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**SOMAIYA
ORGANO-
CHEMICALS
LIMITED**

**ANNUAL REPORT & ACCOUNTS
1974-75**

1975

OMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

(Incorporated under Indian Companies Act, 1956)

BOARD OF DIRECTORS :

SHRI KARAMSHI JETHABHAI SOMAIYA, CHAIRMAN
SHRI NAVINCHANDRA CHUNILAL SAYTA
SHRI BANARSILAL NARULA
SHRI NATWARLAL NANUBHAI DESAI
DR. USHABEN H. MEHTA
SHRI SURESH R. KHATOD
SMT. MAYADEVI S. SOMAIYA,
MANAGING DIRECTOR

BANKERS :

UNION BANK OF INDIA

SOLICITORS :

MULLA & MULLA AND CRAIGIE BLUNT AND CAROE

AUDITORS :

AMBALAL THAKKAR & Co.

REGISTERED OFFICE :

FAZALBHOY BUILDING,
MAHATMA GANDHI ROAD,
E. P. 400 001

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of Somaiya Organo-Chemicals Limited will be held on the 29th November, 1975 at 4-00 p.m. (S.T.) at the Registered Office of the Company, Fazalbhoy Building, Mahatma Gandhi Road, Bombay-400 001 to transact the following business:

1. To adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st May, 1975.
2. To elect a Director in place of Shri K. J. Somaiya who retires by rotation, but being eligible offers himself for re-election.
3. To elect a Director in place of Shri N. N. Desai who retires by rotation, but being eligible offers himself for re-election.
4. To elect a Director in place of Shri Banarsilal who retires by rotation, but being eligible offers himself for re-election.
5. To consider and if thought fit to pass, with or without modifications, the following resolution as Special Resolution:

SPECIAL RESOLUTION NO. 1:

“Resolved that pursuant to the Article 162 of the Articles of Association of the Company and other applicable provisions of the Companies Act, 1956, if any, approval and consent of the Shareholders be and is hereby given to the payment of remuneration to Smt. M. S. Somaiya as Managing Director of the Company for the period commencing from 1st December, 1975 to 30th November, 1980 as per terms and conditions given below with a power to the Board of Directors to agree to such variations in the said terms and conditions as may be required by the Central Government and agreeable to Smt. M. S. Somaiya”.

- (i) *Salary: Rs. 7,500/- (Rupees Seven Thousand Five Hundred only) per Month.*
- (ii) *Minimum Remuneration: In the year of loss / inadequate profit, the minimum remuneration at the rate of Rs. 7,500/- (Rupees Seven Thousand Five Hundred only) per month.*
- (iii) *Commission: 1% of the net Profits of the Company in each financial year computed in the manner laid down in Section 309(5) of the Act, subject to a maximum of Rs. 45,000/- (Rupees Forty-five Thousand only) per annum or one-half of the Total Annual Salary whichever is less.*
- (iv) *Perquisites:*
 - (a) Free furnished accommodation with facilities and amenities or reasonable rent in lieu thereof.
 - (b) Free use of Company's car with chauffeur and like.
 - (c) Free Telephone at the Residence.

- (d) Actual medical expenses incurred by the Managing Director and her spouse
- (e) Leave with pay for a period not exceeding One Month in a year or One Eleventh of duty period subject to the conditions that encashment of leave unavailed of shall not be allowed.
- (f) Leave travelling expenses within India for self and spouse once in each financial year.
- (g) Personal Accident Insurance.
- (h) Reimbursement of all entertainment expenses actual and properly incurred for the business of the Company and which will not be treated as an item of her remuneration, in terms of Section 198 of the Companies Act, 1956.
- (i) Other benefits and amenities as may be applicable to other Senior executives of the Company.
- (j) Benefits of provident fund and superannuation scheme and other retirement benefits, if any, as may be fixed by the Board of Directors of the Company.
- (k) Gratuity as admissible under the Company's Rules.
- (l) Pension of Rs. 1,750/- per month for the remainder of her life time from the date of retirement but such pension at the rate of Rs. 1,750/- per month shall in any event be payable certain to her or her spouse or to her nominee at the rate of one year's pension for each year of service put in from 1-12-1970 and for a period of service of less than a year to a pension of Rs. 1,750/- per month for the proportionate period.

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

SPECIAL RESOLUTION NO. 2:

"Resolved that pursuant to Section 149(2A) of the Companies Act, 1956 and other applicable provisions, if any, the Company hereby approves of the commencement of the business set out in sub-clause 26 of the object Clause III of the Company's Memorandum of Association in addition to the present business of the Company notwithstanding the fact that such new business may or may not be germane to the business which it is already carrying on since its incorporation."

- 7. To declare dividend on preference shares.
- 8. To appoint Auditors to hold office for the period from the conclusion of this Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors,
M. S. SOMAIYA
Managing Director

BOMBAY: Dated 28th November, 1975.

- Notes:**
- 1. A member entitled to attend and vote is also entitled to appoint a proxy and the proxy need not be a member.
 - 2. Explanatory Statement as required by Section 173 of the Companies Act, 1956 in respect of items No. 5 and 6 is annexed.
 - 3. The dividend when declared will be payable at the Registered Office of the Company on and after 10th January, 1976. The dividend warrants will be posted to those shareholders whose names stand on the Company's Register on 28th November, 1975.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

EXPLANATORY STATEMENT

The following Explanatory Statement is given in respect of the items of Special Business mentioned in the accompanying Notice pursuant to the Provisions contained in Section 173 of the Companies Act, 1956.

Item No. 5 :

Smt. Mayadevi S. Somaiya was appointed as Managing Director of the Company with effect from 1st December 1970 for a period of 5 years. The term of her appointment expires on 30th November, 1975. In view of her long and close association with the administration to which she has rendered valuable services and her knowledge and practical experience of its affairs the Board desires that no other person would be better fitted to hold office as Managing Director than Smt. Mayadevi S. Somaiya, to ensure smooth continuity of the management of the Company. Accordingly, the Board of Directors in their meeting held on 22nd September, 1975 has commended for your approval the re-appointment of Smt. Mayadevi S. Somaiya as Managing Director of the Company subject to sanction of the Central Government on the terms and conditions set out in the draft of agreement produced before the said meeting and initialled by the Chairman for the sake of identification. The material terms relating to the re-appointment and remuneration of Smt. Mayadevi S. Somaiya are as follows:

1. *Period:*

Commencing from 1st December 1975 and ending on 30th November, 1980.

2. *Duties, Responsibilities and Powers:*

Subject to the superintendence, control and direction of the Board of Directors of the Company, the Managing Director shall be responsible for the General conduct and Management of the business and affairs of the Company for which she shall have all the usual powers.

3. *Remuneration:*

1. SALARY:

Rs. 7,500/- (Rupees Seven Thousand and Five Hundred only) per month.

2. COMMISSION:

1% on the Net Profits of the Company for each financial year computed in the manner as laid down in Section 309(5) of the Companies Act subject to a maximum of Rs. 45,000/- (Rupees Forty-five thousand only) per annum or one-half of the total annual salary whichever is less.

Perquisites:

- (i) Free furnished accommodation with facilities and amenities or reasonable rent in lieu thereof;
- (ii) Use of Company's car with Chauffeur
- (iii) Actual medical expenses incurred by the Managing Director and her spouse;
- (iv) Leave with pay for a period not exceeding one month in a year or one-eleventh of duty period subject to the condition that encashment of leave unavailed of shall not be allowed;

- (v) Leave travelling expenses within India for self and spouse once in each financial year;
- (vi) Personal accident insurance;
- (vii) Other benefits and amenities as may be applicable to other senior executives of the Company;
- (viii) Benefit of Provident Fund and Superannuation Scheme and other retirement benefits, if any, as may be fixed by the Board of Directors of the Company;
- (ix) Gratuity as admissible under the Company's Rules;
- (x) Pension at Rs. 1,750/- per month for the remainder of her life time from the date of retirement but such pension at the rate of Rs. 1,750/- per month shall in any event be payable certain to her spouse or to her nominee at the rate of one year's pension for each year of service put in from 1-12-1975 and for a period of service of less than a year to a pension of Rs. 1,750/- per month for the proportionate period.

4. *Minimum Remuneration:*

In case of absence of profits (including the case of loss) or inadequacy of profits in any year, or part of the year, the Managing Director shall be paid a minimum remuneration salary of Rs. 7,500/- (Rupees Seven Thousand and Five Hundred only) per month along with aforesaid perquisites so that the total perquisites during any year do not exceed Rs. 30,000/- (Rupees Thirty Thousand only) per year.

5. *Compensation:*

Compensation for loss of office of Managing Director will be paid subject to the provision of Section 318 of the Companies Act, 1956.

6. *General:*

Managing Director shall be entitled to be reimbursed for expenses incurred by her on behalf of the Company.

This may also be treated as an abstract of the draft agreement between Managing Director, Smt. Mayadevi S. Somaiya and the Company pursuant to Section 302(2) of the Companies Act, 1956.

Interest:

Smt. Mayadevi S. Somaiya who is appointed as Managing Director of the Company is deemed to be concerned or interested in the Agreement to the extent of remuneration to which she will be entitled to as the Managing Director of the Company.

Inspection:

The draft agreement proposed to be entered into with Smt. Mayadevi S. Somaiya in connection with her re-appointment as Managing Director of the Company will be open for inspection at the Registered Office of the Company at "Fazalbhoy Building", Mahatma Gandhi Road, Bombay 400 001 on 29th November, 1975 during Office Hours between 10-00 a.m. and 1-00 p.m.

Item No. 6 :

The Company is presently engaged in the business of manufacture and sale of Industrial Alcohol, Acetic Acid, Acetic Anhydride, and other Organic Chemicals. It has been advised that the business of purchasing, selling and dealing in timber of all types and every description and other items mentioned in sub-clause 26 of object clause III of the Memorandum of Association of the Company can be conveniently combined with the existing business of the Company and would open up a new line of business, although business in some of such items may not be germane to the main business of the Company carried on at present. Clause III (26) of the Memorandum of Association of the Company empowers the Company inter alia to engage in timber business. However, Section 149 (2-A) of the Companies Act, 1956 stipulates that commencement of any such business should be approved by the members by passing a Special Resolution in a General Meeting. Hence the Special Resolution under this item is commended for approval of the members.

By Order of the Board of Directors

M. S. SOMAIYA

Managing Director

BOMBAY: Dated 28th November, 1975.

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, 1975.

FINANCIAL RESULTS:

| | | | | |
|--|-----|-----------|-----|-----------------|
| The Gross Profit for the year before providing for depreciation, development rebate reserve and taxation amounted to | | | Rs. | 34,33,683 |
| Deducting therefrom: | | | | |
| Depreciation | Rs. | 5,17,539 | | |
| Provision for taxation | Rs. | 23,05,000 | Rs. | 28,22,539 |
| | | | | |
| | | | Rs. | <u>6,11,144</u> |

Adding to the above profit last year's carried forward profit of Rs. 3,383/- and after making adjustment for Refund of Income-tax of Rs. 738/- and excess provision for bonus written back of Rs. 1,40,000/- and deducting therefrom short provision for taxation amounting to Rs. 7,49,290/-, the balance comes to Rs. 5,975/-.

Your Directors recommend the following appropriations:

| | | |
|---|-----|--------------|
| 1. Transfer to General Reserve | Rs. | 5,000 |
| 2. Balance carried to Balance Sheet | Rs. | 975 |
| | | |
| | Rs. | <u>5,975</u> |

The Directors recommend payment of arrears of Preference Dividend of Rs. 91,000/- for the Accounting Year ending 31st May, 1972 out of General Reserve.

The Acetic Acid Plant and the Distillery worked satisfactorily during the year under Report.

The chemicals market continued to maintain a steady tone. With the easy availability of Alcohol, all Acetic Acid Plants in the country worked nearly to their full capacity. Thus it was possible to meet the broadening demand of this product, by the user industries.

Our Distillery met the requirements of Industrial users of Rectified Spirit and requirements of Ordinary Denatured Spirit according to the allotments made by the authorities. Allotments of molasses to our distillery continue to be from long distances.

Our Company was awarded First Prize for mofussil units in "Safety" by The All India Safety Council for the year under report.

Government of India announced on the 1st November 1975 a sharp increase in the price of Molasses from Rs. 10/- per tonne for Grade I to Rs. 60/- per tonne for the same Grade. This indeed is a very sharp rise and will result in substantially increasing the cost of raw materials for our Distillery as well as for the alcohol-based chemical industries.

The statement concerning employees as required by sub-section (2A) of Section 217 of the Companies Act, 1956, as amended, is attached to this Report.

Three of your Directors, Shri K. J. Somaiya, Shri N. N. Desai and Shri Banarsilal Narula retire by rotation, but being eligible offer themselves for re-election.

M/s. Ambalal Thakkar & Company retire and offer themselves for re-appointment as Auditors.

Yours faithfully,

For and On behalf of the Board of Directors,

M. S. SOMAIYA

Managing Director

BOMBAY: Dated 28th November, 1975.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

ATTACHMENT TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MAY, 1975

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

- (a) Employees of the Company who were employed throughout the year under review and were in receipt of remuneration for that period in the aggregate of not less than Rs. 36,000/-

EMPLOYED THROUGHOUT THE YEAR UNDER REVIEW

| S. No. | Name of Employee | Designation/ Nature of Duties | Remuneration Rs. | Nature of Employment (Whether Contractual or otherwise) | Other terms & conditions | Qualifications & Experience (Years) | Date of commencement of employment |
|--------|---------------------------|----------------------------------|---------------------|--|--|--|------------------------------------|
| 1. | Smt. M. S. Somaiya | Managing Director | 72,825/- | Subject to approval of the Central Government | As approved by the Ministry of Law and Companies Affairs vide letter No. I, 150 (CL. VIII 71 dated 6th September, 1971 | B.A. 5 years, | 1st December, 1970 |
| 2. | Com. S. Rajendra | Executive | 49,956/- | Permanent, subject to termination by three months' notice on either side | As per Company's Rules | B.Sc., 18 years | 1st February, 1972 |
| 3. | Shri P. K. R. Nair | Works Manager | 37,838/- | Permanent, subject to termination by one month's notice on either side | As per Company's Rules | Inter Science 2 years technical training in general Engg. & Aircraft Instrumentation. 15 years | 25th May, 1961 |

- (b) There are no employees who were employed for part of the year under review and were in receipt of remuneration at a rate which in the aggregate was not less than Rs. 3,000/- per month.
- (c) Smt. M. S. Somaiya is a relative of Shri K. J. Somaiya, Director of the Company.

By Order of the Board of Directors
M. S. SOMAIYA
Managing Director

BOMBAY : Dated 28th November, 1975.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY
AUDITORS' REPORT TO THE SHAREHOLDERS

ON THE ACCOUNTS FOR THE YEAR ENDING 31ST MAY, 1975.

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

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.

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

In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss account read with notes thereon give the information required by the Act, in the manner so required and present a true and fair view of the state of the Company's affairs as at the close of the above financial year and of the PROFIT for the year.

For AMBALAL THAKKAR & CO.,
CHARTERED ACCOUNTANTS

G. P. BHATT,

Partner

BOMBAY: 28th November, 1975.

SOMAIYA ORGANO- BALANCE SHEET

| As at 31st May, 1974 | LIABILITIES | | | |
|-------------------------|---|-----------------|-----------|-----------|
| Rupees | | 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/- liable to be redeemed at the option of the Company. | | 25,00,000 | 50,00,000 |
| 50,00,000 | | | | |
| | ISSUED AND SUBSCRIBED CAPITAL: | | | |
| 5,00,000 | 5,000 Equity Shares of Rs. 100/- each fully paid | | 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 | | 10,00,000 | 15,00,000 |
| 15,00,000 | | | | |
| | II. RESERVES AND SURPLUS: | | | |
| | (a) General Reserve: | | | |
| 30,60,738 | As per Last Balance Sheet | 32,34,200 | | |
| 54,462 | Add: Transferred from Development Rebate Reserve | 2,71,278 | | |
| 2,10,000 | Set aside from the Profit of the Year | 5,000 | | |
| 33,25,200 | | 35,10,478 | | |
| 91,000 | Less: Dividend on Preference Shares paid for 1970-71 | 91,000 | | 34,19,478 |
| 32,34,200 | | | | |
| | (b) Development Rebate Reserve: | | | |
| 6,73,598 | As per Last Balance Sheet | 6,31,286 | | |
| 54,462 | Less: Transferred to General Reserve | 2,71,278 | | |
| 6,19,136 | | 3,60,008 | | |
| 12,150 | Add: Set aside from the Profit | — | | 3,60,008 |
| 6,31,286 | | | | |
| | (c) Storage Fund for Molasses & Alcohol Account: | | | |
| 43,633 | As per last Balance Sheet | 65,131 | | |
| 21,498 | Add: Adjusted from Sales of Rectified & Denatured Spirit during the year | 26,921 | | 92,052 |
| 65,131 | | | | |
| | (d) Profit and Loss Account: | | | |
| 3,383 | Balance as per Profit and Loss Account | | 975 | 38,72,513 |
| 39,34,000 | | | | |
| 54,34,000 | | Carried Over .. | | 53,72,513 |

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1975

| As at 31st May, 1974 | | ASSETS | | |
|-------------------------|---|-----------------|---------------------|------------------|
| Rupees | | Rupees | Rupees | Rupees |
| | I. FIXED ASSETS (At Cost): | | | |
| 95,29,502 | Gross Block | | 1,00,25,694 | |
| 67,67,854 | Less: Depreciation written off upto 31-5-1975 | | <u>72,83,076</u> | |
| 27,61,648 | Net Depreciated Block as per Schedule 'A' | | 27,42,618 | |
| 3,74,200 | Capital Work-in-Progress | | <u>4,67,551</u> | 32,10,169 |
| 31,35,848 | | | | |
| | II. INVESTMENTS (At Cost): | | | |
| | OTHER INVESTMENTS: | | | |
| 1,50,000 | (1) 1,500 Equity Shares of Rs. 100/- each of Oriental Power Cables Ltd. fully paid up | | 1,50,000 | |
| 43,541 | (2) 24,500 Equity Shares of Rs. 10/- each of Kutch Salt & Allied Industries Ltd., fully paid up | | 43,541 | |
| 45,000 | (3) 450 Equity Shares of Rs. 100/- each of Somaiya Organics (India) Ltd., fully paid up | | 45,000 | |
| 995 | (4) 4% 1967 Maharashtra State Loan (Face value Rs. 1,000/-) Deposited with Excise Department | | 995 | |
| 21,000 | (5) Investment in Shares of The Book Centre Pvt. Ltd.: 210 Equity Shares of Rs. 100/- each fully paid up | 21,000 | | |
| 6,000 | 60 7 1/2% Preference Shares of Rs. 100/- each fully paid up | <u>6,000</u> | | |
| 27,000 | | | 27,000 | |
| 3,000 | (6) 3 8% Debentures of United News of India Rs. 1,000/- each | | 3,000 | |
| — | (7) 5 Shares of Rs. 50/- each of Basant Co-operative Housing Society Ltd. | | 250 | |
| | | <i>Cost</i> | <i>Market Value</i> | |
| | Aggregate quoted Investments | 2,38,541 | 1,52,250 | |
| | Aggregate unquoted Investments | <u>31,245</u> | <u>31,245</u> | |
| 2,69,536 | | <u>2,69,786</u> | <u>1,83,495</u> | 2,69,786 |
| | Immovable Property (including value of Land Rs. 1,65,000/-) | | | |
| 2,60,063 | Balance as per Last Balance Sheet | | 2,57,686 | |
| 2,377 | Less: Depreciation written off upto 31st May, 1975 | | <u>2,317</u> | |
| 2,57,686 | | | <u>2,55,369</u> | 5,25,155 |
| 5,27,222 | | | | |
| 36,63,070 | | Carried Over .. | | <u>37,35,324</u> |

SOMAIYA ORGANO- BALANCE SHEET

| As at 31st May, 1974 | LIABILITIES—(Contd.) | | | |
|-------------------------|--|-----------------|------------------|--------------------|
| Rupees | | Rupees | Rupees | Rupees |
| 54,34,000 | Brought Forward .. | | | 53,72,513 |
| | III. SECURED LOANS: | | | |
| 24,00,000 | From Union Bank of India against Equitable Mortgage of Fixed Assets including Machineries etc. and guaranteed by two Directors of the Company | | 24,00,000 | |
| 13,17,854 | Cash Credit Account with Bank against Hypothecation of Finished goods and raw materials and stores | | 11,35,524 | |
| 68,108 | Interest Accrued on above | | 1,12,290 | |
| 37,85,962 | | | <u>36,47,814</u> | |
| | IV. UNSECURED LOANS: | | | |
| 15,00,000 | (i) (a) 150 6% Unsecured Debentures of Rs. 10,000/- each fully paid up redeemable at the option of the Company at any time or times on giving 3 (Three) Calendar Months' Previous Notice.. | 15,00,000 | | |
| — | (b) 50 8 1/2% Unsecured Debentures of Rs. 10,000/- each fully paid up redeemable after Twenty Years and before Twenty-five Years from the date of issue | <u>5,00,000</u> | | |
| 15,00,000 | | | 20,00,000 | |
| 11,51,219 | (ii) From Sole Selling Agents | | 14,99,712 | |
| 10,073 | (iii) Loan from Others | | 10,948 | |
| 1,72,187 | (iv) Interest Accrued on above | | 2,49,117 | |
| 28,33,479 | | | <u>37,59,777</u> | |
| | V. CURRENT LIABILITIES AND PROVISIONS: | | | |
| | (A) CURRENT LIABILITIES: | | | |
| 14,51,301 | (1) Sundry Creditors | | 22,13,768 | |
| 2,70,069 | (2) Deposits and Advances from Customers (including Rs. 50,000/- from Selling Agents) | | 3,14,900 | |
| 94,780 | (3) Liability for Income-tax | | 7,66,555 | |
| 5,33,382 | (4) Due to Sole Selling Agents | | 6,43,898 | |
| 15,876 | (5) Due for Managing Director's Commission | | 33,876 | |
| 2,73,326 | (6) Provision for Accrued Gratuity | | 3,87,831 | |
| 26,38,734 | | | | |
| 1,20,53,441 | Carried Over .. | | <u>43,60,828</u> | <u>1,27,80,104</u> |

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1975

| As at 31st May, 1974 | ASSETS—(Contd.) | | | |
|-------------------------|---|------------------|------------------|------------------|
| Rupees | | Rupees | Rupees | Rupees |
| 36,63,070 | Brought Forward .. | | | 37,35,324 |
| | III. CURRENT ASSETS, LOANS AND ADVANCES: | | | |
| | (A) CURRENT ASSETS: | | | |
| 22 | (i) Interest accrued on Investments | | 22 | |
| | (ii) Stores, Chemicals and Spares at cost (as per inventory valued and certified by Managing Director) | | | |
| 15,73,281 | (a) On Hand | 25,88,828 | | |
| 42,163 | (b) In Transit | 1,13,524 | | |
| 16,15,444 | | <u>27,02,352</u> | | |
| 13,600 | (iii) Loose Tools and Implements (as per inventory certified by Managing Director) | | 12,240 | |
| | (iv) Stock-in-trade (as valued and certified by Managing Director) | | | |
| 10,741 | (a) Acetic Acid at Market Rate | 11,57,000 | | |
| 2,38,702 | (b) Rectified Spirit at Market Rate | 2,09,549 | | |
| 83,811 | (c) Raw Materials (Molasses) at cost | 4,21,269 | | |
| 8,031 | (d) Denatured Spirit at Market Rate | 4,017 | | |
| 3,41,285 | | <u>17,91,835</u> | | |
| | (v) Sundry Debtors (Unsecured and considered good except otherwise stated) | | | |
| 3,83,128 | (a) Debts Outstanding for more than 6 Months (including doubtful debts of Rs. 84,282/- not provided for) .. | 6,14,113 | | |
| 9,39,912 | (b) Other Debts | 9,05,902 | | |
| 13,23,040 | | <u>15,20,015</u> | | |
| | (vi) Cash and Bank Balances: | | | |
| 25,556 | Cash on hand | 40,992 | | |
| 1,21,314 | In Current Account with Scheduled Banks | 1,20,598 | | |
| 1,46,870 | | <u>1,61,590</u> | | |
| 39,375 | vii) Stamps on Hand | | 39,375 | |
| 34,79,636 | | | | |
| 36,63,070 | Carried Over .. | | <u>62,27,429</u> | <u>37,35,324</u> |

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1975

| As at 31st May, 1974 | ASSETS—(Contd.) | | | |
|---|---|------------------|------------------|------------------|
| Rupees | | Rupees | Rupees | Rupees |
| 36,63,070 | Brought Forward .. | | | 37,35,324 |
| III. CURRENT ASSETS, LOANS AND ADVANCES: | | | | |
| (A) CURRENT ASSETS: | | | | |
| 22 | (i) Interest accrued on Investments | | 22 | |
| | (ii) Stores, Chemicals and Spares at cost (as per inventory valued and certified by Managing Director) | | | |
| 15,73,281 | (a) On Hand | 25,88,828 | | |
| 42,163 | (b) In Transit | 1,13,524 | | |
| 16,15,444 | | <u>27,02,352</u> | | |
| 13,600 | (iii) Loose Tools and Implements (as per inventory certified by Managing Director) | | 12,240 | |
| | (iv) Stock-in-trade (as valued and certified by Managing Director) | | | |
| 10,741 | (a) Acetic Acid at Market Rate | 11,57,000 | | |
| 2,38,702 | (b) Rectified Spirit at Market Rate | 2,09,549 | | |
| 83,811 | (c) Raw Materials (Molasses) at cost | 4,21,269 | | |
| 8,031 | (d) Denatured Spirit at Market Rate | 4,017 | | |
| 3,41,285 | | <u>17,91,835</u> | | |
| | (v) Sundry Debtors (Unsecured and considered good except otherwise stated) | | | |
| 3,83,128 | (a) Debts Outstanding for more than 6 Months (including doubtful debts of Rs. 84,282/- not provided for) .. | 6,14,113 | | |
| 9,39,912 | (b) Other Debts | 9,05,902 | | |
| 13,23,040 | | <u>15,20,015</u> | | |
| | (vi) Cash and Bank Balances: | | | |
| 25,556 | Cash on hand | 40,992 | | |
| 1,21,314 | In Current Account with Scheduled Banks | 1,20,598 | | |
| 1,46,870 | | <u>1,61,590</u> | | |
| 39,375 | vii) Stamps on Hand | | 39,375 | |
| 34,79,636 | | | | |
| 36,63,070 | Carried Over .. | | <u>62,27,429</u> | <u>37,35,324</u> |

SOMAIYA ORGANO- BALANCE SHEET

| As at 31st May, 1974 | LIABILITIES—(Contd.) | | | | |
|-------------------------|---|-----------|--|---------------------|-----------------------|
| Rupees 1,20,53,441 | Brought Forward | | | Rupees 43,60,828 | Rupees 1,27,80,104 |
| 26,38,734 | (B) PROVISIONS: | | | | |
| 27,25,000 | Provision for Taxation | | | 48,30,000 | |
| 17,07,473 | Less: Advance Tax paid | 24,20,002 | | | |
| — | Add: Income-tax deducted at source | 22,063 | | 24,42,065 | |
| 10,17,527 | | | | 23,87,935 | |
| 4,65,000 | Provision for Bonus | | | 5,25,000 | |
| 14,82,527 | | | | 29,12,935 | 72,73,763 |
| 41,21,261 | CONTINGENT LIABILITIES (Not provided for): | | | | |
| 3,64,000 | (1) Arrears of Dividend on 7% (Free of Income-tax) redeemable Cumulative Preference Shares for the period of 1971-72 to 1974-75 | | | 3,64,000 | |
| 75,000 | (2) In respect of Counter Guarantee given to a Bank | | | 75,000 | |
| 11,52,005 | (3) In respect of Bills discounted with a Bank | | | 8,20,603 | |
| 1,61,74,702 | Total Rupees | | | 2,00,53,867 | |

SOMAIYA ORGANO- BALANCE SHEET

NOTES:

1. Loans given to firms and other parties of the aggregate amount of Rs. 83.79 Lacs have been considered by the Directors as good. In absence of any material to verify the same by the auditors, they are unable to ascertain whether they are recoverable or not.
2. The Directors have recommended payment of arrears of Preference Dividend of Rs. 91,000/- for the accounting year 1971-72 which dividend if approved by the Shareholders at the Annual General Meeting to be held on 29th November, 1975, will be paid out of General Reserve. No separate provision has been made therefor.
3. According to usual practice unusable and obsolete stocks are not valued as value thereof is not ascertainable.

| | Number | Salary and Bonus | Contribution to Provident Fund |
|---|--------|------------------|--------------------------------|
| 4. (a) Employees who were employed throughout the year at Remuneration which in the aggregate was not less than Rs. 36,000/- (Other than Managing Director) | 2 | 85,336 | 2,458 |
| (b) There was no employee of the Company who is in receipt of or entitled to receive emoluments amounting to Rs. 3,000/- per mensem for part of the year. | — | — | — |

5. Quantitative Information in respect of Goods Manufactured:

| Classes of Goods | Licenced Capacity | Installed capacity (As Certified by Works Manager) | Actual Production (Quantity) | Opening Stock | | Closing Stock | | Sales | |
|--------------------|-------------------|--|--------------------------------------|--------------------------------|------------------------|--------------------------------|------------------------|------------------------------------|--------------------------|
| | | | | Quantity | Value Rs. | Quantity | Value Rs. | Quantity | Value Rs. |
| Rectified Spirit | 1,00,000 H.L. | 1,00,000 H.L. | 1,05,081.38 H.L. (93,743.27 H.L.) | 9848.68 H.L. (8424.36 H.L.) | 2,38,702 (2,04,182) | 8645.84 H.L. (9848.68 H.L.) | 2,09,549 (2,38,703) | 3977.20 H.L. (5173.00 H.L.) | 1,98,931 (2,94,073) |
| Acetic Acid | 1,906 M.T. | 2,400 M.T. | 2,890.721 M.T. (2386.400 M.T.) | 4.590 M.T. (103.372 M.T.) | 10,741 (1,34,384) | 472.245 M.T. (4.590 M.T.) | 11,57,000 (10,741) | 2406.266 M.T. (2135.080 M.T.) | 81,75,803 (57,20,296) |
| Dilute Acetic Acid | | | 91.540 M.T. (410.181 M.T.) | — | — | — | — | 91.540 M.T. (410.181 M.T.) | 1,20,442 (5,18,105) |
| Denatured Spirit | | | 40,760.20 H.L. (30,834.44 H.L.) | 267.717 H.L. (90.78 H.L.) | 8,031 (2,723) | 133.895 H.L. (267.717 H.L.) | 4,017 (8,031) | 40,690.45 H.L. (30,657.50 H.L.) | 24,08,597 (15,62,131) |
| Acetaldehyde | | | 847.238 M.T. (786.726 M.T.) | — | — | — | — | 847.238 M.T. (786.726 M.T.) | 19,36,460 (17,25,936) |
| Acetic Anhydride | | | — (160.223 M.T.) | — | — | — | — | — (160.223 M.T.) | — (7,77,918) |
| Others | | | 20,945 M.T. (37,033 M.T.) | — | — | — | — | 20,945 M.T. (37,033 M.T.) | 64,643 (90,678) |

Figures shown in the Brackets are of previous year.

Accompanying to in our Report of even date.
For **AMBALAL THAKKAR & CO.,**
CHARTERED ACCOUNTANTS
G. P. BHATT
Partner

BOMBAY : Dated 28th November, 1975

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1975

6. Consumption of Important Raw Materials:

| <i>Indigenous:</i> | <i>Quantity</i> | <i>Amount Rs,</i> |
|---|------------------|-----------------------|
| Molasses | 48,465.770 M.T. | 22,60,133 |
| Rectified Spirit (Own Manufactured) | 1,02,304.81 H.L. | — |
| Acetic Acid (Own Manufactured) | 16.800 M.T. | — |

7. (a) C.I.F. Value of Imports:

| | <i>Amount Rs,</i> |
|------------------------------|-----------------------|
| (i) Raw Materials | Nil |
| (ii) Stores and Spares | 64,126 |
| (iii) Capital Goods | Nil |

b) Consumption of:

| | <i>Indigenous</i> | | <i>Imported</i> | |
|------------------------------|-------------------|---------------|-----------------|---------------|
| | <i>%</i> | <i>Rupees</i> | <i>%</i> | <i>Rupees</i> |
| (i) Raw Materials | 100 | 22,60,133 | Nil | Nil |
| (ii) Stores and Spares | 95.77% | 8,57,183 | 4.23% | 37,837 |

8. The figures of Previous Year have been regrouped and recasted wherever necessary, so as to make them comparable with the Current Year's Figures.

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

| | | |
|---|---|--|
| K. J. SOMAIYA NAVINCHANDRA C. SAYTA BANARSILAL NARULA U. H. MEHTA M. S. SOMAIYA | } | Directors Managing Director |
|---|---|--|

BOMBAY: Dated 28th November, 1975.

SOMAIYA ORGANO-

PROFIT AND LOSS ACCOUNT FOR

| As at 31st May, 1974 | | Rupees | Rupees |
|-------------------------|--|-----------|-----------|
| | To Opening Stock on 1st June, 1974 | | |
| 1,34,384 | Acetic Acid | 10,741 | |
| 2,04,182 | Rectified Spirit | 2,38,703 | |
| 2,723 | Denatured Spirit | 8,031 | |
| | | | 2,57,475 |
| 3,41,289 | .. Molasses Consumed (Purchase Rs. 25,97,590/-) | | 22,60,133 |
| 12,97,400 | .. Stores and Chemicals Consumed | | 8,95,020 |
| 8,10,539 | .. Power and Fuel | | 23,59,670 |
| 18,61,429 | .. Salaries and Wages | 16,88,818 | |
| 13,18,974 | .. Bonus (Previous year) | 93,024 | |
| 78,821 | .. Workmen's Compensation | 8,023 | |
| 203 | .. Provision for Bonus | 2,00,000 | |
| 1,50,000 | .. Workmen & Staff Welfare Expenses | 29,750 | |
| 6,769 | .. Gratuity (including Provision for Rs. 1,14,505/-) | 1,22,106 | |
| 1,03,743 | .. Company's contribution (to the G.S.M. Ltd. Employees' Provident Fund Scheme) towards Provident Fund and Employees' Family Pension Fund Scheme | 37,568 | |
| 33,751 | .. Company's contribution to Government Provident Fund and Administrative Charges and Family Pension Scheme | 67,219 | |
| 46,400 | | | 22,46,508 |
| 17,38,661 | .. Repairs: | | |
| 2,34,037 | Plant and Machinery | 1,42,784 | |
| 9,978 | Building | 8,899 | |
| 53,403 | Other Repairs | 39,033 | |
| | | | 1,90,716 |
| 2,97,418 | .. Rent (Net) | | 1,76,734 |
| 73,836 | .. Excise Establishment Charges | | 53,224 |
| 48,099 | .. Excise Duty | | 3,06,700 |
| 45,095 | .. Insurance Premium | | 53,524 |
| 47,155 | .. Directors' Fees | | 1,200 |
| 1,575 | .. Refund of Hire Charges received in previous year | | 23,600 |
| — | .. Personal Injuries Insurance | | — |
| 40 | .. Legal Expenses | | 86,988 |
| 77,019 | .. Contribution to Scientific Research Institutions | | — |
| 5,00,000 | .. Directors' Travelling Expenses | | 985 |
| 10,652 | .. Managing Director's Medical Expenses | | 45 |
| — | .. Acetic Anhydride Manufacturing and Transport Charges | | — |
| 2,72,849 | .. Interest: | | |
| 5,69,365 | Bank | 6,62,061 | |
| 90,000 | On Debentures | 1,32,500 | |
| 1,38,991 | Others | 2,03,750 | |
| | | | 9,98,311 |
| 7,98,356 | | | |
| 82,21,412 | Carried Over | | 99,10,833 |

SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

| As at 31st May, 1974 | | Rupees | Rupees |
|--|--|-----------------|-------------------------|
| 82,21,412 | Brought Forward | | 99,10,833 |
| 2,45,433 | To Miscellaneous Expenses including Printing and Stationery, Postage and Telegram, Travelling, Subscription, Motor Car Maintenance, etc. | | 4,91,890 |
| 1,42,702 | .. Acetic Acid Transport Charges | | 1,31,012 |
| 15,254 | .. Rates and Taxes | | 19,781 |
| 3,000 | .. Audit Fees | | 4,000 |
| 2,56,102 | .. Charity and Donation | | 2,75,000 |
| 1,591 | .. Loose Tools written off | | 1,360 |
| 5,35,091 | .. Depreciation | | 5,17,539 |
| 12,150 | .. Development Rebate Reserve | | — |
| 19,159 | .. Research and Development Expenditure | | 9,005 |
| 5,33,382 | .. Commission | | |
| 2,44,722 | Sole Selling Agents Commission | 6,43,898 | |
| | Others | 2,60,550 | |
| | | <hr/> | 9,04,448 |
| 7,78,104 | .. Managing Director's Remuneration: | | |
| 36,000 | Remuneration | 36,000 | |
| 15,876 | Commission on Profit | 18,000 | |
| | | <hr/> | 54,000 |
| 12,70,000 | .. Provision for Taxation | | 23,05,000 |
| 2,95,576 | .. Balance being Profit for the year | | 6,11,144 |
| 1,18,47,450 | TOTAL RUPEES | | <hr/> 1,52,35,012 <hr/> |
| 2,10,000 | To Transfer to General Reserve | | 5,000 |
| 94,780 | .. Short provision of Taxation for Previous Years | | 7,49,290 |
| 3,383 | .. Balance carried to Balance Sheet | | 975 |
| NOTE: Computation of Managing Director's Commission is as follows: | | | |
| 2,95,576 | Net Profit as per Profit and Loss Account | 6,11,144 | |
| Add: | | | |
| 51,876 | 1. Managing Director's Remuneration | 54,000 | |
| 12,70,000 | 2. Provision for Taxation | 23,05,000 | |
| 12,150 | 3. Development Rebate Reserve | — | |
| 2,948 | 4. Tax deducted at Source | 7,228 | |
| 5,35,091 | 5. Depreciation | 5,17,539 | |
| <hr/> 18,72,065 | | <hr/> 34,94,911 | |
| Less: | | | |
| 5,60,660 | Depreciation to the extent specified in Sec. 350 of the Companies Act, 1956 | 5,32,047 | |
| 19,327 | Provision for Sur-Tax (Estimated) | 56,000 | |
| <hr/> 5,79,987 | | <hr/> 5,88,047 | |
| <hr/> 12,92,078 | | <hr/> 29,06,864 | |
| <hr/> 15,87,654 | | | |
| 3,08,163 | Carried Over | | <hr/> 7,55,265 |

SOMAIYA ORGANISATION

PROFIT AND LOSS ACCOUNT FOR

As at
31st May, 1974

Rupees
3,08,163

Brought Forward

Rupees

Rupees
7,55,265

| | | | |
|-----------|--|-----------|--|
| | | | |
| 15,87,654 | Net Profit for Calculating Managing Director's Commission | 29,06,864 | |
| 15,876 | Commission payable at 1% | 29,069 | |
| | Maximum payable as per Central Govt.'s Approval | 18,000 | |
| | <i>Total Managerial Remuneration:</i> | | |
| 36,000 | (a) Remuneration | 36,000 | |
| 15,876 | (b) Commission on Profit | 18,000 | |
| 3,000 | (c) Company's contribution to Provident Fund | 3,000 | |
| 7,500 | (d) Perquisites in respect of Rent Free Furnished Quarters | 10,380 | |
| 2,400 | (e) Perquisites for use of Company's Car | 5,400 | |
| 2,249 | (f) Perquisites in respect of Leave Travel | — | |
| — | (g) Perquisites in respect of Medicine | 45 | |
| 67,025 | | 72,825 | |

3,08,163

Total Rupees

7,55,265

Accompanying to in our Report of even date
For **AMBALAL THAKKAR & COMPANY**
CHARTERED ACCOUNTANTS
G. B. BHATT

CHEMICALS LIMITED, BOMBAY

THE YEAR ENDED 31ST MAY, 1975

| <i>As at</i> 31st May, 1974 | | Rupees | Rupees |
|--------------------------------|-------------------------|--------|----------|
| Rupees | | | |
| 3,08,163 | Brought Forward | | 7,55,265 |
| 3,08,163 | Total Rupees | | 7,55,265 |

BOMBAY: Dated 28th November, 1975

K. J. SOMAIYA
 NAVINCHANDRA C. SAYTA
 BANARSILAL NARULA
 U. H. MEHTA

} *Directors*

M. S. SOMAIYA *Managing Director*

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

Schedule attached to and forming part of Balance Sheet as at 31st May, 1975

Schedule "A"

| Particulars (1) | Gross Block at Cost except other- wise stated as at 1-6-74 (2) | Additions during the Year (3) | Gross Block as at 31st May, 1975 (4) | Depreciation written off upto 31st May, 1974 (5) | Depreciation written off this year (6) | Total Depreciation upto 31st May, 1975 (7) | Net Depreciated Block as at 31st May, 1975 (8) | Net Depreciated Block as at 31st May, 1974 (9) |
|-----------------------------------|---|--|---|--|---|--|---|---|
| Land | 37,180 | — | 37,180 | — | — | — | 37,180 | 37,180 |
| Distillery Building | 8,11,705 | — | 8,11,705 | 3,25,863 | 24,292 | 3,50,155 | 4,61,550 | 4,85,842 |
| Immovable Property at Bombay | — | 1,49,382 | 1,49,382 | — | 3,734 | 3,734 | 1,45,648 | — |
| Distillery Machinery (Book Value) | 36,77,229 | — | 36,77,229 | 23,71,010 | 2,67,854 | 26,38,864 | 10,38,365 | 13,06,219 |
| Acetic Acid Building | 2,61,550 | — | 2,61,550 | 1,12,933 | 7,431 | 1,20,364 | 1,41,186 | 1,48,617 |
| Electric Machinery | 3,08,115 | — | 3,08,115 | 2,49,236 | 11,776 | 2,61,012 | 47,103 | 58,879 |
| Acetic Acid Plant | 33,97,071 | 2,85,956 | 36,83,027 | 31,55,722 | 1,18,134 | 32,73,856 | 4,09,171 | 2,41,349 |
| Laboratory | 4,756 | — | 4,756 | 3,431 | 132 | 3,563 | 1,193 | 1,325 |
| Furniture and Office Equipments | 60,989 | — | 60,989 | 32,533 | 3,565 | 36,098 | 24,891 | 28,456 |
| Motor Cars, Lorries and Tankers | 2,43,375 | 60,854 | 3,04,229 | 1,23,859 | 42,216 | 1,66,075 | 1,38,154 | 1,19,516 |
| Scale and Weigh Bridge .. | 2,420 | — | 2,420 | 1,836 | 58 | 1,894 | 526 | 584 |
| Storage Vats and Tanks .. | 6,45,938 | — | 6,45,938 | 3,53,020 | 31,954 | 3,84,974 | 2,60,964 | 2,92,918 |
| Electric Installation | 79,174 | — | 79,174 | 38,411 | 4,076 | 42,487 | 36,687 | 40,763 |
| Total Rupees | 95,29,502 | 4,96,192 | 1,00,25,694 | 67,67,854 | 5,15,222 | 72,83,076 | 27,42,618 | 27,61,648 |

Accompanying to in our Report of even date
For **AMBALAL THAKKAR & COMPANY**
CHARTERED ACCOUNTANTS
G. P. BHATT
Partner

K. J. SOMAIYA
NAVINCHANDRA C. SAYTA
BANARSILAL NARULA
U. H. MEHTA
} Directors
M. S. SOMAIYA
Managing Director

BOMBAY: Dated 28th November, 1975.

BOMBAY: Dated 28th November, 1975.