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**SOMAIYA
ORGANO-
CHEMICALS
LIMITED**

**ANNUAL REPORT & ACCOUNTS
1975-76**

1976

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

(Incorporated under Indian Companies Act, 1956)

BOARD OF DIRECTORS :

SHRI KARAMSHI JETHABHAI SOMAIYA, *Chairman*

SHRI BANARSILAL NARULA

DR. (MISS) USHABEN H. MEHTA

SHRI SURESH R. KHATOD

SHRI NIRMAL CHANDRA VARMA

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,
FORT, BOMBAY 400 023.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

NOTICE

NOTICE is hereby given that the adjourned 16th Annual General Meeting of SOMAIYA ORGANO-CHEMICALS LIMITED will be held on Monday the 10th January, 1977 at 4-30 P. M. at the Registered Office of the Company, Fazalbhoj Building, Mahatma Gandhi Road, Bombay 400 023, to transact the following business :

1. To receive, consider and adopt the Directors' Report and the Audited statement of accounts for the year ended 31st May, 1976 alongwith the revised statement of Accounts for the year ended 31st May, 1975.
2. To declare Dividend on Equity shares and preference shares for the year ended 31st May, 1976.

The Register of members will remain closed from 1st January, 1977 to 10th January, 1977 (both days inclusive).

BY ORDER OF THE BOARD OF DIRECTORS

M. S. SOMAIYA

MANAGING DIRECTOR

BOMBAY : Dated 28th December, 1976.

- NOTES:
1. 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.
 2. The dividend when declared be paid at the Registered Office of the Company on and after 31st January, 1977. The Dividend warrants will be posted to those shareholders whose names stand on the Company's Register of members on 31st December, 1976.

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, 1976.

FINANCIAL RESULTS:

The Gross Profit for the year before providing for Depreciation, Investment Allowance Reserve, Development Rebate Reserve and Taxation amounted to Rs. 25,47,648

Deducting therefrom:

Depreciation	Rs.	5,60,313	
Investment Allowance Reserve	Rs.	1,89,301	
Provision for Taxation	Rs.	12,00,000	
			Rs. 19,49,614
			<u>Rs. 5,98,034</u>

Adding to the above profit last year's carried forward profit of Rs. 975/- and deducting therefrom short provision for taxation amounting to Rs. 1,40,221/-, the balance comes to Rs. 4,58,788/-.

Your Directors recommend the following appropriations:

1. Transfer to General Reserve	Rs.	59,803
2. Proposed Dividend on Preference Shares for the year 1975-76	Rs.	91,000
3. Proposed Equity Dividend @ Rs. 61.50 per Share	Rs.	3,07,500
4. Balance carried to Balance Sheet	Rs.	485
		<u>Rs. 4,58,788</u>

The Directors of the Company in their meeting held on 23rd March, 1976 recommended Dividend of Rs. 2,73,000/- on Preference Shares for the Accounting Years 1972-1973 to 1974-75 and of Rs. 2,25,000/- at the rate of Rs. 45/- per Share subject to deduction of tax on Equity Shares out of Profits for the year ended 31st May, 1975, to comply with the provisions of amended Section 104 of the Income-tax Act, 1961. The same was approved by Shareholders in Extra-Ordinary General Meeting held on 27th May, 1976. A revised Profit and Loss Appropriation Account for the year ended 31st May, 1975 giving effect to the above is annexed with the Accounts for the year under report. The effect in General Reserve Account and proposed Dividend Account is given directly in the Balance Sheet.

The Company's Chemical as well as Alcohol plant worked satisfactorily during the year under report. The capacity of the Acetic Acid plant has been increased to 5,000 M.T. as per the registration approved by the Government of India.

Due to the sharp statutory increase in the price of Molasses from Rs. 10 per tonne for grade 1 to Rs. 60 per tonne which came into effect in Maharashtra from 10th January, 1976, the cost of manufacture of Alcohol escalated. The market of organic chemicals more or less remained at the same level and thus the increase could not be reflected in the final prices of end-products which has affected the profitability particularly in the latter part of the year. Unless the markets improve, profitability is likely to be affected more during the current year.

The Research & Development Department of the Company, started on a modest scale, continued its activities. This division is trying to develop processes for some of the alcohol-based items.

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.

Two of your Directors, Shri S. R. Khatod and Dr. (Miss) U. H. Mehta who retired by rotation have been re-elected in Annual General Meeting held on 28th November, 1976. Similarly Shri N. C. Varma who was appointed as an Additional Director of the Company retired on the date of the Annual General Meeting and was re-elected as a Director.

M/s. Ambalal Thakkar & Company have been reappointed as Auditors for the current year in the Annual General Meeting of the Company held on 28th November, 1976.

Yours faithfully,
For and on behalf of the Board of Directors,

M. S. SOMAIYA

Managing Director

BOMBAY : Dated 28th December, 1976.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

ATTACHMENT TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MAY, 1976

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	Age of Employee	Last Employment held
1.	Smt. M. S. Somaiya	Managing Director	76,086/-	Subject to approval of the Central Government	As approved by the Ministry of Law and Companies Affairs vide letter No. 1, 150 (CL. VIII, 71. dated 6th September, 1971.	B.A. 6 Years	1st December, 1970	36	—
2.	Com. S. Rajendra	Executive	56,405/-	Permanent, subject to termination by three months' notice on either side	As per Company's Rules	B.Sc. 19 Years	1st February, 1972	55	Commodore in Indian Navy.
3.	Shri P. K. R. Nair	Works Manager	50,377/-	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. 16 Years	25th May, 1961	43	Erection Engineer in Air Conditioning Corporation

- (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 December, 1976.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDING 31ST MAY, 1976

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

As required by the Manufacturing and Others Companies (Auditors' Report) Order, 1975 dated 7th November, 1975 issued by the Central Government and on the basis of such checks as we consider appropriate, we report as under :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. Physical Verification of all the Assets has been conducted by the Management at the close of the year and no serious discrepancies were notified.
2. No Fixed Assets of the Company has been revalued during the year.
3. The Stocks of finished goods, Raw Materials, Stores and Spares etc. were physically verified by the Management during the year. In our opinion the frequency of verification is reasonable. The discrepancies noticed on verification between physical stock, and the Stock as shown in the Books have been properly dealt with in the Books of Accounts. In our opinion, valuation of the above mentioned Stocks is fair and proper in accordance with the normally accepted principles and is on the same basis as in the earlier years.
4. The Company has not taken any loans from Companies, firms or other Parties listed in the register maintained under Section 301 and 370 (I-C) of the Companies Act, 1956.
5. Loans given to Company, firms, and other parties, and Interest has not become due on 31st May, 1976, as per the stipulation agreed upon between the Companies and the Parties. Loans and Advances in the nature of loan given to Employees is recovered regularly as stipulated.
6. 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 nature of its business, for the purchases of Raw Materials, Stores, Plant and Machineries, equipment and other Assets.
7. The Company has purchased Stores and Raw Materials exceeding Rs. 10,000/- from a Company in which Directors are interested and the prices paid are reasonable as compared to the prices of similar items supplied by other parties.
8. As informed to us and as per usual practice unsaleable and absolute stock of Stores is shown at NIL value and no provision for the loss has been made in the accounts.
9. The Company has not accepted any Deposit from the Public. In respect of Loans from other parties the Company has complied with the directives issued by the Reserve Bank of India, except Unsecured Debentures for which please refer to note No. 4 in Schedule 'B' of Notes forming part of the Accounts.
10. Company has maintained reasonable records for the Sale and disposal of by-products.
11. The Paid-up Capital of the Company is less than Rs. 25 Lakhs and hence clause regarding Internal Audit does not apply.

12. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.
13. The Company is regular in Depositing Provident Fund dues with the appropriate authorities.

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 subject to notes Nos. 1 to 5 in Schedule 'B' and read with other notes thereon gives 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 & COMPANY,
CHARTERED ACCOUNTANTS,

G. P. BHATT
Partner

BOMBAY : Dated 28th December, 1976.

SOMAIYA ORGANO-

BALANCE SHEET

As at 31st May, 1975	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/- each 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) <i>General Reserve:</i>			
32,34,200	As on 1-6-1974		32,34,200	
—	<i>Add:</i> Transferred from Development Rebate Reserve During 1974-1975 2,71,278			
2,71,278	During the year 34,265		3,05,543	
2,71,278				
—	Set aside : As per Revised Profit & Loss Account of 1974-75 61,000			
5,000	During the year 59,803		1,20,803	
5,000			4,26,346	
35,10,478			36,60,546	
—	<i>Less:</i> Transferred to Revised Profit & Loss Account of 1974-1975		5,54,000	
35,10,478			31,06,546	
—	<i>Less:</i> Dividend on Preference Shares paid during 1974-75 for the year 1970-71 91,000			
91,000	Paid During the year for the year 1971-1972 91,000		1,82,000	
91,000			2924,546	
34,19,478				
15,00,000	Carried Over		29,24,546	15,00,000

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1976

As at 31st May, 1975	ASSETS			
Rupees		Rupees	Rupees	Rupees
	I. FIXED ASSETS (At Cost):			
1,00,25,694	Gross Block		1,07,89,011	
72,83,076	Less: Depreciation written off upto 31-5-1976		78,41,130	
27,42,618	Net Depreciated Block as per Schedule 'A'		29,47,881	
4,67,551	Capital Work-in-Progress		4,60,508	
32,10,169				34,08,389
	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. :			
6,000	210 Equity Shares of Rs. 100/- each fully paid up	21,000		
	60 7½% Preference Shares of Rs. 100/- each fully paid up	6,000		
27,000			27,000	
3,000	(6) 3 8% Debentures of United News of India Rs. 1,000/-each		—	
250	(7) 5 Shares of Rs. 100/- each of Basant Co-Operative Housing Society Ltd.		500	
		<u>Cost</u>	<u>Market Value</u>	
	Aggregate quoted Investments	2,38,541	1,54,500	
	Aggregate unquoted Investments	28,495	—	
2,69,786		2,67,036	1,54,500	2,67,036
	Immovable Property (including Value of Land Rs. 1,65,000/-)			
2,57,686	Balance as per Last Balance Sheet		2,55,369	
2,317	Less: Depreciation written off upto 31st May, 1976		2,259	
2,55,369			2,53,110	
5,25,155				5,20,146
37,35,324	Carried Over			39,28,535

SOMAIYA ORGANO-

BALANCE SHEET

As at 31st May, 1975	LIABILITIES—(Contd.)			
Rupees		Rupees	Rupees	Rupees
15,00,000	Brought Forward		29,24,546	15,00,000
34,19,478				
6,31,286	(b) <i>Development Rebate Reserve :</i>			
	As per Last Balance Sheet	3,60,008		
2,71,278	Less: Transferred to General Reserve	34,265		
3,60,008			3,25,743	
—	(c) <i>Investment Allowance Reserve:</i>			
	Set aside from the Profit		1,89,301	
65,131	(d) <i>Storage Fund for Molasses and Alcohol Account:</i>			
	As per Last Balance Sheet	92,052		
26,921	Add: Adjusted from Sales of Rectified & Denatured Spirit during the year	34,865		
92,052			1,26,917	
975	(e) <i>Profit and Loss Account:</i>			
	Balance as per Profit and Loss Account		485	35,66,992
38,72,513	III. SECURED LOANS:			
	From Union Bank of India against Equitable Mortgage of Fixed Assets including Machineries etc. and guaranteed by two Directors of the Company		20,00,000	
24,00,000				
	Cash Credit Account with Bank against Hypothecation of Finished goods and Raw Materials and Stores		11,36,716	
11,35,524				
1,12,290	Interest Accrued but not due on above		74,577	32,11,293
36,47,814	IV. UNSECURED LOANS:			
	(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		
15,00,000				
	(b) 50 8½% Unsecured Debentures of Rs. 10,000/- each fully paid up redeemable after Twenty Years and before Twenty-five Years from the date of issue	5,00,000		
5,00,000			20,00,000	
20,00,000				
14,99,712	(ii) From Sole Selling Agents		20,09,303	
10,948	(iii) Loan from Others		11,957	
2,49,117	(iv) Interest Accrued on above		3,53,003	43,74,263
37,59,777				
1,27,80,104	Carried Over			1,26,52,548

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1976

As at 31st May, 1975	ASSETS—(Contd.)			
Rupees		Rupees	Rupees	Rupees
37,35,324	Brought Forward			39,28,535
	III. CURRENT ASSETS, LOANS AND ADVANCES:			
	(A) CURRENT ASSETS:			
22	(i) Interest Accrued on Investments		45	
	(ii) Stores, Chemicals and Spares at cost (as per inventory valued and certified by Managing Director)			
25,88,828	(a) On Hand	15,65,378		
1,13,524	(b) In Transit	88,689		
		<u>16,54,067</u>		
27,02,352	(iii) Loose Tools and Implements (as per inventory Certified by Managing Director)		11,016	
12,240	(iv) Stock-in-trade (as valued and certified by Managing Director)			
11,57,000	(a) Acetic Acid at Market Rate	2,34,981		
2,09,549	(b) Rectified Spirit at Market Rate	7,32,333		
4,21,269	(c) Raw Materials (Molasses) at Cost	8,11,382		
4,017	(d) Denatured Spirit at Market Rate	1,936		
—	(e) Acetic Anhydride at Market Rate	1,26,888		
—	(f) Acetaldehyde at Market Rate	46,810		
—	(g) Timber at cost	1,21,369		
		<u>20,75,699</u>		
17,91,835	(v) Sundry Debtors (Unsecured and considered good except otherwise stated)			
	(a) Debts Outstanding for more than 6 Months (including Doubtful debts of Rs. 84,282 not provided for)	5,63,911		
6,14,113	(b) Other Debts	14,50,209		
9,05,902		<u>20,14,120</u>		
15,20,015				
60,26,464				
37,35,324	Carried Over		57,54,947	39,28,535

SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1975	LIABILITIES—(Contd.)			
Rupees		Rupees	Rupees	Rupees
1,27,80,104	Brought Forward			1,26,52,548
	V. CURRENT LIABILITIES AND PROVISIONS:			
	(A) CURRENT LIABILITIES:			
22,13,768	(1) Sundry Creditors		32,18,425	
3,14,900	(2) Deposits and Advances from Customers (including Rs. 50,000/- from Selling Agents bearing Interest) ..		5,42,656	
7,66,555	(3) Liability for Income-tax		94,780	
6,43,898	(4) Due to Selling Agents		7,91,555	
33,876	(5) Due for Managing Director's For Remuneration & Commission		50,983	
3,87,831	(6) Provision for Accrued Gratuity		3,87,831	
—	(7) Interest Accrued on Deposits		4,732	
—	(8) Deferred Dividend payable on Preference Shares for the Year 1973-74 to 1974-75 and Equity Dividend for the Year 1974-1975		3,88,100	
43,60,828			<u>54,79,062</u>	
	(B) PROVISIONS:			
48,30,000	Provision for Taxation	55,10,000		
24,20,002	Less: Advance Tax paid	37,33,196		
22,063	Add: Income-tax deducted at source	41,092		
24,42,065		<u>37,74,288</u>		
23,87,935		17,35,712		
5,25,000	Provision for Bonus	4,50,000		
29,12,935			<u>21,85,712</u>	
	PROPOSED DIVIDEND:			
	Transferred as per Revised Profit & Loss Account of 1974-1975 :			
—	Preference Dividend for the year 1972-73 to 1974-75 Subject to tax		2,73,000	
—	Equity Dividend at Rs. 45/- per Share for the year 1974-75 subject to tax		2,25,000	
—			<u>4,98,000</u>	
—	Less: Paid during the year:			
—	Preference Dividend	1,09,900		
—	Transferred to Deferred Dividend Payable Account:			
—	Preference Shares	1,63,100		
—	Equity Dividend	2,25,000	3,88,100	
—			<u>4,98,000</u>	
72,73,763				
1,27,80,104	Carried Over		<u>76,64,774</u>	<u>1,26,52,548</u>

CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1976

As at 31st May, 1975	ASSETS—(Contd.)			
Rupees		Rupees	Rupees	Rupees
37,35,324	Brought Forward		57,54,947	39,28,535
60,26,464				
	(vi) <i>Cash and Bank Balances:</i>			
40,992	Cash on Hand	85,230		
1,20,598	In Current Account with Scheduled Banks	<u>2,82,966</u>		
1,61,590			3,68,196	
39,375	(vii) Stamps on Hand		39,375	
	(B) LOANS AND ADVANCES: (Unsecured and considered good except Otherwise Stated):			
63,200	(1) To M/s The Godavari Sugar Mills Ltd.	—		
85,64,537	(2) Loan to Others	<u>93,50,962</u>		
86,27,737			93,50,962	
	Advances recoverable in Cash or Kind for Value to be received (includes doubtful advances of Rs. 45,530/- not provided for)			
13,88,536			11,97,054	
74,841	Deposit		<u>76,753</u>	
1,63,18,543				1,67,87,287
2,00,53,867	Carried Over			<u>2,07,15,822</u>

SOMAIYA ORGANO- BALANCE SHEET AS

As at 31st May, 1975	LIABILITIES—(Contd.)			
Rupees		Rupees	Rupees	Rupees
1,27,80,104	Brought Forward		76,64,774	1,26,52,548
72,73,763	<i>Add:</i> Proposed out of Profits for the year :			
—	Preference Dividend for the year 1975-76	91,000		
—	Equity Dividend at Rs. 61.50 per Share for the year 1975-76 subject to Tax	3,07,500		
—		<u>3,98,500</u>		<u>80,63,274</u>
72,73,763	CONTINGENT LIABILITIES (Not Provided for):			
75,000	(1) In respect of Counter Guarantee-given in favour of Bank in lieu of Guarantee given by Bank in favour of Central Railway		75,000	
8,20,603	(2) In respect of Bills discounted with a Bank		11,94,023	
<u>2,00,53,867</u>	Total Rupees		<u>2,07,15,822</u>	

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

BOMBAY: Dated 28th December, 1976.

CHEMICALS LIMITED, BOMBAY

AT 31ST MAY, 1976

<i>As at 31st May, 1975</i>	ASSETS—(Contd.)				
<i>Rupees</i>				<i>Rupees</i>	<i>Rupees</i>
2,00,53,867	Brought Forward	2,07,15,822
<u>2,00,53,867</u>				Total Rupees	<u>2,07,15,822</u>

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.

BOMBAY: Dated 28th December, 1976.

K. J. SOMAIYA N. C. VARMA BANARSILAL NARULA M. S. SOMAIYA	}	Directors Managing Director
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SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1975		Rupees	Rupees
	To Opening Stock on 1st June, 1975		
10,741	Acetic Acid	11,57,000	
2,38,703	Rectified Spirit	2,09,549	
8,031	Denatured Spirit	4,017	13,70,566
2,57,475			
—	.. Timber Purchases		1,21,369
22,60,133	.. Molasses Consumed (Purchased Rs. 39,28,297/-)		35,38,094
8,95,020	.. Stores and Chemicals consumed		10,33,083
23,59,670	.. Power and Fuel		24,73,375
16,88,818	.. Salaries and Wages	18,49,981	
93,024	.. Bonus of previous years	2,01,266	
8,023	.. Workmen's Compensation	142	
2,00,000	.. Provision for Bonus	2,50,000	
29,750	.. Workmen and Staff Welfare Expenses	39,942	
1,22,106	.. Gratuity	32,076	
	.. Company's contribution (to the G.S.M. Ltd., Employees' Provident Fund Scheme) towards Provident Fund and Employees' Family Pension Fund Scheme (Includes Rs. 3000/- towards Managing Director's P. F.)	40,586	
37,568	.. Company's contribution to Government Provident Fund and Administrative Charges and Family Pension Scheme	87,134	25,01,127
67,219			
22,46,508			
	.. Repairs:		
1,42,784	Plant and Machinery	2,47,050	
8,899	Buildings	44,784	
39,033	Other Repairs	98,989	3,90,823
1,90,716			
1,76,734	.. Rent (Net) (Includes Rs. 19,980/- for Managing Director's Quarter)		1,74,957
53,224	.. Excise Establishment Charges		84,779
3,06,700	.. Excise Duty		2,82,389
53,524	.. Insurance premium		55,798
1,200	.. Directors' Fees		750
23,600	.. Refund of Hire Charges received in previous years		—
—	.. Emergency Risk Insurance		731
86,988	.. Legal Expenses		72,877
89,11,492	Carried Over		1,21,00,718

CHEMICALS LIMITED, BOMBAY

THE YEAR ENDED 31ST MAY, 1976

<i>As at</i> 31st May, 1975		Rupees	Rupees
1,29,04,876	By Sales	1,58,65,965	
26,921	Less: Transferred to Storage Fund for Molasses and Alcohol Account	<u>34,865</u>	1,58,31,100
1,28,77,955			
76,906	„ Miscellaneous Receipts		1,21,296
45	„ Interest:		
8,58,821	On Government Loan (Net)	45	
34,421	On Other Loans	10,12,431	
	Interest on Advance Income-tax	<u>—</u>	
8,93,242		10,12,431	
7,228	Less: Income-tax deducted at source	<u>—</u>	10,12,431
8,86,014			
862	From Others	<u>1,195</u>	10,13,671
8,86,921			
22,638	„ Rent		45,229
26	„ Claims and Refund		45,266
—	„ Provision for Bonus written back		3,25,000
	„ Closing Stock-in-trade (as valued and certified by Managing Director)		
11,57,000	Acetic Acid at Market Rate	2,34,981	
2,09,549	Rectified Spirit at Market Rate	7,32,333	
4,017	Ordinary Denatured Spirit at Market Rate	1,936	
—	Acetic Anhydride at Market Rate	1,26,888	
—	Acetal Dehyde at Market Rate	46,810	
—	Timber at Cost	<u>1,21,369</u>	12,64,317
13,70,566			
1,52,35,012	Carried Over		<u>1,86,45,879</u>

SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May 1975		Rupees	Rupees
	Brought Forward		1,21,00,718
89,11,492			3,50,000
—	To Contribution to Scientific Research Institutions		3,895
985	“ Director’s Travelling Expenses		—
45	“ Director’s Medical Expenses		2,85,365
—	“ Acetic Anhydride Manufacturing and Transport Charges		
	“ Interest:	6,78,810	
6,62,061	Bank	1,32,500	
1,32,500	On Debentures	3,64,085	
2,03,750	Others		11,75,395
	“ Miscellaneous Expenses including Printing and Stationery, Postage and Telegrams, Travelling, Subscription, Motor Car Maintenance etc.		6,92,923
9,98,311	“ Acetic Acid Transport Charges		—
4,91,890	“ Rates and Taxes		42,057
1,31,012	“ Audit Fees		4,000
19,781	“ Charity and Donation		2,42,776
4,000	“ Loose Tools written off		1,224
2,75,000	“ Depreciation		5,60,313
1,360	“ Research and Development Expenditure		14,005
5,17,539	“ Commission:	7,91,555	
9,005	Sole Selling Agents Commission	3,41,212	
6,43,898	Others		11,32,767
2,60,550	“ Investment Allowance		1,89,301
9,04,448	“ Managing Director’s Remuneration:	36,000	
—	Remuneration	17,106	
36,000	Commission on Profit		53,106
18,000	“ Provision for Taxation		12,00,000
54,000	“ Balance being Profit for the year		5,98,034
23,05,000			1,86,45,879
6,11,144	TOTAL RUPEES		
1,52,35,012			59,803
	To Transfer to General Reserve		1,40,221
61,000	“ Short Provision of Taxation for Previous Year		
7,49,290	“ Proposed Dividend:	91,000	
	On Preference Shares	3,07,500	
3,64,000	On Equity Shares @ Rs. 61.50 Per Share		3,98,500
2,25,000			485
5,89,000	“ Balance Carried to Balance Sheet		
975			
14,00,265	Carried Over		5,99,009

SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1975		Rupees	Rupees	Rupees
Rupees 14,00,265	Brought Forward			5,99,009
	Note: Computation of Managing Director's Commission is as follow:			
	6,11,144 Net Profit as per Profit & Loss Account ..		5,98,034	
	<i>Add:</i>			
	54,000 1. Managing Director's Remuneration ..	53,106		
	23,05,000 2. Provision for Taxation	12,00,000		
	— 3. Investment allowance	1,89,301		
	7,228 4. Tax deducted at source			
	5,17,539 5. Depreciation	5,60,313		
	28,83,767		20,02,720	
	34,94,911		26,00,754	
	<i>Less:</i>			
	5,32,047 Depreciation to the extent specified in Section			
	56,000 350 of the Companies Act 1956	5,65,133		
	— Provision for Bonus written back	3,25,000		
	5,88,047		8,90,133	
	29,06,864 Net Profit for Calculating Managing Director's			
	commission		17,10,621	
	29,069 Commission Payable at 1 %		17,106	
	18,000 Maximum payable as per Central Govt.'s			
	Approval.		18,000	
	Total Managerial Remuneration:			
	36,000 (a) Remuneration	36,000		
	18,000 (b) Commission on Profit	17,106		
	3,000 (c) Company's contribution to Provident fund	3,000		
	(d) Perquisites in respect of Rent-Fee Furnished			
	10,380 Quarters	9,358		
	5,400 (e) Perquisites in respect of Company's Car	5,400		
	45 (f) Perquisites in respect of Medicine ..			
	72,825	70,864		
14,00,265	Total Rupees			5,99,009

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

BOMBAY : Dated 28th December, 1976.

CHEMICALS LIMITED, BOMBAY

THE YEAR ENDED 31ST MAY, 1976

<i>As at 31st May, 1975</i>		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	Brought Forward			5,99,009
14,00,265				
<u>14,00,265</u>	Total Rupees			<u>5,99,009</u>

K. J. SOMAIYA
 N. C. VARMA
 BANARSILAL NARULA } *Directors*
 M. S. SOMAIYA } *Managing Director*

BOMBAY : Dated 28th December, 1976.

SOMAIYA ORGANO- REVISED PROFIT AND LOSS APPROPRIATION

As at 1973-74		Rupees	Rupees
2,10,000	To Transfer to General Reserve		61,000
94,780	Short provision for taxation of previous year		7,49,290
—	Proposed Dividends:		
—	Preference dividend for the year 1972-73 to 1974-75		2,73,000
3,383	Equity Dividend at Rs. 45/- per share		2,25,000
	Balance carried to Balance Sheet		975
3,08,163	Total Rupees		13,09,265

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

BOMBAY: Dated 28th December, 1976.

CHEMICALS LIMITED, BOMBAY

ACCOUNT FOR THE YEAR 1974-75

<i>As at</i> 1973-74		Rupees	Rupees
10,015	By Balance of Profit and Loss Account		3,383
2,95,576	.. Balance Brought Down		6,11,144
—	.. Excess provision of Bonus written back		1,40,000
—	.. Transfer from General Reserve		5,54,000
2,572	.. Refund of Income-Tax		738
<u>3,08,163</u>	Total Rupees		<u>13,09,265</u>

BOMBAY: Dated 28th December, 1976.

K. J. SOMAIYA
 N. C. VARMA
 BANARSILAL NARULA } *Directors*
 M. S. SOMAIYA } *Managing Director*

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

Schedule attached to and forming part of Balance Sheet as at 31st May, 1976

Schedule "A"

Particulars (1)	Gross Block at Cost except otherwise stated as at 1-6-'75 (2)	Additions during the Year (3)	Gross Block as at 31st May, 1976 (4)	Depreciation written off upto 31st May, 1975 (5)	Depreciation written off this Year (6)	Total Depreciation upto 31st May, 1976 (7)	Net Depreciated Block as at 31st May, 1976 (8)	Net Depreciated Block as at 31st May, 1975 (9)
Land	37,180	—	37,180	—	—	—	37,180	37,180
Distillery Building	8,11,705	—	8,11,705	3,50,155	23,077	3,73,232	4,38,473	4,61,550
Immovable Property at Bombay	1,49,382	—	1,49,382	3,734	3,641	7,375	1,42,007	1,45,648
Distillery Machinery (Book Value)	36,77,229	3,726	36,80,955	26,38,864	2,12,673	28,51,537	8,29,418	10,38,365
Acetic Acid Building	2,61,550	—	2,61,550	1,20,364	7,059	1,27,423	1,34,127	1,41,186
Electrical Machinery	3,08,115	—	3,08,115	2,61,012	9,420	2,70,432	37,683	47,103
Acetic Acid Plant	36,83,027	7,53,477	44,36,504	32,73,856	2,34,348	35,08,204	9,28,300	4,09,171
Laboratory	4,756	—	4,756	3,563	119	3,682	1,074	1,193
Furniture and Office Equipments	60,989	977	61,966	36,098	3,191	39,289	22,677	24,891
Motor Cars, Lorries and Tankers	3,04,229	—	3,04,229	1,66,075	31,930	1,98,005	1,06,224	1,38,154
Scale & Weigh Bridges	2,420	5,137	7,557	1,894	567	2,461	5,096	526
Storage Vats and Tanks	6,45,938	—	6,45,938	3,84,974	28,360	4,13,334	2,32,604	2,60,964
Electric Installation	79,174	—	79,174	42,487	3,669	46,156	33,018	36,687
Total Rupees	1,00,25,694	7,63,317	1,07,89,011	72,83,076	5,58,054	78,41,130	29,47,881	27,42,618

Accompanying to in our Report of even date.

For AMBALAL THAKKAR & COMPANY

CHARTERED ACCOUNTANTS

G. P. BHATT

Partner

K. J. SOMAIYA

N. C. VARMA

BANARSILAL NARULA

} Directors

M. S. SOMAIYA

} Managing Director

BOMBAY : Dated 28th December, 1976

BOMBAY : Dated 28th December, 1976

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

SCHEDULE 'B' OF NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MAY, 1976

- The Directors of the Company in their meeting held on 23rd March, 1976 recommended dividend of Rs. 2,73,000/- on Preference Shares for the Years 1972-1973 to 1974-1975 and Rs. 2,25,000 at the rate of Rs. 45/- per Share subject to deduction of Tax on equity shares out of Profit for the year ended 31st May, 1975 to Comply with the provisions of Amended Section 104 of the Income-tax Act 1962. The same was approved by Shareholders in the Extra Ordinary General Meeting held on 27th May, 1976. A revised Profit and Loss Appropriation Account for the year ended 31st May, 1975 giving effect to the above is annexed with the accounts for the year under report. The effect in General Reserve and proposed dividend account is given directly in the Balance Sheet.
- Provision of Managing Director's Remuneration and Commission for the period from 1-12-1975 to 31-5-1976 has been made in accounts which is subject to the approval of Central Government.
- Provision of Commission to Selling Agents for the period from September 1975 to May 1976 is subject to approval of the Central Government.
- The amount of unsecured debentures exceeds the limit prescribed by companies (Acceptance of Deposit) Rules, 1975 and as such is in contravention of Section 58 A of the companies Act, 1956. The Company is taking steps to convert these unsecured Debentures into Secured Debentures.
- Central Government has not permitted waiver of recovery of remuneration of Rs. 936/- for accounting year 1970-71 and of Rs. 6,584/- for accounting year 1971-72 paid to the Managing Director in excess of the limit sanctioned. Company proposed to reapproach the Central Government in the matter.
- (a) Employees who were employed throughout the year at a remuneration which in the aggregate was not less than Rs. 36,000/-
 Number 3
 Salary and Bonus Rs. 1,77,001/-
 Contribution to Provident Fund Rs. 5,867/-
 (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

7. 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.	Quantity	Value Rs.
Rectified Spirit	1,00,000 H.L.	1,00,000 H.L.	1,15,710.61 H.L. (1,05,081.38 H.L.)	2,09,549 (9848.68 H.L.) (2,38,702)	8645.84 H.L. (9848.68 H.L.)	7,32,333 (2,09,549)	11,770.06 H.L. (8645.84 H.L.)	11,001.00 H.L. (3977.20 H.L.)	6,87,067 (1,98,931)	
Acetic Acid	5,000 M.T.	5,000 M.T.	2028.100 M.T. (2890.721 M.T.)	11,57,000 (10,741)	472.245 M.T. (4,590 M.T.)	2,34,981 (11,57,000)	72.302 M.T. (472.245 M.T.)	2076.205 M.T. (2406.266 M.T.)	68,92,951 (81,75,803)	
Dilute Acetic Acid			486.880 M.T. (91,540 M.T.)	— (—)	— (—)	— (—)	— (—)	486.880 M.T. (91,540 M.T.)	8,28,738 (1,20,442)	
Denatured Spirit			47,012.398 H.L. (40,760.20 H.L.)	4,017 (8,031)	133,895 H.L. (267,717 H.L.)	1,936 (4,017)	28,793 H.L. (133,895 H.L.)	47,117,500 H.L. (40,690.45 H.L.)	32,56,506 (24,08,597)	
Acetal Dehyde			1245.079 M.T. (847,238 M.T.)	— (—)	— (—)	46,810 (—)	15,100 M.T. (—)	1229,979 M.T. (847,238 M.T.)	34,96,183 (19,36,460)	
Acetic Anhydride			101.260 M.T.	— (—)	— (—)	1,26,888 (—)	18,660 M.T. (—)	82,600 M.T. (—)	6,11,240 (—)	
Others			31,978 M.T. (20,945 M.T.)	— (—)	— (—)	— (—)	— (—)	31,978 M.T. (20,945 M.T.)	93,280 (64,643)	

Figures shown in the BRACKETS are of Previous Year.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY
SCHEDULE 'B' OF NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MAY, 1976

8. Consumption of Raw Materials:

<i>Indigenous</i>	<i>Quantity</i>	<i>Amount</i>
		Rs.
Molasses	52,157.209 M.T.	35,38,094
Rectified Spirit (Own Manufactured)	1,01,585.39 H.L.	—
Acetic Acid (Own Manufactured)	351.838 M.T.	—

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

	<i>Amount</i>
	Rs.
(i) Raw Materials	Nil
(ii) Stores and Spares	62,059
(iii) Capital Goods	Nil

(b) Consumption of:

	<i>Indigenous</i>		<i>Imported</i>	
	%	Rs.	%	Rs.
(i) Raw Materials	100%	35,38,094	Nil	Nil
(ii) Stores and Spares	97.64%	10,08,649	2.36%	24,434

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

Accompanying to in our Report of even date.

For **AMBALAL THAKKAR & COMPANY,**
CHARTERED ACCOUNTANTS

G. P. BHATT
Partner

K. J. SOMAIYA
 N. C. VARMA
 BANARSILAL NARULA } *Directors*

M. S. SOMAIYA
Managing Director

BOMBAY: Dated 28th December, 1976.

Bombay: Dated 28th December, 1976.