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**SOMAIYA  
ORGANO-  
CHEMICALS  
LIMITED**

**ANNUAL REPORT & ACCOUNTS  
1976 - 77**

1977

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 Seventeenth Annual General Meeting of SOMAIYA ORGANO-CHEMICALS LIMITED will be held on Wednesday the 30th November, 1977 at 3.30 P. M. at the Registered Office of the Company, Fazalbhoy Building, Mahatma Gandhi Road, Bombay-400 023 to transact the following business:

1. To adopt the Directors' Report and Audited Statement of Accounts for the year ended 31st May, 1977.
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 Smt. Mayadevi S. Somaiya who retires by rotation, but, being eligible, offers herself for re-election.
4. To declare dividend on equity shares and preference shares for the year ended 31st May, 1977.
5. 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.

The Register of Members will remain closed from 15th November, 1977 to 30th November, 1977 (both days inclusive).

BY ORDER OF THE BOARD OF DIRECTORS

**M. S. SOMAIYA**

*MANAGING DIRECTOR*

BOMBAY: Dated 3rd November, 1977.

- 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. The dividend when declared will be payable at the Registered Office of the Company on and after 10th January, 1978. The dividend warrants will be posted to those shareholders whose names stand on the Company's Register of Members on 14th November, 1977.

# 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, 1977.

### FINANCIAL RESULTS:

The Gross Profit for the year before providing for Depreciation, Investment Allowance Reserve, and Taxation amounted to ..... Rs. 20,07,493

Deducting therefrom:

Depreciation .....	Rs. 5,98,838	
Investment Allowance Reserve .....	Rs. 12,513	
Provision for Taxation .....	Rs. 11,55,000	
		<u>17,66,351</u>
		<u>2,41,142</u>

Adding to the above profit last year's carried forward profit of Rs. 485/- and deducting therefrom short provision for taxation amounting to Rs. 3,468/- the balance comes to Rs. 2,38,159/-.

Your Directors recommend the following appropriations:

1. Transfer to General Reserve .....	Rs. 30,000
2. Proposed Dividend on Preference Shares for the year 1976-77 .....	Rs. 91,000
3. Proposed Equity Dividend @ Rs. 23.40 per share ....	Rs. 1,17,000
4. Balance Carried to Balance Sheet .....	Rs. 159
	<u>Rs. 2,38,159</u>

The Distillery Section as well as the Chemical Plant worked satisfactorily during the year under Report.

The steep escalation in the price of molasses from Rs. 10/- per tonne to Rs. 60/- per tonne (effective from 10th January, 1976 in Maharashtra) affected the Profitability of both Distillery as well as the Chemical Sections. The consequent increase in the Alcohol price effected by the Government did not fully reflect the increase in all elements of costs. Similarly the market prices of Chemical products remained at about the same level as before the increase in price of molasses. All these facts had an adverse impact on profitability.

Your Directors would like to report that on 22nd September, 1977 an explosion took place in the Chemical Plant leading to an extensive fire which damaged the plant. The fire was, however, controlled well in time and thus the Distillery Section remain unaffected. As a result of this incident, the Plant was shut down and is presently under repairs. Only the Distillery Section is working at present. The Plant is expected to be restarted in the middle of January, 1978.

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 K. J. Somaiya and Smt. M. S. Somaiya retire by rotation, but being eligible, offer themselves for re-election.

M/s. Ambalal Thakkar & Co., retire and offer themselves for reappointment as Auditors.

Yours faithfully,

For and on behalf of the Board of Directors,

**M. S. SOMAIYA**

*Managing Director*

BOMBAY: Dated 3rd November, 1977.

# SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

ATTACHMENT TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MAY, 1977

Statement under Section 217 (2A) (b) (ii) of the Companies Act, 1956 read with 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

Sr. No.	Name of Employee	Designation	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	78,625/-	Subject to approval of the Central Government	As approved by the Ministry of Law and Companies Affairs vide letter No. 1/72/76/C/1/dtd. 25.3.1977	B. A. 7 years	1st December, 1970	37	—
2.	Com. S. Rajendra	Executive	46,040/-	Permanent, subject to termination by three month's notice on either side	As per Company's Rules	B. Sc. 20 years	1st February, 1972	56	Commodore in Indian Navy
3.	Shri P. K. R. Nair	Works Manager	44,680/-	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. 17 years	25th May, 1961	44	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.

Yours faithfully,  
By Order of the Board of Directors

**M. S. SOMAIYA**  
Managing Director

BOMBAY: Dated 3rd November, 1977.

# SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

## AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDING 31ST MAY, 1977

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 Accounts.

As required by the Manufacturing and Other 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 Stock 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 thereon has not become due on 31st May, 1977 as per the stipulation agreed upon between the Companies and the Parties. However interest on the said loans is provided and debited to interest accrued account. 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.
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 3 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 3rd November, 1977.



# SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1976	LIABILITIES			
Rupees		Rupees	Rupees	Rupees
	<b>I. SHARE CAPITAL:</b>			
	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
	<b>II. RESERVES AND SURPLUS:</b>			
	(a) <i>General Reserve :</i>			
32,34,200	As on 1-6-'76 .. .. .		29,24,546	
2,71,278	Add: Transferred from Development Rebate Reserve during 1974-75 .. .. .	—		
34,265	During the year .. .. .	1,24,851		
3,05,543		1,24,851		
	<i>Set aside:</i>			
61,000	As per Revised Profit & Loss Account of 1974-75 .. .. .	—		
59,803	During the year .. .. .	30,000		
1,20,803		30,000		
4,26,346		1,54,851		
36,60,546		30,79,397		
5,54,000	Less: Transferred to Revised Profit & Loss Account of 1974-75 .. .. .	—		
31,06,546		30,79,397		
	Less: Dividend of Preference Shares			
91,000	Paid during 1974-75 for the year 1970-71 .. .. .	—		
91,000	Paid during the year for the year 1971-72 .. .. .	—		
1,82,000				
29,24,546		30,79,397		30,79,397
29,24,546				
15,00,000	Carried Over .. .. .		30,79,397	15,00,000

# CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1977

<i>As at 31st May, 1976</i>	ASSETS			
<i>Rupees</i>		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	<b>I FIXED ASSETS (At Cost):</b>			
1,07,89,011	Gross Block .. .. .		1,11,51,372	
78,41,130	Less: Depreciation Written off Upto 31-5-1977 .. .. .		84,37,765	
29,47,881	Net Depreciated Block as per Schedule 'A' .. .. .		27,13,607	
4,60,508	Capital Work-in-progress .. .. .		76,617	
34,08,389				27,90,224
	<b>II INVESTMENTS (At Cost):</b>			
	<b>OTHER INVESTMENTS:</b>			
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 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	
500	(6) 5 Shares of Rs. 100/- each of Basant Co-Operative Housing Society Limited .. .. .		500	
		<i>Cost</i>	<i>Market Value</i>	
	Aggregate quoted Investments .. .. .	2,38,541	1,77,000	
	Aggregate unquoted Investments .. .. .	28,495	—	
2,67,036		2,67,036	1,77,000	2,67,036
	Immovable Property (including value of land Rs. 1,65,000/-)			
2,55,369	Balance as per last Balance Sheet .. .. .		2,53,110	
2,259	Less: Depreciation Written Off during the year .. .. .		2,203	
2,53,110				2,50,907
5,20,146				5,17,943
39,28,535	Carried Over .. .. .			33,08,167

# SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1976	LIABILITIES (Contd.)			
Rupees		Rupees	Rupees	Rupees
15,00,000	Brought Forward .. .. .		30,79,397	15,00,000
29,24,546				
	<b>(b) Development Rebate Reserve:</b>			
3,60,008	As per Last Balance Sheet .. .. .	3,25,743		
34,265	Less: Transferred to General Reserve .. .. .	1,24,851		
3,25,743			2,00,892	
	<b>(c) Investment Allowance Reserve:</b>			
—	As per Last Balance Sheet .. .. .	1,89,301		
1,89,301	Set aside during the year .. .. .	12,513		
1,89,301			2,01,814	
	<b>(d) Storage Fund for Molasses and Alcohol Account:</b>			
92,052	As per Last Balance Sheet .. .. .	1,26,917		
34,865	Add: Adjusted from Sales of Rectified & Denatured Spirit during the year .. .. .	28,739		
1,26,917			1,55,656	
	<b>(e) Profit and Loss Account:</b>			
485	Balance as per Profit and Loss Account .. .. .		159	
35,66,992				36,37,918
	<b>III. SECURED LOANS:</b>			
20,00,000	(a) From Union Bank of India against Equitable Mortgage of Fixed Assets including Machineries etc. and guaranteed by two Directors of the Company .. .. .		16,00,000	
11,36,716	(b) Cash Credit Account with Bank against Hypothecation of finished goods and Raw Materials and Stores .. .. .		12,59,079	
	<b>(c) Debentures:</b>			
—	(a) 150 6% 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 8½% Debentures of Rs. 10,000/- each fully paid up redeemable after twenty years and before twenty five years from the date of issue (Secured by Negative lien of fixed Assets of the Company's Sakarwadi Factory as per agreements entered during the year .. .. .	5,00,000	20,00,000	
74,577	(c) Interest Accrued but not due on above .. .. .		66,840	
—	(d) Interest Accrued on above .. .. .		1,25,093	
32,11,293				50,51,012
82,78,285	Carried Over .. .. .			1,01,88,930

# CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1977

As at 31st May, 1976	ASSETS (Contd.)			
Rupees	Brought Forward	.. ..	Rupees	Rupees
39,28,535				33,08,167
	<b>III. CURRENT ASSETS, LOANS AND ADVANCES:</b>			
	<b>(A) CURRENT ASSETS:</b>			
45	(i) Interest Accrued on Investments	.. ..		90
	(ii) Stores, Chemicals & Spares at cost (as per inventory valued & Certified by Managing Director)			
15,65,378	(a) On Hand	.. ..	15,91,332	
88,689	(b) In Transit	.. ..	64,424	
16,54,067				16,55,756
11,016	(iii) Loose Tools & Implements (as per inventory certified by Managing Director)			
				9,914
	(iv) Stock-in-trade (as valued and Certified by Managing Director)			
2,34,981	(a) Acetic Acid at Market Rate	.. ..	50,058	
7,32,333	(b) Rectified Spirit at Market Rate	.. ..	5,31,553	
8,11,382	(c) Raw Materials (Molasses) at cost	.. ..	10,38,654	
1,936	(d) Denatured Spirit at Market Rate	.. ..	18,664	
1,26,888	(e) Acetic Anhydride at Market Rate	.. ..	4,349	
46,810	(f) Acetal Dehyde at Market Rate	.. ..	63,779	
1,21,369	(g) Timber at Cost	.. ..	1,23,369	
20,75,699				18,30,426
	(v) Sundry Debtors (Unsecured and considered good except otherwise stated)			
5,63,911	(a) Debts Outstanding for more than 6 Months (including Doubtful Debts of Rs. 84,282/- not provided for)	.. ..	3,20,992	
14,50,209	(b) Other Debts	.. ..	17,99,140	
20,14,120				21,20,132
57,54,947				
39,28,535	Carried Over	.. ..	56,16,318	33,08,167

# SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1976	LIABILITIES (Contd.)			
Rupees		Rupees	Rupees	Rupees
82,78,285	Brought Forward .. ..			1,01,88,930
	<b>IV. UNSECURED LOANS:</b>			
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 .. .. .	—		
5,00,000	(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 .. .. .	—		
20,00,000				
20,09,303	(ii) From Selling Agents .. .. .		20,03,039	
11,957	(iii) Loan from Others .. .. .		—	
3,53,003	(iv) Interest Accrued on above .. .. .		3,12,154	
43,74,263				23,15,193
	<b>V. CURRENT LIABILITIES AND PROVISIONS:</b>			
	(A) CURRENT LIABILITIES:			
32,18,425	(1) Sundry Creditors .. .. .		37,76,059	
5,42,656	(2) Deposits and Advances from Customers (including Rs. 54,733/- from Selling Agents) .. .. .		5,05,469	
94,780	(3) Liability for Income-tax .. .. .		—	
7,91,555	(4) Due to Selling Agents .. .. .		15,96,898	
50,983	(5) Due to Managing Director for Remuneration and Commission .. .. .		1,04,108	
3,87,831	(6) Provision for Accrued Gratuity .. .. .		3,87,831	
4,732	(7) Interest Accrued .. .. .		5,473	
3,88,100	(8) Deferred Dividend payable on Equity Dividend for the year 1974-1975 .. .. .		1,49,419	
54,79,062				
1,26,52,548	Carried Over .. ..		65,25,257	1,25,04,123

# CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1977

As at 31st May, 1976	ASSETS (Contd.)					Rupees	Rupees	Rupees
39,28,535	Brought Forward .. ..						56,16,318	33,08,167
57,54,947								
	(vi) <i>Cash and Bank Balances:</i>							
85,230	Cash on Hand .. ..					8,870		
	<i>Balance with Scheduled Banks:</i>							
2,82,966	In Current Account .. ..					1,27,794		
—	In Fixed Deposit Account .. ..					54,000		
3,68,196							1,90,664	
39,375	(vii) Stamps on Hand .. ..						39,375	
	(B) <b>LOANS AND ADVANCES:</b> (Unsecured and considered good except otherwise stated)							
83,39,069	Loans to Others .. ..					96,73,437		
10,11,893	Interest accrued on above .. ..					11,38,532		
93,50,962							1,08,11,969	
11,97,054	Advance recoverable in Cash or Kind for value to be received (including doubtful advances of Rs. 45,520/- not provided for) .. ..						13,94,444	
76,753	Deposits .. ..						1,55,022	
1,67,87,287							1,82,07,792	
2,07,15,822	Carried Over .. ..						2,15,15,959	

# SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1976	LIABILITIES (Contd.)			
Rupees		Rupees	Rupees	Rupees
1,26,52,548	Brought Forward .. .. .		65,25,257	1,25,04,123
54,79,062				
	<b>(B) PROVISIONS:</b>			
55,10,000	Provision for Taxation .. .. .	67,59,780		
37,33,196	<i>Less:</i> Advance Tax Paid .. .. .	51,11,083		
41,092	<i>Add:</i> Income Tax deducted at source .. .. .	1,20,118		
37,74,288		52,31,201		
17,35,712		15,28,579		
4,50,000	Provision for Bonus .. .. .	7,50,000		
21,85,712			22,78,579	
	<b>PROPOSED DIVIDEND:</b>			
2,73,000	Transferred as per Revised Profit and Loss Account of 1974-75 for the year 1972-1973 to 1974-1975 .. .. .	—		
2,25,000	Equity Dividend Rs. 45/- per Share for the year 1974-1975 subject to Tax .. .. .	—		
4,98,000				
1,09,900	<i>Less:</i> Paid during the year : Preference Dividend .. .. .	—		
	Transferred to Deferred Dividend Payable Account:			
1,63,100	Preference Shares .. .. .	—		
2,25,000	Equity Dividend .. .. .	—		
3,88,100				
4,98,000				
—				
	<i>Add: Proposed out of Profit for the year :</i>			
91,000	Preference Dividend for the year 1976-77 .. .. .	91,000		
3,07,500	Equity Dividend at Rs. 23.40 per Share for the year 1976-77 subject to Tax .. .. .	1,17,000		
3,98,500			2,08,000	
80,63,274				90,11,836
	<b>CONTINGENT LIABILITIES (Not Provided for):</b>			
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	
11,94,023	(2) In respect of Bills discounted with a Bank .. .. .		15,29,219	
2,07,15,822	Total Rupees .. .. .		2,15,15,959	

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

BOMBAY: Dated 3rd November, 1977.

# CHEMICALS LIMITED, BOMBAY

AS AT 31ST MAY, 1977

<i>As at 31st May, 1976</i>	ASSETS (Contd.)	
<i>Rupees</i>		<i>Rupees      Rupees</i>
2,07,15,822	Brought Forward .. .. .	2,15,15,959
<u>2,07,15,822</u>	Total Rupees .. .. .	<u>2,15,15,959</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 3rd November, 1977.

K. J. SOMAIYA U. H. MEHTA BANARSILAL NARULA M. S. SOMAIYA	}	Directors  Managing Director
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## SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1976		Rupees	Rupees
	To Opening Stock on 1st June, 1976		
11,57,000	Acetic Acid .. .. .	2,34,981	
2,09,549	Rectified Spirit .. .. .	7,32,333	
4,017	Ordinary Denatured Spirit .. .. .	1,936	
—	Acetic Anhydride .. .. .	1,26,888	
—	Acetal Dehyde .. .. .	46,810	
—	Timber .. .. .	1,21,369	
<u>13,70,566</u>			<u>12,64,317</u>
1,21,369	" Timber Purchases .. .. .		2,000
35,38,094	" Molasses Consumed (Purchased Rs. 50,12,989/-) .. .. .		47,85,717
10,33,083	" Stores and Chemicals Consumed .. .. .		12,10,404
24,73,375	" Power and Fuel .. .. .		25,71,674
18,49,981	" Salaries and Wages .. .. .	18,46,952	
2,01,266	" Bonus of Previous years .. .. .	61,022	
142	" Workmen's Compensation .. .. .	257	
2,50,000	" Provision for Bonus .. .. .	3,00,000	
39,942	" Workmen and Staff Welfare Expenses .. .. .	49,527	
32,076	" Gratuity .. .. .	20,310	
40,586	" Company's Contribution (to the G. S. Mills Ltd. Employees' Provident Fund and Employees Family Pension Fund Scheme includes Rs. 500/- for the period from 1.12.75 to 31.5.76 and Rs. 4,000/- for 1976-77 towards Managing Director's Provident Fund) .. .. .	40,158	
87,134	" Company's Contribution to Government Provident Fund and Administrative charges and Family Pension Scheme .. .. .	81,732	
—	Company's Contribution to Link Insurance Deposit Scheme and Administrative charges .. .. .	7,169	
<u>25,01,127</u>			<u>24,07,127</u>
	" Repairs:		
2,47,050	Plant and Machinery .. .. .	6,79,722	
44,784	Buildings .. .. .	57,962	
98,989	Other Repairs .. .. .	1,36,055	
<u>3,90,823</u>			<u>8,73,739</u>
1,74,957	" Rent (Net) (includes Rs. 19,980/- for Managing Director's quarter) .. .. .		1,74,185
84,779	" Excise Establishment Charges .. .. .		86,008
2,82,389	" Excise Duty .. .. .		3,00,259
55,798	" Insurance Premium .. .. .		66,992
750	" Director's Fees .. .. .		750
731	" Emergency Risk Insurance .. .. .		586
<u>1,20,27,841</u>	Carried Over .. .. .		<u>1,37,43,758</u>

# CHEMICALS LIMITED, BOMBAY

THE YEAR ENDED 31ST MAY, 1977

<i>As at 31st May, 1976</i>		Rupees	Rupees
1,58,65,965	By Sales .. .. .	1,87,68,483	
34,865	Less: Transferred to Storage Fund for Molasses and Alcohol Account .. ..	28,739	
1,58,31,100			1,87,39,744
1,21,296	" Miscellaneous Receipts .. .. .		1,30,859
	" Interest :		
45	On Government Loan (Net) .. .. .	45	
—	On Fixed Deposit with Bank .. .. .	906	
10,12,431	On Other Loans .. .. .	11,45,439	
1,195	On Deposits .. .. .	1,077	
10,13,671			11,47,467
45,229	" Rent .. .. .		27,390
45,266	" Claims and Refund .. .. .		14,490
3,25,000	" Provision for Bonus written Back .. .. .		—
—	" Reimbursement of expenses of earlier years from Selling Agents .. .. .		1,05,399
—	" Recovery of Commission paid to Managing Director in excess for the year 1970-71 and 1971-72 .. .. .		7,520
	" Closing Stock-in-trade (as valued and certified by Managing Director)		
2,34,981	Acetic Acid at Market Rate .. .. .	50,058	
7,32,333	Rectified Spirit at Market Rate .. .. .	5,31,553	
1,936	Ordinary Denatured Spirit at Market Rate .. .. .	18,664	
1,26,888	Acetic Anhydride at Market Rate .. .. .	4,349	
46,810	Acetal Dehyde at Market Rate .. .. .	63,779	
1,21,369	Timber at Cost .. .. .	1,23,369	
12,64,317			7,91,772
1,86,45,879	Carried Over .. .. .		2,09,64,641

## SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1976		Rupees	Rupees
1,20,27,841	Brought Forward .. .. .		1,37,43,758
72,877	To Legal Expenses .. .. .		96,806
3,50,000	" Contribution to Scientific Research Institutions .. .. .		1,55,000
3,895	" Director's Travelling expenses .. .. .		4,408
2,85,365	" Acetic Anhydride Manufacturing and Transport charges .. .. .		14,88,080
	" Interest:		
6,78,810	Bank .. .. .	6,57,410	
1,32,500	On Debentures .. .. .	1,32,500	
3,64,085	On Others .. .. .	3,19,658	
11,75,395			11,09,568
6,92,923	" Miscellaneous Expenses including Printing and Stationery, Postage and Telegrams, Travelling, Subscription, Motor Car Maintenance etc. .. .. .		6,80,815
42,057	" Rates and Taxes .. .. .		28,935
	" Payments to Auditors:		
4,000	Audit Fees .. .. .	4,000	
—	Auditors Travelling expenses .. .. .	50	
4,000			4,050
2,42,776	" Charity and Donation .. .. .		2,02,601
1,224	" Loose Tools written off .. .. .		1,102
5,60,313	" Depreciation .. .. .		5,98,838
14,005	" Research and Development Expenditure .. .. .		12,372
—	" Loss on Sale of Machinery .. .. .		65,000
	" Commission:		
7,91,555	Selling Agents Commission .. .. .	9,36,987	
3,41,212	Others .. .. .	3,67,021	
11,32,767			13,04,008
1,89,301	" Investment allowance .. .. .		12,513
	" Managing Director's Remuneration:		
36,000	Remuneration (Including Rs. 6000/- pertaining to period from 1.12.1975 to 31.5.1976) .. .. .	54,000	
17,106	Commission on Profit .. .. .	6,645	
53,106			60,645
12,00,000	" Provision for Taxation .. .. .		11,55,000
5,98,034	" Balance being profit for the year .. .. .		2,41,142
1,86,45,879	<b>TOTAL RUPEES .. .. .</b>		<b>2,09,64,641</b>

**CHEMICALS LIMITED, BOMBAY**

**THE YEAR ENDED 31ST MAY, 1977**

As at 31st May, 1976				Rupees	Rupees
<i>Rupees</i>					
1,86,45,879	Brought Forward	..	..	..	2,09,64,641
<u>1,86,45,879</u>	TOTAL RUPEES	..	..	..	<u>2,09,64,641</u>

## SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1976		Rupees	Rupees	Rupees	Rupees
59,803	To Transferred to General Reserve .. .. .				30,000
1,40,221	" Short Provision of Taxation for previous years .. .. .				3,468
	" Proposed Dividend:				
91,000	" On Preference Shares .. .. .			91,000	
3,07,500	" On Equity Shares @ Rs. 23.40 per Share .. .. .			1,17,000	
3,98,500					2,08,000
485	" Balance Carried to Balance Sheet .. .. .				159
	<b>Note:</b> Computation of Managing Director's Commission is as follow:				
5,98,034	Net Profit as per Profit and Loss Account .. .. .			2,41,142	
	<i>Add:</i>				
53,106	1. Managing Director's Remuneration .. .. .	54,645			
12,00,000	2. Provision for Taxation .. .. .	11,55,000			
1,89,301	3. Investment Allowance .. .. .	12,513			
5,60,313	4. Depreciation .. .. .	5,98,838			
20,02,720				18,20,996	
26,00,754				20,62,138	
	<i>Less:</i>				
5,65,133	Depreciation to the extent specified in Section 350 of the Companies Act 1956 .. .. .	6,00,246			
3,25,000	Provision for Bonus written Back .. .. .	—			
8,90,133				6,00,246	
17,10,621	Net Profit for Calculating Managing Director's Commission .. .. .			14,61,892	
17,106	Commission payable at 1% .. .. .			14,619	
18,000	Maximum payable as per Central Govt.'s Approval .. .. .			24,000	
85,531	Overall remuneration payable at 5% of the profit as per Companies Act 1956 .. .. .			73,095	
	<i>Less:</i>				
36,000	Remuneration .. .. .	48,000			
3,000	Company's contribution to Provident Fund .. .. .	4,000			
9,358	Perquisites in respect of Rent Free Quarter .. .. .	9,050			
5,400	Perquisites in respect of Company's Car .. .. .	5,400			
53,758				66,450	
31,773	Commission Payable .. .. .			6,645	
5,99,009	Carried Over .. .. .				2,41,627

# CHEMICALS LIMITED, BOMBAY

THE YEAR ENDED 31ST MAY, 1977

<i>As at 31st May, 1976</i>									
<i>Rupees</i>								<i>Rupees</i>	<i>Rupees</i>
975	By	Balance as per last year's account	..	..	..	..	..	485	
5,98,034	"	Balance being profit brought down	..	..	..	..	..	2,41,142	
5,99,009									
		Carried Over	..	..	..	..	..	2,41,627	

# SOMAIYA ORGANISATION PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1976		Rupees	Rupees	Rupees
	Brought Forward .. .. .			2,41,627
	Total Managerial Remuneration:			
	Rupees			
	36,000 (a) Remuneration .. .. .	48,000		
	17,106 (b) Commission on Profit .. .. .	6,645		
	3,000 (c) Company's Contribution to Provident Fund ..	4,000		
	9,358 (d) Perquisites in respect of rent free quarter ..	9,050		
	5,400 (c) Perquisites in respect of Company's Car .. ..	5,400		
	70,864	73,095		
5,99,009	TOTAL RUPEES .. .. .			2,41,627

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

BOMBAY: Dated 3rd November, 1977.

**CHEMICALS LIMITED, BOMBAY**  
**THE YEAR ENDED 31ST MAY, 1977**

<i>As at 31st May, 1976</i>		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
	Brought Forward .. .. .			2,41,627
<u>5,99,009</u>				<u>2,41,627</u>
	TOTAL RUPEES .. .. .			<u>2,41,627</u>

K. J. SOMAIYA  
 U. H. MEHTA  
 BANARSILAL NARULA } *Directors*  
 M. S. SOMAIYA *Managing Director*

BOMBAY: Dated 3rd November, 1977.



# SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

Schedule attached to and forming part of Balance Sheet as at 31st May, 1977

## Schedule "A"

Particulars	Gross Block at Cost except other wise stated as at 1.6.1976 (2)	Additions during the year (3)	Sub-Total (4)	Deduction of Sale made during the year (5)	Gross Block as at 31.5.1977 (6)	Depreciation written off upto 31.5.76 (7)	Depreciation written off this year (8)	Total Depreciation up to 31.5.1977 (9)	Net Depreciated Block as at 31.5.1977 (10)	Net Depreciated Block as at 31.5.76 (11)
(1)	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land .. .. .	37,180	—	37,180	—	37,180	—	—	—	37,180	37,180
Distillery Building .. .. .	8,11,705	—	8,11,705	—	8,11,705	3,73,232	21,924	3,95,156	4,16,549	4,38,473
Immovable Property at Bombay .. .. .	1,49,382	—	1,49,382	—	1,49,382	7,375	3,550	10,925	1,38,457	1,42,007
Distillery Machinery (Book Value) .. .. .	36,80,955	—	36,80,955	—	36,80,955	28,51,537	1,69,124	30,20,661	6,60,294	8,29,418
Acetic Acid Building .. .. .	2,61,550	—	2,61,550	—	2,61,550	1,27,423	6,706	1,34,129	1,27,421	1,34,127
Electrical Machinery .. .. .	3,08,115	—	3,08,115	—	3,08,115	2,70,432	7,536	2,77,968	30,147	37,683
Acetic Acid Plant .. .. .	44,36,504	50,054	44,86,558	—	44,86,558	35,08,204	2,69,415	37,77,619	7,08,939	9,28,300
General Machinery .. .. .	—	4,57,551	4,57,551	1,50,000	3,07,551	—	61,510	61,510	2,46,041	—
Laboratory .. .. .	4,756	—	4,756	—	4,756	3,682	107	3,789	967	1,074
Furniture & Office Equipments	61,966	4,756	66,722	—	66,722	39,289	3,513	42,802	23,920	22,677
Motor Cars, Lorries and Tankers .. .. .	3,04,229	—	3,04,229	—	3,04,229	1,98,005	24,254	2,22,259	81,970	1,06,224
Scale & Weigh Bridges .. .. .	7,557	—	7,557	—	7,557	2,461	510	2,971	4,586	5,096
Storage Vats & Tanks .. .. .	6,45,938	—	6,45,938	—	6,45,938	4,13,334	25,184	4,38,518	2,07,420	2,32,604
Electric Installation .. .. .	79,174	—	79,174	—	79,174	46,156	3,302	49,458	29,716	33,018
<b>Total Rupees .. .. .</b>	<b>1,07,89,011</b>	<b>5,12,361</b>	<b>1,13,01,372</b>	<b>1,50,000</b>	<b>1,11,51,372</b>	<b>78,41,130</b>	<b>5,96,635</b>	<b>84,37,765</b>	<b>27,13,607</b>	<b>29,47,881</b>

Accompanying to our Report of even date.  
For **AMBALAL THAKKAR & COMPANY,**  
CHARTERED ACCOUNTANTS

**G. P. BHATT**  
Partner

**K. J. SOMAIYA**  
**U. H. MEHTA**  
**BANARSILAL NARULA**  
**M. S. SOMAIYA**

Directors

Managing Director

BOMBAY: Dated 3rd November, 1977.

BOMBAY: Dated 3rd November, 1977.

# SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

## SCHEDULE 'B' FOR NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MAY, 1977.

1. Company's Application to Central Government for approval of appointment of Selling Agents is pending. Provision made in Account for Commission of Rs. 9,36,987/- to Selling Agents for the year is subject to approval of Central Government.
2. Approval of the Central Government has been received for the reappointment of Managing Director for Five years with effect from 1st December 1975 on remuneration of Rs. 4,000/- per month plus 1% Commission on net Profit and other terms and conditions specified in its Order No. 1/72/76-C/1 Y dtd. 25th March 1977 Rs. 6,000/- Provided during the year for the period from 1.12.1975 to 31.5.1976 is not taken into account while computing remuneration and Commission payable to the Managing Director for the year.
3. It is Company's practice to charge gratuity in the year of payment. Accrued liability on this account as per the Payment of Gratuity Act is not ascertained.
4. (a) Employees who were employed throughout the year at a remuneration which in the aggregate was not less than Rs. 36,000/-
 

Number	Salary and Bonus	Contribution to Provident Fund
3	Rs. 1,62,345/-	Rs. 7,000/-
- (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) (Excluding Normal Loss)	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.	1,02,488.26 H.L. (1,15,710.61 H.L.)	11,770.06 H.L. (8,645.84 H.L.)	7,32,333 (2,09,549)	8,543.12 H.L. (11,770.06 H.L.)	5,31,553 (7,32,333)	1.00 H.L. (11,001.00 H.L.)	70 (6,87,067)
Acetic Acid	5,000 M.T.	5,000 M.T.	3056.550 M.T. (2028.100 M.T.)	72,302 M.T. (472.245 M.T.)	2,34,981 (11,57,000)	16,686 M.T. (72,302 M.T.)	50,058 (2,34,981)	2189.147 M.T. (2076.205 M.T.)	76,12,868 (68,92,951)
Dilute Acetic Acid			706.130 M.T. (486.880 M.T.)	(—)	(—)	(—)	(—)	706.130 M.T. (486.880 M.T.)	7,71,168 (8,28,738)
Denatured Spirit			48146.866 H.L. (47,102.398 H.L.)	28,793 H.L. (133.895 H.L.)	1,936 (4,017)	277.659 H.L. (28.793 H.L.)	18,664 (1,936)	47,898.00 H.L. (47,117.500 H.L.)	38,06,120 (32,56,506)
Acetal Dehyde			3550.038 M.T. (1245.079 M.T.)	15.100 M.T. (—)	46,810 (—)	20,574 M.T. (15.100 M.T.)	63,779 (46.810)	667.316 M.T. (1229.979 M.T.)	20,76,082 (34,96,183)
Acetic Anhydride			573.970 M.T. (101.260 M.T.)	18.660 M.T. (—)	1,26,888 (—)	0.652 M.T. (18.660 M.T.)	4,349 (1,26,888)	591.978 M.T. (82.600 M.T.)	43,50,963 (6,11,240)
Others			53.199 M.T. (31.978 M.T.)	(—)	(—)	(—)	(—)	53.199 M.T. (31.978 M.T.)	1,51,212 (93,280)

Figures shown in the BRACKETS are of Previous Year.

# SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

## SCHEDULE 'B' FOR NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MAY, 1977.

6. Consumption of Raw Materials:

*Indigenous*

	<i>Quantity</i>	<i>Amount</i>
Molasses .....	47,649.376 M.T.	Rs. 47,85,717
Rectified Spirit (Own Manufactured) .....	1,05,714.20 H.L.	—
Acetic Acid (Own Manufactured) .....	923.019 M.T.	—
Acetal Dehyde (Own Manufactured) .....	2,877.248 M.T.	—

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

	<i>Amount</i>
(i) Raw Materials .....	Rs. Nil
(ii) Stores and Spares .....	99,480
(iii) Capital Goods .....	Nil

(b) Consumption of:

	<i>Indigenous</i>		<i>Imported</i>	
	%	Rs.	%	Rs.
(i) Raw Materials	100%	47,85,717	Nil	Nil
(ii) Stores and Spares	95.15%	11,51,742	4.85%	58,662

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.

Accompanying to our Report of even date.  
For **AMBALAL THAKKAR & COMPANY,**

**CHARTERED ACCOUNTANTS**

G. P. BHATT

*Partner*

K. J. SOMAIYA

U. H. MEHTA

BANARSILAL NARULA

*Directors*

M. S. SOMAIYA

*Managing Director*

BOMBAY: Dated 3rd November, 1977.

Bombay: Dated 3rd November, 1977.