the same Management:						
		Loan to M/s. Oriental Power Cables Ltd. (Maximum Debit Balance during the year Rs. 3,38,640/- Previous year Rs. 2,88,641/-)	..	..	..	2,74,930		
—	(2)	To Private Limited Companies in which one or more Directors are interested as Director:						
		(Maximum debit balance during the year Rs. 6,02,083/-)	..	..	..	5,99,625		
—	(3)	To Holding Company M/s. Godavari Sugar Mills Limited, (Maximum debit balance during the year Rs. 6,54,190/-)	..	..	..	71,972		
2,88,641							9,46,527	
1,11,728	(ii)	Advance recoverable in Cash or kind or for value to be received	..	..	..	1,74,549		
18,846	(iii)	Deposit (includes Rs. 4,000/- in Post Office a/c. Pass Book whereof lodged with a Car dealer)	..	..	..	32,346		
29,49,844								36,59,737
	IV. MISCELLANEOUS EXPENDITURE:							
12,11,074		Balance as per Profit & Loss Account	..	..	..			—
77,54,264								
		Total Rupees	..					71,51,804

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 Provisions for all known liabilities and Depreciation is adequate and not in excess of amount reasonably necessary.

BOMBAY, dated 30th December, 1969.

K. J. SOMAIYA	}	Directors.
P. M. KAVADIA		
S. K. SOMAIYA		
C. A. MEHTA		
N. C. SAYTA		

PROFIT & LOSS ACCOUNT FOR

As at 31st May, 1968		Rupees	Rupees	Rupees
	To Opening Stock on 1st June, 1968.			
	Acetic Acid	6,252	4,05,756	
3,37,110	Rectified Spirit	14,130	2,47,564	
2,800	Denatured Spirit	13,500	12,562	
	Fusel Oil		4,900	
	Ethyl Acetate		12,750	
				6,83,532
3,73,792	" Molasses consumed (purchase Rs. 8,63,776/-)			8,07,665
4,98,439	" Stores & Chemical consumed			3,06,377
2,61,458	" Power and Fuel			8,93,330
7,10,117	" Salaries & Wages		5,87,550	
5,17,318	" Bonus			
84,438	" Provision for Bonus		5,000	
—	" Workmen and Staff Welfare Expenses		89	
352	" Company's contribution (to the Holding Company) towards Provident Fund		4,238	
2,674	" Company's contribution to Govt. Provident Fund and Administrative charges		30,440	
28,504				6,27,317
6,33,286	" Repairs:			
	Plant and Machinery	31,602	41,805	
	Buildings	8,624	3,795	
	Other Repairs	6,934	5,538	
				51,138
47,160	" Excise Establishment charges			36,367
39,516	" Insurance Premium			23,540
18,562	" Emergency Risk Insurance Premium			3,691
—	" Directors' Fees			1,650
1,350	" Legal Expenses (including Rs. 7,500/- paid to director of holding company)			19,750
15,750	" Directors' Travelling expenses			16,760
8,592	" Interest:			
	To Holding Company, The Godavari Sugar Mills Ltd.	2,29,982	80,777	
	To Bank on Fixed Loan	1,77,785	1,45,488	
	Others	18,257	3,000	
				2,29,265
4,26,024	" Miscellaneous expenses, including Printing and Stationery, Postage and Telegrams, Travelling, Subscription, Motor Car Maintenance etc.			1,72,073
66,759	" Rates and Taxes			566
260	" Office Rent			14,400
14,400	" Audit Fees			500
500	" Charity and Donations (including donation to Uttar Pradesh Congress Committee Rs. 25,000/- and Bombay Pradesh Congress Committee Rs. 5,000/-)			31,000
25,000	" Loose Tools written off			968
1,030	" Bad debts Written off			—
5,195	" Depreciation			5,24,486
5,25,999	" Development Rebate Reserve			66,233
1,24,851	" Commission:			
	Sole Selling Agent's Commission	1,96,334	3,51,029	
	Others	26,759	1,76,276	
				5,27,305
2,23,093	" Provision for Taxation			1,60,000
7,75,356	" Balance being Profit for the year			16,29,185
47,96,489	Total Rupees			78,27,098
19,56,154	To Balance as per last Balance Sheet			12,11,073
75,276	" Bonus for previous years			10,010
—	" Balance carried to Balance Sheet			—
20,31,430	Total Rupees			4,10,357
				16,31,440

Referred to in our Report of even date.

NANUBHAI & CO.,
Chartered Accountants.

BOMBAY, dated 30th December, 1969.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

Schedule attached to and forming part of Balance Sheet as at 31st May, 1969

Schedule 'A'

Particulars	Gross Block at Cost except otherwise stated as at 1st June, 1968	Additions during the year	Gross Block as at 31st May, 1969	Depreciation written off upto 31st May, 1968	Depreciation written off this year	Total depreciation 31st May, 1969	Net depreciated block as at 31st May, 1969	Net depreciated block as at 31st May, 1968
I	2	3	4	5	6	7	8	9
Land	13,150	—	13,150	—	—	—	13,150	13,150
Distillery Buildings	8,11,704	—	8,11,704	1,50,793	33,045	1,83,838	6,27,866	6,60,911
Distillery Machinery Book Value	27,23,428	7,588	27,31,016	12,48,183	2,43,950	14,92,133	12,38,883	14,75,245
Acetic Acid Building	2,06,063	55,487	2,61,550	59,376	10,108	69,484	1,92,066	1,46,687
Electric Machinery	2,97,417	2,765	3,00,182	1,35,320	32,872	1,68,192	1,31,990	1,62,097
Acetic Acid Plant	31,10,517	2,06,974	33,17,491	26,31,678	1,48,106	27,79,784	5,37,707	4,78,839
Laboratory Apparatus	3,808	—	3,808	1,395	169	1,564	2,244	2,413
Furniture and Office Equipments	33,783	267	34,050	13,932	2,630	16,562	17,488	19,851
Motor Car, Lorries & Tankers..	51,659	20,943	72,602	41,614	6,562	48,176	24,426	10,045
Scale & Weigh bridges	2,420	—	2,420	1,296	135	1,431	989	1,124
Storage Vats & Tanks	4,21,722	55,746	4,77,468	1,11,355	43,835	1,55,190	3,22,278	3,10,367
Electric Installation	26,081	53,094	79,175	7,068	3,074	10,142	69,033	19,013
Total Rupees	77,01,752	4,02,864	81,04,616	44,02,010	5,24,486	49,26,496	31,78,120	32,99,1742

Referred to in our Report of even date
NANUBHAI K CO.,
Chartered Accountants.

BOMBAY, dated 30th December, 1969. BOMBAY, dated: 29th December, 1969.

K. J. SOMAIYA
P. M. KAVADIA
S. K. SOMAIYA
C. A. MEHTA
N. C. SAYTA

Directors.