

19

**SOMAIYA
ORGANO-
CHEMICALS
LIMITED**

**ANNUAL REPORT & ACCOUNTS
1978 - 79**

1979

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,

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 Nineteenth Annual General Meeting of SOMAIYA ORGANO-CHEMICALS LIMITED will be held on Monday the 2nd June, 1980 at 4.00 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 period ended 31st October, 1979.
2. To elect a Director in place of Shri S. R. Kathod who retires by rotation, but, being eligible, offers himself for re-election.
3. To elect a Director in place of Shri N. C. Varma, who retires by rotation, but being eligible, offers himself for re-election.
4. To declare dividend on Equity Shares and Preference Shares for the period ended 31st October, 1979.
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.
6. To consider and if thought fit to pass with or without modifications, the following Resolution as Ordinary Resolution.

ORDINARY RESOLUTION NO. 1 :

Resolved that, in supersession of the Resolution passed at the Extra Ordinary General Meeting of the Company held on 5-9-1966, and pursuant to Clause (d) of Sub-section (1) of Section 293 of the Companies Act, 1956, the consent of the Company be and it is hereby granted to the Board of Directors of the Company for borrowing moneys for the purpose of business of the Company from time to time notwithstanding that the moneys to be borrowed together with the moneys, if already borrowed, if any, by the Company (apart from temporary Loans obtained by the Company from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves, if any, that is to say, Reserves not set apart for any specific purpose so that the total amount upto which the moneys can be borrowed by the Board of Directors shall not exceed Rs. 5 Crores (Rupees Five Crores).

7. To consider and if thought fit to pass with or without modifications following Resolutions as Special Resolutions.

SPECIAL RESOLUTIONS:

RESOLVED THAT :

- (i) Pursuant to the recommendation of the Board of Directors in this behalf and pursuant further to article 184 of the Articles of Association of the Company and subject to the consent of the Controller of Capital issues, Government of India, being obtained by the Company and subject to such modifications and conditions as the Controller of Capital issues may direct or impose and to which the Directors may agree, an aggregate sum of Rs. 5,00,000/- (Rupees Five lacs only) out of the amount standing to the credit of the General Reserve Account be and the same is hereby capitalised, and that accordingly such sum be and is hereby set free for distribution and allotment among the holders of the existing 5000 Equity Shares of Rs. 100/- each of the Company whose names stand on the register of members on such date as may be fixed by the Board of Directors in that behalf, as bonus Shares credited as fully paid in the proportion of one new Equity Share for every one existing equity share held by such members on such date as determined as aforesaid and that the said bonus Equity Shares so distributed and allotted shall be treated for all purpose as an increase of the amount of Share Capital

of the Company held by each such member and not as Income and that such bonus Lining Shares shall rank pari passu with the Equity Shares already issued by the Company save and except that they shall not qualify for any dividend that may be declared prior to the date on which they are allotted.

- (ii) In making the distribution of the new Shares as aforesaid, the Board shall not issue fractional Shares, but the new Shares represented by the total number of such fractional Shares shall be allotted to any person or persons, whether in the employment of the Company or not, appointed by the Board of Directors for this purpose who shall hold the Shares so allotted as Trustee(s) for and on behalf of the members who would have been entitled to the fractional Shares if they had been issued and that the said person or persons shall as soon as practicable, sell the same and after deducting all expenses of sale hand over the net sale proceeds to the Company which net sale proceeds shall be distributed to the members entitled thereto in proportion to their respective fractional entitlement who shall accept the same in full satisfaction of their respective rights and interests in the said capitalised sum of Rs. 5,00,000/-.
- (iii) For the purpose of giving effect to the Resolution, the Board of Directors be and is hereby authorised to take all necessary steps and give such directions as may be necessary to settle any question or difficulty which may arise in regard thereto in such manner as they may think fit.

"Resolved further that the Board of Directors of the Company be and is hereby also authorised at its discretion to accept and agree to any change, modification or any direction as to the amount to be capitalised or the proportion in which the bonus Shares are to be allotted having regard to the existing holding or the basis and/or the term and conditions attached to the proposed issue of bonus Shares as may be prescribed by the Controller of Capital Issues, Government of India or as may be required in the light of the conditions of such consent to the issue of the said bonus Shares without any further consent or concurrence of the Shareholders in General Meeting.

"Resolved further that this meeting records the intention of the Directors to recommend, subject to unforeseen circumstances, payment of a Dividend of not less than 20 percent on the Equity Capital as increased by the said Bonus issue in respect of the first financial year for which the bonus Shares shall be entitled to dividend.

The Register of Members will remain closed from 20th May, 1980 to 2nd June, 1980 (both days inclusive).

BY ORDER OF THE BOARD OF DIRECTORS,

K. J. SOMAIYA

CHAIRMAN

BOMBAY : Dated 30th April, 1980

- 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 July, 1980. The Dividend Warrants will be posted to the Shareholders whose names stand on the Company's Register of Members on 20th May, 1980.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

EXPLANATORY STATEMENT

The following Explanatory Statement is given in respect of Special Business set out in items No. 6 and 7 of the Accompanying Notice pursuant to the Provisions contained in Section 173 of the Companies Act, 1956.

ITEM NO. 6:

By an Ordinary Resolution passed at the Extra-Ordinary General Meeting of the Company held on 5-9-1966, the Board of Directors were authorised to borrow funds upto a limit of Rs. One Crore.

The Board of Directors are of the opinion that to meet additional requirements, the borrowing limit of Rs. One Crore be increased to Rs. 5 Crores.

The Ordinary Resolution as stated in the Notice, is therefore, commended for approval of the Shareholders.

ITEM NO. 7:

The Authorised Capital of the Company is Rs. 50,00,000/- and the Issued, Subscribed and Paid-up Capital is Rs. 15,00,000/- divided into Rs. 5,00,000/- in Equity Shares and Rs. 10,00,000/- in Preference Shares. The Company's working for the Accounting period ended 31st October, 1979 has resulted in a net profit of Rs. 5,91,258/- and Reserves and Surplus at the end of 31st October, 1979 after appropriations and declaration of dividends as recommended by the Directors will be Rs. 37,52,906/-.

To bring the Issued, Subscribed and Paid-up Capital in line with the actual Capital employed in the business, your Directors are of the opinion that in the best interest of the members, a portion of the General Reserve be capitalised by issue of fully Paid Equity Shares. Accordingly, the Directors recommended that a sum of Rs. 5,00,000/- from General Reserve be capitalised and utilised for issue of 5000 Equity Shares to the holders of 5,000 Equity Shares of Rs. 100/- each of the Company whose names stand on the register of members on such date as may be fixed by the Board of Directors in that behalf in the proportion of one Equity Share for every one Share held by them. The above proposal of the Directors is, however, subject to the consent of the Controller of Capital issues. The necessary application will be made to the Controller of Capital Issues after the Shareholders' approval has been obtained.

The proposed Resolutions also provide for dealing conveniently with the fractional entitlement, if any, of the members by the Board of Directors. The necessary administrative powers to implement these Resolutions are being given to the Directors.

In accordance with the Government of India's guidelines for issue of bonus shares, the Resolution places on record the intention of the Board, subject to unforeseen circumstances, to recommend dividend in respect of the first financial year of the Company for which the bonus shares shall be entitled to Dividend, of not less than 20% on the issued Equity Capital of the Company, as increased by the proposed bonus issue.

No allotment letter will be issued but share certificates will be posted in due course after the allotment of the new Equity Shares.

INTEREST OF DIRECTORS:

Shri K. J. Somaiya and Smt. M. S. Somaiya, directors of the Company may be considered to be interested or concerned in the Resolution to the extent of the Shares held by them and their relatives.

By Order of the Board of Directors,

K. J. SOMAIYA

Chairman

BOMBAY: Dated 30th April, 1980.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

DIRECTORS' REPORT

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

Ladies & Gentlemen,

Your Directors are pleased to report on the audited Accounts of the Company for the period ended 31st October, 1979.

FINANCIAL RESULTS :

The Gross Profit for the period June 1978 to October 1979 before providing for depreciation and taxation amounted to Rs. 31,04,657

Deducting therefrom :

Depreciation Rs. 5,13,399

Provision for Taxation Rs. 20,00,000

Rs. 25,13,399

Rs. 5,91,258

Adding to the above profit, last year's carried forward profit of Rs. 370/- and Income Tax refund Rs. 9,352/- and excess provision for taxation written back Rs. 1,44,033/-, the balance comes to Rs. 7,45,013/-.

Your Directors recommend the following appropriations:

1. Transfer to General Reserve Rs. 4,91,000

2. Proposed Dividend on 10,000 Preference Share for the period
1978-79 at 9.1% (Subject to deduction of tax) Rs. 91,000

3. Proposed dividend at Rs. 32.50 per share on 5000 Equity Shares Rs. 1,62,500

4. Balance carried forward to next year Rs. 513

Rs. 7,45,013

ACCOUNTING YEAR :

The Excise Department of Government of Maharashtra makes allocations of Molasses and Alcohol and maintains its production records etc. according to the Excise Year followed by them which is November to October. To fall in line with this period and practice adopted by Excise Department, the Company has with the permission of Income-tax Department changed its Accounting year from May ending to October ending. Accordingly, the Accounts for 1978-79 submitted herewith are for a period of 17 months i.e. from 1-6-1978 to 31-10-1979. Hence forward, the Company's Accounts would be for the year ending October.

OPERATION

Both the Distillery as well as the Chemical Plant worked satisfactorily during the year under report. The production both of Alcohol as well as of Chemicals Products was maintained at a steady level.

ALCOHOL PRICE :

The markets for the company's products has remained more or less steady. However, there has been continuous escalations in various items of costs. The All India Distillers' Association took up the question with the authorities for suitable upward revision in the price of alcohol. The Bureau of Industrial Costs & Prices has examined the question and after a detailed study, it is understood that they have recommended an increase in the price of alcohol. The recommendations are with the Government for their final decision.

The Directors have pleasure in informing you that SICOM has agreed in principle Company's request for a Term Loan assistance for financing the expansion of Chemical Plant at Sakarwadi and the same is under their active scrutiny and process.

Smt. M. S. Somaiya, resigned as Managing Director of the Company from 22-3-1979. Your directors place on record their appreciation for the services rendered by her as Managing Director of the Company during her tenure.

The labour relations were cordial during the year under report.

The Statement concerning employees as required by subsection (2A) of Section 217 of the Companies Act, 1956, is attached as per Schedule "C".

Two of your Directors Shri S. R. Khatod and Shri N. C. Varma retire by rotation but being eligible, offer themselves for re-election.

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

Yours faithfully,

For and on behalf of the Board of Directors,

K. J. SOMAIYA

Chairman

BOMBAY: Dated 30th April, 1980.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE PERIOD ENDING 31ST OCTOBER, 1979

We have examined the attached Balance Sheet and the Profit and Loss Account annexed thereto which are in agreement with the Company's Book 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. In respect of loans and advances in nature of loans given by the Company, parties have repaid the principal amounts and have also been regular in the payment of interest where ever it has become due as stipulated. Loans and advances in the nature of loans 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 obsolete 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. According to the records produced and information given to us, we are of the opinion that cost Records and Accounts as prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 have been maintained by the Company but no detailed examination of such Records and Accounts have been carried out by us.
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 Accounts 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 note No. 2 regarding non provision of gratuity 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 period and of the PROFIT for the period ended on that date.

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

G. P. BHATT
Partner.

BOMBAY: Dated 30th April, 1980

SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1978	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 up ..		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>			
30,79,397	As on 1-6-1978	31,95,630		
66,233	Add: Transferred from Development Rebate Reserve ..	66,276		
31,45,630		32,61,906		
50,000	Set aside during the year	4,91,000		
31,95,630			37,52,906	
	(b) <i>Development Rebate Reserve:</i>			
2,00,892	As per last Balance Sheet	1,34,659		
66,233	Less: Transferred to General Reserve	66,276		
1,34,659			68,383	
	(c) <i>Investment Allowance Reserve:</i>			
2,01,814	As per last Balance Sheet		2,01,814	
	(d) <i>Storage Fund for Molasses and Alcohol Account:</i>			
1,55,656	As per Last Balance Sheet	1,82,476		
26,820	Add: Adjusted from Sale of Rectified and Denatured Spirit during the year	28,983		
1,82,476			2,11,459	
	(e) <i>Profit and Loss Account:</i>			
370	Balance as per Profit and Loss Account		513	
37,14,949				42,35,075
52,14,949	Carried Over			57,35,075

CHEMICALS LIMITED, BOMBAY

AS AT 31ST OCTOBER, 1979

As at 31st May, 1978	ASSETS			
Rupees		Rupees	Rupees	Rupees
	I. FIXED ASSETS (At Cost):			
1,10,06,275	Gross Block		1,12,33,129	
88,77,572	Less: Depreciation written off upto 31-10-1979		93,88,026	
21,28,703	Net Depreciated Block as per Schedule "A"		18,45,103	
1,08,669	Capital Work-in-Progress		1,40,922	
22,37,372				19,86,025
	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. 1000/-) Deposited with Excise Department		995	
21,000	(5) Investment in Shares of Book Centre Ltd., 210 Equity Shares of Rs. 100/- each fully paid up	21,000		
6,000	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	
2,000	(7) Raghuvanshi Co-operative Bank Limited		2,000	
		<i>Cost</i>	<i>Market Value</i>	
	Aggregate Quoted Investments	2,38,541	2,31,750	
	Aggregate Unquoted Investments	30,495	—	
2,69,036		2,69,036	2,31,750	2,69,036
	Immovable Property (including Value of Land Rs. 1,65,000/-)			
2,50,907	Balance as per Last Balance Sheet		2,48,759	
2,148	Less: Depreciation written off during the year		2,945	
2,48,759				2,45,814
—	Capital in partnership firm M/s. Vashi Automobiles in which Company is partner		3,60,031	
5,17,795				8,74,881
27,55,167	Carried Over			28,60,906

SOMAIYA ORGANO-

BALANCE SHEET

As at 31st May, 1978	LIABILITIES (Contd.)			
Rupees		Rupees	Rupees	Rupees
52,14,949	Brought Forward ..			57,35,075
	III. SECURED LOANS:			
12,00,000	(a) From Union Bank of India against Equitable Mortgage of Fixed Assets including Machineries etc. and Guaranteed by two Directors of the Company		6,00,000	
10,51,015	(b) Cash Credit Account with Bank against Hypothecation of Finished Goods and Raw Materials and Stores		8,99,714	
	(c) <i>Debentures:</i>			
	(Secured by negative lien on fixed Assets of the Company's Sakarwadi Factory as per agreements)			
15,00,000	(i) 150 6% Debentures of Rs. 10,000/- each fully paid up redeemable at Company's option at any time after expiry of 20 years from the date of issue	15,00,000		
5,00,000	(ii) 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	5,00,000		
20,00,000			20,00,000	
2,60,323	(iii) Interest accrued on above		55,208	
45,11,338				35,54,922
	IV. UNSECURED LOANS:			
15,45,942	(1) From Selling Agents		17,39,275	
—	(2) From others		5,01,296	
5,73,641	(3) Interest Accrued on above		2,82,513	
21,19,583				25,23,084
	V. CURRENT LIABILITIES AND PROVISIONS:			
	(A) CURRENT LIABILITIES:			
42,13,961	(1) Sundry Creditors		65,26,080	
4,24,443	(2) Deposits and Advances from Customers		5,45,471	
1,83,746	(3) Liability for Income Tax		1,20,629	
23,53,797	(4) Due to Selling Agents (in dispute)		23,53,797	
15,427	(5) Due for Managing Director's Remuneration		29,626	
3,87,831	(6) Provision for Accrued Gratuity		3,87,831	
10,955	(7) Interest accrued on Deposits		7,768	
58,157	(8) Interest accrued but not due		20,098	
76,48,317				
1,18,45,870				
	Carried Over		99,91,300	1,18,13,081

CHEMICALS LIMITED, BOMBAY

AS AT 31ST OCTOBER, 1979

As at 31st May, 1978	ASSETS (Contd.)			
Rupees		Rupees	Rupees	Rupees
27,55,167	Brought Forward			28,60,906
	III. CURRENT ASSETS, LOANS AND ADVANCES:			
	(A) CURRENT ASSETS:			
135	(i) Interest accrued on investments		86	
	(ii) Stores, Chemicals & Spares at cost (as per inventory valued & Certified by a Director)			
21,40,216	(a) On Hand (including Machineries Rs. 11,26,163/-)	28,13,091		
59,095	(b) In Transit	67,114		
21,99,311			28,80,205	
8,923	(iii) Loose Tools and Implements (as per Inventory certified by a Director)		7,696	
	(iv) Stock-in-trade (as valued and certified by a Director)			
1,85,811	(a) Acetic Acid at Market Rate	56,658		
5,73,919	(b) Rectified Spirit at Market Rate	6,45,417		
9,39,150	(c) Raw Materials (Molasses) at Cost	7,55,099		
4,645	(d) Denatured Spirit at Market Rate	10,127		
7,522	(e) Acetal Dehyde at Market Rate	2,20,080		
86,756	(f) Timber at Cost	86,756		
17,97,803			17,74,137	
	(v) Sundry Debtors (Unsecured and considered good Except otherwise stated)			
2,52,590	(a) Debts Outstanding for more than six months (including doubtful debts of Rs. 84,282/- previous year Rs. 84,282/- not provided for) ..	1,71,420		
18,31,183	Other debts	13,15,012		
20,83,773			14,86,432	
	(vi) <i>Cash and Bank Balances:</i>			
44,286	Cash on Hand	77,937		
	<i>Balance with Schedule Banks:</i>			
2,38,011	In Current Account	5,12,960		
50,000	In Fixed Deposit Account	50,000		
3,32,297			6,40,897	
39,375	(vii) Stamps on Hand		39,375	
64,61,617				
27,55,167	Carried Over		68,28,828	28,60,906

SOMAIYA ORGANO- BALANCE SHEET

As at 31st May, 1978	LIABILITIES (Contd.)				
Rupees			Rupees	Rupees	Rupees
1,18,45,870	Brought Forward	..		99,91,300	1,18,13,081
76,48,317					
	(B) PROVISIONS:				
70,24,780	(i) Provision for taxation	54,49,780			
51,49,154	Less: Advance Tax paid ..	41,35,438			
1,28,991	Add: Income-Tax deducted at Source	1,20,002			
52,78,145			42,55,440		
17,46,635			11,94,340		
8,50,000	(ii) Provision for Bonus	11,50,000			
25,96,635				23,44,340	
1,50,500	(iii) Proposed Dividend			2,53,500	
1,03,95,452					1,25,89,140
	CONTINGENT LIABILITIES (Not provided for):				
	(i) In respect of counter guarantee given in favour of Bank in lieu of guarantee given by Bank in favour of Central Railway ..			1,00,000	
	1,00,000				
	14,43,578 (ii) In respect of Bills discounted with a Bank			14,40,154	
2,22,41,322	TOTAL RUPEES				2,44,02,221

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

BOMBAY: Dated 30th April, 1980.

AS AT 31ST OCTOBER, 1979

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.

Directors

15

SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1978										
Rupees										
	To Opening Stock as on 1-6-1978								Rupees	Rupees
50,058	" Acetic Acid								1,85,811	
5,31,553	" Rectified Spirit								5,73,919	
18,664	" Ordinary Denatured Spirit								4,645	
4,349	" Acetic Anhydride								—	
63,779	" Acetal Dehyde								7,522	
1,23,369	" Timber								86,756	
7,91,772										8,58,653
43,20,967	" Molasses Consumed (Purchased Rs. 52,66,741/-)									54,50,792
—	" Rectified Spirit									3,07,789
14,67,925	" Stores and Chemicals Consumed									21,41,247
21,75,809	" Power and Fuel									41,57,632
19,75,185	" Salaries and Wages								32,86,199	
64,347	" Bonus of Previous years								5,33,803	
19,660	" Workmen's Compensation								—	
3,00,000	" Provision for Bonus								3,00,000	
49,632	" Workmen and Staff Welfare Expenses								68,275	
12,003	" Gratuity (including to Managing Director Rs. 16,000/-)								38,984	
47,877	" Company's Contribution to The Godavari Sugar Mills Limited Employees Provident Fund and Employees Family Pension Fund Scheme (including Rs. 3,226/- for Managing Director)								83,263	
87,572	" Company's Contribution to Government Provident Fund and Administrative Charges and Family Pension Scheme								1,30,753	
10,032	" Company's Contribution to Link Insurance Deposit Scheme and Administrative Charges								14,504	
25,66,308										44,55,781
	" Repairs:									
7,82,728	Plant and Machinery								13,34,793	
96,544	Buildings								29,989	
2,06,406	Other Repairs								87,379	
10,85,678										14,52,161
1,67,185	" Rent (Net) (including Rs. 16,113/- for Managing Director's Quarter)									2,46,303
67,745	" Excise Establishment Charges									1,53,405
2,35,817	" Excise Duty									4,60,641
1,20,170	" Insurance Premium									2,62,121
900	" Directors' Fees									1,575
83,652	" Legal Expenses									66,944
1,30,83,928										
	Carried Over									2,00,15,044

CHEMICALS LIMITED, BOMBAY

THE PERIOD ENDED 31ST OCTOBER, 1979

As at 31st May, 1978			
Rupees		Rupees	Rupees
1,51,01,840	By Sales	2,72,56,496	
26,820	Less: Transferred to Storage Fund for Molasses & Alcohol	28,983	
1,50,75,020			2,72,27,513
1,14,512	„ Miscellaneous Receipts		3,48,323
36,614	„ Timber Sale		—
	Interest :		
45	On Government Loan (Net)	64	
8,320	On Fixed Deposit with Bank	—	
11,32,848	On Other Loans	16,15,738	
980	On Deposits	1,257	
11,42,193			16,17,059
9,47,001	„ Insurance Claim received		4,23,778
532	„ Refund of Sales Tax		—
107	„ Claims and Refund		1,990
22,001	„ Rent		30,101
—	„ Excess provision of Selling Agents' Commission written back		48,976
11,543	„ Profit on Sale of Immovable Property		—
2,129	„ Profit on Sale of Car		—
2,00,000	„ Provision for Bonus written back		—
—	„ Closing Stock-in-Trade (As valued and certified by a Director)		
1,85,811	Acetic Acid at Market Rate	56,658	
5,73,919	Rectified Spirit at Market Rate	6,45,417	
4,645	Ordinary Denatured Spirit at Market Rate	10,127	
7,522	Acetal Dehyde at Market Rate	2,20,080	
86,756	Timber at Cost	86,756	
8,58,653			10,19,038
1,84,10,305	Carried Over		3,07,16,778

SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1978				
Rupees			Rupees	Rupees
1,30,83,928		Brought Forward		
1,25,000	To Contribution to Scientific Research Institution			2,00,15,044
1,00,000	" Expenditure by way of Contribution to an Institution for Programme of Rural Development			1,50,000
45,991	" Directors' Travelling Expenses			12,50,000
2,10,102	" Acetic Anhydride Manufacturing and Transport Charges			2,501
	" Interest to :			
5,77,232	Bank			
1,32,500	Debentures		6,79,171	
2,80,952	Others		1,87,708	
			2,90,281	
9,90,684				
—	" Acetal Dehyde Transport and Handling Charges			11,57,160
7,03,957	" Miscellaneous Expenses including Printing and Stationery, Postage and Telegrams, Travelling, Subscription, Motor Car Maintenance etc.			1,43,029
12,534	" Rates & Taxes			12,76,439
	" Remuneration to Auditors:			26,806
4,000	Audit Fees		5,675	
—	For Company Law matters		4,950	
4,000				
1,500	" Cost Audit Fees			10,625
251	" Charity and Donation			—
991	" Loose Tools written off			2,65,501
	" Depreciation :			1,227
4,61,999	On Fixed Assets		5,10,454	
2,148	On Investments		2,945	
4,64,147				
11,106	" Research and Development Expenditure			5,13,399
	" Commission :			7,324
7,56,899	Selling Agents			—
3,60,551	Others		8,01,174	
11,17,450				
—	" Additional tax on Sales Tax			8,01,174
—	" Compensation against non-performance of Contract (as per arbitration award)			1,51,557
	" Managing Director's Remuneration:			23,00,000
48,000	Remuneration		38,710	
11,427	Commission on Profit		15,024	
59,427				
10,00,000	" Provision for Taxation			53,734
4,79,237	" Balance being Profit for the year			20,00,000
1,84,10,305				5,91,258
		TOTAL RUPEES		3,07,16,778

CHEMICALS LIMITED, BOMBAY

THE PERIOD ENDED 31ST OCTOBER, 1979

As at 31st May, 1978			
Rupees		Rupees	Rupees
1,84,10,305	Brought Forward	.. ..	3,07,16,778
<div> <div>1,84 10,305</div> <div>TOTAL RUPEES</div> <div>3,07,16,778</div> </div>			

SOMAIYA ORGANO- PROFIT AND LOSS ACCOUNT FOR

As at 31st May, 1978			
Rupees		Rupees	Rupees
50,000	To Transfer to General Reserve		4,91,000
2,84,060	„ Short Provision for taxation for previous years		—
	„ Proposed Dividend: ..		
91,000	On Preference Shares	91,000	
59,500	On Equity Shares @Rs. 32.50 per Share	1,62,500	
1,50,500			2,53,500
370	„ Balance Carried to Balance Sheet		513
<i>Note: Computation of Managing Director's Commission is as follows :</i>			
4,79,237	Net Profit as per Profit and Loss Account ..	5,91,258	
<i>Add:</i>			
59,427	1. Managing Director's Remuneration ..	53,734	
10,00,000	2. Provision for taxation	20,00,000	
4,64,147	3. Depreciation	5,13,399	
15,23,574		25,67,133	
20,02,811		31,58,391	
<i>Less:</i>			
4,67,186	Depreciation to the extent Specified in Section 350 of the Companies Act, 1956	5,11,358	
15,35,625	Net Profit for Calculating Managing Director's Commission	26,47,033	
—	Net Profit for Calculating Managing Director's Commission for the Period 1st June 1978 to 21st March 1979	15,02,370	
15,356	Commission Payable at 1%	15,024	
24,000	Maximum Payable as per Central Government's approval	19,355	
76,781	Overall remuneration payable @ 5% of the Profit as per Companies Act, 1956	75,119	
<i>Less:</i>			
48,000	Remuneration	38,710	
4,000	Company's Contribution to Provident Fund ..	3,226	
7,954	Prequisites in respect of Rent free quarter ..	5,373	
5,400	Prequisites in respect of Company's car ..	4,355	
65,354		51,664	
11,427	Maximum Commission payable on the basis of 5% of Profits	23,455	
4,84,930	Carried over ..		7,45,013

CHEMICALS LIMITED, BOMBAY

THE PERIOD ENDED 31ST OCTOBER, 1979

[illegible]

PROFIT AND LOSS ACCOUNT FOR

[illegible]

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

BOMBAY: Dated 30th April, 1980.

CHEMICALS LIMITED, BOMBAY

THE PERIOD ENDED 31ST OCTOBER, 1979

<i>As at</i>						
<i>31st May, 1978</i>						
Rupees					Rupees	Rupees
4,84,930	Brought Forward	..	..	..	..	7,45,013
4,84,930	TOTAL RUPEES	..	..	..	..	7,45,013

BOMBAY: Dated 30th April, 1980.

K. J. SOMAIYA
M. S. SOMAIYA
U. H. MEHTA
N. C. VARMA

} *Directors*

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

SCHEDULE ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST OCTOBER, 1979 SCHEDULE "A"

Particulars (1)	Gross Block at Cost Except Other- wise stated (2)	Addition during the year (3)	Gross Block as at 31-10-1979 (4)	Depreciation written off upto 31-5-78 (5)	Depreciation written off this year (6)	Total Depreciation upto 31-10-1979 (7)	Net Depreciated Block as at 31-10-1979 (8)	Net Depreciated Block as at 31st May, 1978 (9)
1. Land	Rs. 37,180	Rs. —	Rs. 37,180	Rs. —	Rs. —	Rs. —	Rs. 37,180	Rs. 37,180
2. Distillery Building	8,11,705	—	8,11,705	4,15,983	27,618	4,43,601	3,68,104	3,95,722
3. Distillery Machinery (Book Value)	36,80,955	—	36,80,955	31,54,989	1,42,174	32,97,163	3,83,792	5,25,966
4. Acetic Acid Building	2,61,550	—	2,61,550	1,40,500	8,449	1,48,949	1,12,601	1,21,050
5. Electric Machinery	3,08,115	—	3,08,115	2,83,998	6,432	2,90,430	17,685	24,117
6. Acetic Acid Plant	44,86,558	—	44,86,558	39,73,885	1,82,814	41,56,699	3,29,859	5,12,673
7. General Machinery	3,07,551	—	3,07,551	1,10,718	52,488	1,63,206	1,44,345	1,96,833
8. Laboratory Apparatus	4,756	—	4,756	3,886	120	4,006	750	870
9. Furniture and Office Equipment	82,645	30,933	1,13,578	47,439	8,870	56,309	57,269	35,206
10. Motor Cars, Lorries and Tankers	2,92,591	70,524	3,63,115	2,29,419	24,504	2,53,923	1,09,192	63,172
11. Scale and Weigh Bridges	7,557	—	7,557	3,430	568	3,998	3,559	4,127
12. Storage Vats and Tanks	6,45,938	1,25,397	7,71,335	4,60,895	52,740	5,13,635	2,57,700	1,85,043
13. Electric Installation	79,174	—	79,174	52,430	3,677	56,107	23,067	26,744
Total Rupees	1,10,06,275	2,26,854	1,12,33,129	88,77,572	5,10,454	93,88,026	18,45,103	21,28,703

Accompanying our Report of even date.

For AMBALAL THAKKAR & COMPANY,

CHARTERED ACCOUNTANTS,

G. P. BHATT

Partner

K. J. SOMAIYA
M. S. SOMAIYA
U. H. MEHTA
N. C. VARMA

} Directors

BOMBAY: Dated 30th April, 1980.

BOMBAY: Dated 30th April, 1980.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

SCHEDULE 'B' FOR NOTES FORMING PART OF BALANCE SHEET AS AT 31ST OCTOBER, 1979

- Company's request to the Company Law Board for approval of the appointment of Selling Agents for the period 1.9.1975 to 31.5.1978 has not been favourably considered. In the meantime the Company has received intimation from the Solicitors of the Selling Agents that they are filing suits in the High Court of Bombay against the Company for the recovery of Selling Agents' Commission for the aforesaid period. As the matter is still in dispute, no adjustment has been made for Selling Agency Commission already provided in the Books for the aforesaid period.
- Total liability for Accrued gratuity to employees under the payment of Gratuity Act, 1972 upto 31st October 1979 as per actuary's certificate is Rs. 4,45,740/- against which provision for accrued gratuity of Rs. 3,87,831/- is made.
- Expenditure on employees in receipt of remuneration of not less than Rs. 36,000/- per year or Rs. 3,000/- per month if employed for a part of the year.

		Current period		Previous year	
		Employed for full year	Employed for part of the year	Employed for full year	Employed for part of the year
		Rs.	Rs.	Rs.	Rs.
(i) Salaries, allowances and perquisites		1,23,339	82,242	1,15,081	11,160
(ii) Contribution to Provident Fund		8,300	4,791	7,200	—
(iii) Number of Employees Covered		2	2	2	1

4. Quantitative Information in respect of Goods Manufactured:

Classes of Goods	Unit	Licenced Capacity (Annual)	Installed Capacity (as certified by Works Manager) (Annual)	Actual Production (Excluding Normal Loss) (for 17 Months)	Opening Stock		Closing Stock		Sales	
					Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Rectified Spirit	H.L.	1,00,000	1,00,000	1,37,562.55	9,224.02	5,73,919	10,373.13	6,45,417	9,547.50	7,31,723
Acetal Dehyde/	H.L.	(1,00,000)	(1,00,000)	(91,303.28)	(8,543.12)	(5,31,553)	(9,224.02)	(5,73,919)	(8,202.00)	(6,42,048)
Acetic Acid	M.T.	5,000/5,000	3,700/3,600	5,869.018/3,812.800	2,033/61.937	7,522/1,85,811	59.481/15.313	2,20,080/56,658	1,998.014/3,601.229	72,48,804/1,44,04,787
Denatured Spirit	M.T.	(5,000/5,000)	(3,700/3,600)	(2,909.694/2,220.000)	(20.574/16.686)	(63,799/50,058)	(2.033/61.937)	(7,522/1,85,811)	(827.505/1,977.841)	(27,11,132/75,89,321)
Dilute Acetic Acid	H.L.	—	—	38,839.55	69.10	4,645	150.65	10,127	38,758.00	32,37,514
Acetic Anhydride	H.L.	—	—	(36,289.411)	(277.659)	(18,664)	(69.10)	(4,645)	(36,498.00)	(29,77,240)
Ethyl Acetate	M.T.	—	—	1,050.274	—	—	—	—	1,050.274	12,67,423
Others Acetates	M.T.	(—)	(—)	(470.025)	(—)	(—)	(—)	(—)	(470.025)	(5,06,688)
Others	M.T.	—	—	—	—	—	—	—	—	—
	M.T.	(—)	(—)	(70.170)	(0.652)	(4,349)	(—)	(—)	(70.822)	(5,65,096)
	M.T.	3,000	NEW PLANT UNDER IMPLEMENTATION	—	—	—	—	—	—	—
	M.T.	(3,000)	R AND D WORK IN HAND	—	(—)	(—)	(—)	(—)	(—)	(—)
	M.T.	1,800	—	—	(—)	(—)	(—)	(—)	(—)	(—)
	M.T.	(1,800)	—	121.980	(—)	(—)	(—)	(—)	121.980	3,66,245
	M.T.	(—)	(—)	(27.188)	(—)	(—)	(—)	(—)	(27.188)	(1,10,315)

- Notes :**
- Under item (4) first column, sub-item 2 has been described as "ACETIC ACID" in the previous Balance Sheets, which should have been correctly described as "ACETALDEHYDE/ACETIC ACID" as mentioned in the registration and is so now described above.
 - The installed capacity, of 5,000 Tonnes mentioned in the previous Balance Sheets, as certified by the Works Manager was based on the advice that such capacity was reached in Acetaldehyde Section on the basis of highest production achieved for a few days. We are however now advised that the installed capacity should be declared according to achievable production on the basis of continuous working for the full year. The installed capacity figures have therefore been revised accordingly.
 - Acetaldehyde is an intermediary product for the manufacture of Acetic Acid.
 - Figures shown in the BRACKETS pertain to the Previous year of 12 months while current figures are for a period of 17 months.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

SCHEDULE 'B' FOR NOTES FORMING PART OF BALANCE SHEET AS AT 31ST OCTOBER, 1979

5. Consumption of Raw Materials:

	Unit	Current Period		Previous year	
		Quantity	Amount	Quantity	Amount
Molasses	M.T.	59,612.321	54,50,792	46,279.908	43,20,967
Rectified Spirit (Own Manufactured)	H.L.	1,26,865.94	—	82,420.38	—
Rectified Spirit (Purchased)	H.L.	3,740.00	3,07,789	—	—
Acetic Acid (Own Manufactured)	M.T.	258.195	—	196.908	—
Acetal Dehyde (Own Manufactured)	M.T.	3,813.556	—	2,100.730	—

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

	Current Period	Previous year
	Amount	Amount
(i) Raw Materials	Nil	Nil
(ii) Stores, Spares and components	1,80,725	51,424
(iii) Capital Goods	Nil	Nil

(b) Value of Raw Materials Consumed:

	Current Period	Previous year
	Amount	Amount
	%	%
(i) Indigenous	57,58,581	43,20,967
(ii) Imported	Nil	Nil
	100%	100%
	Nil	Nil

(c) Value of Stores and Spare parts consumed:

	Current Period	Previous year
	Amount	Amount
	%	%
(i) Indigenous	21,16,477	13,60,103
(ii) Imported	24,770	1,07,222
	98.84	92.70
	1.16	7.30

7. The Company has entered into partnership with various individuals in the Firm of M/s. Vashi Automobiles, New Bombay with effect from 1st March, 1978. The first Accounting Period of the Firm has ended on 31st March, 1979. As the business of the firm has not yet started there is no profit/loss during the period ended 31-3-1979. The names of the partners, Capital contributed by them and their shares of Profits/Loss are as under:

<i>Name</i>	<i>Share of Profit/Loss</i>	<i>Capital contributed upto 31-3-1979</i>
(i) Somaiva Organo-Chemicals Limited	75%	3,59,462
(ii) Shri Chandravadan Vasantlal Bhandari, Karta of Vasantlal Babulal Bhandari HUF.	18%	—
(iii) Shri Vijay Dhanraj Munot, Karta of Vijay Dhanraj Munot HUF.	2%	—
(iv) Shri Ramesh Nemichand Munot	2%	—
(v) Shri Shobhachand Chandrakant Munot	2%	—
(vi) Shri Hastimal Chandmal Munot	1%	—

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 our Report of even date.

For **AMBALAL THAKKAR & COMPANY**
CHARTERED ACCOUNTANTS
G. P. BHATT
Partner

K. J. SOMAIYA
M. S. SOMAIYA
U. H. MEHTA
N. C. VARMA
} *Directors*

BOMBAY: Dated 30th April, 1980.

BOMBAY: Dated 30th April, 1980.

SOMAIYA ORGANO-CHEMICALS LIMITED, BOMBAY

ATTACHMENT TO THE DIRECTORS' REPORT FOR THE PERIOD ENDING
31ST OCTOBER, 1979

SCHEDULE 'C'

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

- Employees of the Company who were employed throughout the Period under review and were in receipt of remuneration for that period in aggregate of not less than Rs. 36,000/-.
- Employees of the Company who were employed for part of the Period under review and were in receipt of remuneration at a rate which in the aggregate was not less than Rs. 3,000/- per month.

(a) EMPLOYED THROUGHOUT THE YEAR UNDER REVIEW.

Sr. No.	Name of Employee	Designation	Remuneration Rs.	Nature of Employment (Whether Contractual or Otherwise)	Other Terms and Conditions	Qualifications and Experience (Years)	Date of Commencement of Employment	Age of Employee	Last Employment held
1.	Shri P. K. R. Nair	Works Manager	77,215/-	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 Engineering & Air craft Instrumentation. 19 years.	25th May, 1961	46	Erection Engineer in Air Conditioning Corporation.
2.	Shri B. T. Lavingia	Sales Executive	54,424/-	Permanent, subject to termination by one month's notice on either side	As per Company's Rules	B.Com., LL.B. 15 years	1st February 1966	53	Manager Indian Sugar Mills Association

(b) EMPLOYED FOR A PART OF THE YEAR UNDER REVIEW

1.	Smt. M. S. Somaiya	Managing Director	66,688/-	As approved by the Central Government	As approved by Ministry of Law and companies affairs vide letter No. 1/72/76/C/1 dated 25-3-1977	B.A. 9 years	1st December 1970	39	—
2.	Shri B. R. S. Mundkar	Executive	20,345/-	Permanent, subject to termination by one month's notice on either side.	As per company's Rules.	M.A., M.B.A., (Pens), A.M. B.I.M. (Lon.) M.I.W.M. (Lon.) 5 months	23rd May, 1979	52	Chief Executive, Goa Carbon Limited.

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

BOMBAY: Dated 30th April, 1980.