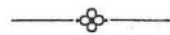
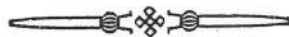


SUGAR
THE
GODAVARI SUGAR MILLS
LIMITED.



REPORT
of the
DIRECTORS
with
STATEMENT OF ACCOUNTS
For the period ended 31st August 1940.



BOMBAY.

1940.

THE GODAVARI SUGAR MILLS, LTD.

(Incorporated under the Indian Companies Act VII of 1913.)

Board of Directors.

HARGOVINDDAS B. KOTAK, ESQ. (*Chairman*).
RAO BAHADUR MOTILAL BALMUKUND MUTHA.
NADIRSHAH RUSTAMJI MULLA, ESQ.
SETH AMRITLAL HARGOVINDDAS, (*Debenture Director*).
SETH TRIBHOVANDAS HARGOVINDDAS, (*Debenture Director*).
RANCHHODDAS SHAMJI KOTAK, ESQ. (*Ex. Officio Director*).

Managing Agents

MESSRS. R. S. KOTAK & Co.

Bankers.

THE NATIONAL CITY BANK OF NEW YORK.
THE CENTRAL BANK OF INDIA LTD.,
THE BANK OF INDIA, LTD.

Solicitors.

MESSRS. MULLA & MULLA

Auditors.

MESSRS. NANUBHAI & Co.

Registered Office.

79, DE SOUZA STREET, VADGADI,
BOMBAY, No. 3


The Godavari Sugar Mills, Ltd.,

NOTICE is hereby given that the **First Ordinary General Meeting** of THE GODAVARI SUGAR MILLS, LTD., will be held on Friday the 29th November 1940 at 4 p. m. (S. T.) at the Registered Office of the Company, 79, De Souza Street, Vadgadi, Bombay No. 3, to transact the following business:—

- 1 To confirm the amount of interest allowed to the Managing Agents on the amount actually spent by them, prior to the incorporation of the Company and to the date of transfer.
- 2 To adopt the Directors' Report and Audited Statments of Accounts for the period ended 31st August 1940.
- 3 To declare a Dividend.
- 4 To elect Directors in place of Mr. Hargovandas B. Kotak, Mr. Nadirshah Rustamji Mulla and Rao Bahadur Motilal Balmukund Mutha, who retire in accordance with Article 92, but being eligible, offer themselves for re-election.
- 5 To appoint Auditors for the current year and fix their remuneration.
- 6 To transact any other business that may be brought forward by the permission of the Chairman.

The Transfer Books of the Company will be closed from 22nd November 1940 to 5th December 1940, both days inclusive.

By order of the Board of Directors,


Managing Agents.

Bombay, 8th November 1940.

N. B.—The Dividend when declared will be made payable at the Registered Office of the Company on and after 1st January 1941. Dividend Warrants will be posted to those Shareholders whose names stand on the Register on the 22nd November 1940.

THE GODAVARI SUGAR MILLS LTD.

DIRECTORS' REPORT.

To,

The Share-holders,

The Godavari Sugar Mills Ltd.,

Gentlemen,

Your Directors have pleasure to submit their report and audited statement of accounts for the period ended 31-8-1940.

Owing to abnormal conditions created by the European War during the year, the period under review could not be said to be quite satisfactory from the point of view of profits. Your Company was seriously affected by these conditions in as much as Messrs. Skoda Works with whom we had contracted could not supply the complete Plant due to the declaration of War. On this account erection was also considerably delayed. Among the other items of the Plant that could not be supplied were two Generators for producing the Power to run more than half your Factory. A Second-hand Turbo-generator had to be purchased after a long search. Other items which were not supplied had to be manufactured or purchased locally. All these delayed the starting of the Factory, causing a loss in recovery. The Second-hand Generator could not take the full load and hence the Factory could not crush cane at its full capacity. Although, the whole Plant was quite new, some of the Machinery was found defective and caused several long stoppages. This resulted in lesser crushing and affected our recovery and did not allow us to take advantage of the full Season. Yet, inspite of the short season and the difficulties we have had to contend with, we produced 38,977 Bags of Sugar,

Working shows a Net Profit of Rs. 1,15,449-13-6 after charging Rs. 2,24,261-7-0 for Excise Duty, providing Rs. 1,47,331-2-9 for depreciation and Rs. 12,836-0-0 for Managing Agents Commission on Profit.

Your Directors recommend the disposal of this amount as under:—

Dividend @ 6% on 1,202 Preference Shares free of income-tax	Rs. 14,424-0-0
Dividend @ 3% on 10,000 Ordinary Shares free of income-tax	„ 26,225-0-0
Provision for Taxes	„ 35,000-0-0
Provision towards redemption of Debentures	„ 30,000-0-0
Balance to be carried over to next Year's Accounts	„ 9,800-13-6

The increase in the Excise Duty is a great burden on the Industry.

Regarding the plantation, your Directors are glad to report an average yield of more than 46 Tons of Cane per acre during the season under report.

On the whole, in view of unforeseen difficulties they had to contend with, the Management have shown commendable work and deserve credit for same. Credit is also due to the staff of the Mechanical, Manufacturing and all other Departments at your Factory for bringing about the above result by hard work and co-operation.

The Factory Plant and Machinery have been insured for Rs. 12,00,000/-.

The Sugar produced by your Factory has been well received in the markets and was disposed of without any difficulty.

The present sugar-cane plantation of your Company is progressing well and your Factory also continues to work smoothly during the current season.

The Molasses produced during the season has been partly sold to the Government Distillery at Nasik and partly to local buyers. The disposal of Molasses is a very difficult problem before your Directors-

All your Directors :- with the exception of the Ex-officio and Debenture Directors, namely Mr. Hargovinddas B. Kotak, Mr. Nadirshah Rustamji Mulla and Rao Bahadur Motilal Balmukund Mutha-retire in accordance with Article 92 but being eligible offer themselves for re-election.

You are requested to appoint Auditors for the current year and fix their remuneration.

I remain,

Gentlemen,

Yours faithfully,



Chairman.

Bombay, 8th November 1940.

AUDITORS' REPORT.

To,

The Shareholders,

The Godavari Sugar Mills, Ltd.,

BOMBAY.

Sirs,

We have audited the Balance Sheet of the Godavari Sugar Mills Ltd. as at 31st August 1940 and the Profit and Loss Account of the Company for the period ended on that date and the statement of overhead charges during the period of construction upto the period ended 31st January 1940, and report that:—

- (a) We have obtained all the information and explanations we have required.
- (b) In our opinion, the said Profit and Loss Account and the Balance Sheet are drawn up in conformity with the law.
- (c) A sum of Rs. 21,400/- is allowed as interest @ 6% to the Managing Agents on the amounts actually spent by them prior to the incorporation of the Company and to the date of transfer. This is specifically not mentioned in the prospectus.
- (d) Subject to the above, such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of our information and explanations given to us and as shown by the books of the Company, and
- (e) In our opinion the books of account have been kept by the Company as required by Section 130 of the Indian Companies Act.

Yours faithfully,

Nannubhai & Co.

Registered Accountants,

Auditors.

Bombay, 8th November 1940.

The Godavari Sugar

Balance Sheet as at

CAPITAL & LIABILITIES.				Rs. as, ps.		Rs. as, ps.	
CAPITAL:—							
Authorised Capital:							
10,000 Ordinary Shares of Rs. 100/- each.				10,00,000	0 0		
4,000 6% cumulative Pref. Shares of Rs. 250/ each	...	...	...	10,00,000	0 0		
				20,00,000	0 0		
Issued & Subscribed Capital:							
10,000 Ordinary Shares of Rs 100/- each...				10,00,000	0 0		
1,202 6% cumulative Pref. Shares of Rs. 250/- each	...	...	...	3,00,500	0 0		
				13,00,500	0 0		
Called up & Paid up Capital:							
5,100 Ordinary Shares @ Rs 100/- each	...			5,10,000	0 0		
4,900 " " " " 75/- "	...			3,67,500	0 0		
1,202 Pref. Shares " " 200/- "	...			2,40,400	0 0	11,17,900	0 0
Calls in Advance on Pref. Shares.	...	...	...			1,000	0 0
Depreciation Fund	...	...	...			1,47,331	2 9
Loans Secured:							
700 6% Mortgage Debentures of Rs. 1000/- each, free of Income-tax	...	...	...			7,00,000	0 0
Interest Accrued on Debentures	...	...	...			17,500	0 0
Loans Unsecured:							
Due to Managing Agents	...	...	...	31,333	0 0		
" Others	...	...	...	3,48,655	15 10	3,79,988	15 10
Deposits:							
From selling Agents	...	...	...	25,000	0 0		
Sundry Deposits	...	...	...	850	5 6	25,850	5 6
Liabilities:							
For goods supplied	...	...	...	55,564	13 7		
For expenses:							
Excise duty	...	...	15,887 3 7				
Director's Fees	...	...	1,800 0 0				
			17,687 3 7				
Carried Forward...				55,564	13 7	23,895,70	8 1

Mills Limited, Bombay.

31st August, 1940.

PROPERTY & ASSETS.				Rs.	as.	ps.	Rs.	as.	ps.
FIXED CAPITAL EXPENDITURE:—									
Freehold Land (at cost)							25,931	12	6
Buildings: (at cost)									
Factory & Workshop Buildings	2,62,174	0	3						
Add overhead charges as per statement attached	12,413	0	0	2,74,587	0	3			
Temporary Huts: at cost									
At the Factory... ..	70,184	13	3						
Add overhead charges as per statement attached	3,321	0	0	73,505	13	3			
At the Farms	48,959	1	0						
Add overhead charges as per statement attached	2,298	0	0	51,257	1	0	3,99,349	14	6
Plant & Machinery: (at cost)									
① Agricultural	90,636	9	3						
Add overhead charges as per statement attached	4,263	0	0	94,899	9	3			
② Electric... ..	2,25,000	0	0						
Add overhead charges as per statement attached	14,317	0	0	2,39,317	0	0			
③ General... ..	6,86,158	4	5						
Add overhead charges as per statement attached	28,634	7	11	7,14,792	12	4	10,49,009	5	7
Electric Installation (at cost)							9,033	14	6
Furniture (at cost)							9,882	8	6
Weigh Bridges (at cost)							10,294	0	9
Laboratory apparatus (at cost)							5,293	9	0
Motor Cars, Lorries etc. (at cost)							16,029	15	9
Carts (at cost)							7,248	12	6
Tools (at cost)							7,532	8	0
Carried forward...							15,39,606	5	7

The Godavari Sugar

Balance Sheet as at

		Rs.	as.	ps.	Rs.	as.	ps.
Brought Over...	17,687 3 7	55,564	13	7	23,89,570	8	1
Irrigation dues, Land rent, Salaries, Wages. etc. ...	1,89,905 13 0	2,07,593	0	7			
Staff Income Tax ...	...	770	11	0			
Due to the Managing Agents for Office allowance ...	13,645 2 6						
For Commission ...	12,836 0 0	26,481	2	6	2,90,409	11	8
Profit and Loss Account (Subject to provision for taxes) ...	...				1,15,449	13	6
Total Rs....					27,95,430	1	3

Note:—Contingent Liability of Rs. 40,000
in respect of Machinery.

As per our report of even date.

Bombay, 8th November 1940.

Nannabhai & Co.
Registered Accountants
Auditors.

Mills Limited, Bombay.

31st August, 1940. (Contd.)

	Rs.	as.	ps.	Rs.	as.	ps.
Brought Over...				15,39,606	5	7
Roads & Drainage (at cost)	20,651	15	9	12,453	2	6
Livestock (at cost)	1,285	0	0	19,366	15	9
Less written off				5,974	2	9
Dead Stock (at cost)				207	11	6
Library (at cost)				59	15	0
Medical Instruments (at cost)						
Stores on hand as on 31-8-40 (at cost)						
as per inventories certified and valued by						
the managing agents	5,313	12	9	1,45,396	1	9
Preliminary Expenses	1,063	0	0	4,250	12	9
* Less 1/5 written off	1,205	0	0			
Brokerage on shares	241	0	0	964	0	0
* Less 1/5 written off	11,570	0	0	9,256	0	0
Cost on the Issue of Debentures	2,314	0	0			
* Less 1/5 written off						
Stock in trade as on 31-8-40 at market rate						
valued and certified by the Managing						
Agents				7,604	8	0
Cane crop-in-progress:						
Including expenses of tillage, Preparation						
of land, Irrigation etc....				9,46,765	7	10
Advances:						
For expenses	6,449	0	0			
To contractors... ..	3,237	3	0			
To Lessors for Land Lease	35,455	11	0	53,388	6	0
For Materials	8,246	8	0			
Deposits with Irrigation Departments, Rail-				8,170	0	0
ways & others				6,786	3	6
Sundry Debtors: (considered good)						
Cash and Bank balances:						
With Banks	21,122	15	6			
At Bombay office	945	14	4	35,180	4	4
At Factory office	13,111	6	6			
Total Rs....				27,95,430	1	3

* As the future will derive benefit

The above Balance Sheet, to the best of our belief, contains a true account of the Capital and Liabilities and of the Property & Assets of the Company.

Managing Agents.

Chairman.

Directors.

The Godavari Sugar

Profit and Loss Account for the period

	Rs.	as. ps.	Rs.	as. ps.
To Sugar Cane Plantation Expenses including interest to the Managing agents	14,28,952	15 10		
Less balance of expenses of Sugar Cane Crop-in-progress carried over to next year (as shown in the Balance Sheet.) ...	9,46,765	7 10	4,82,187	8 0
„ Manufacturing expenses including Stores and raw materials, carting etc.			1,26,658	10 0
„ Salaries and Wages			1,12,882	0 0
„ Excise Duty			2,24,261	7 0
„ Interest on Debentures and other Loans ...	28,680	7 8		
„ „ Managing Agents' Current A/c ...	102	11 0	- 28,783	2 8
„ Commission on Sales			✓ 16,026	0 0
„ General Expenses including Advertisement, Postage, Printing, Motor Car Expenses, Repairs, Medical Expenses, Legal charges, Travelling etc,			- 15,867	4 1
„ Directors' Fees			- 320	0 0
„ Auditors' Fees			- 650	0 0
„ Charity			- 331	0 0
„ Preliminary expenses 1/5th written off ...			1,063	0 0
„ Brokerage on Shares „ „ „ ...			241	0 0
„ Debenture Expenses „ „ „ ...			2,314	0 0
„ Managing Agents' Remuneration ...	7,000	0 0		
„ „ „ Commission on Net Profit ...	12,836	0 0	- 19,836	0 0
„ Depreciation on Buildings, Machinery etc. ...			✓ 1,47,331	2 9
„ Live stock written off			1,285	0 0
„ Balance being Net Profit carried to balance sheet subject to provision for Taxes ...			1,15,449	13 6
Total Rs....			12,95,487	0 0

Bombay, 8th November 1940.

Nannubhai & Co
Registered Accountants
Auditors.

Mills Limited.

ended 31st August 1940.

ended 31st August 1940.						Rs. as. ps.			Rs. as. ps.		
By Sugar Sales	...	...	...	...	...				12,82,298	14	3
„ Molasses Sales	...	...	...	...	...				3,883	9	3
„ Other receipts: Interest, Vatav etc.	...				...				1,700	0	6
„ Stock on hand as on 31-8-1940.											
Sugar	...	...	...	...	...	4,792	0	0			
Molasses	...	...	...	...	...	2,812	8	0	7,604	8	0
Total Rs....									12,95,487	0	0

Managing Agents.

Chairman.

Directors.

De Blatals
Chairman.
W. Shucroft
E. L. Smith } Directors.
Amiel Hargreaves
De Blatals

The Godavari Sugar
Statement of Expenses during the period of

	Rs.	as.	ps.	Rs.	as.	ps.
To Salaries and Wages				4,872	8	0
„ Stores including Fuel & Oil etc				2,001	11	6
„ Motor Car & Conveyance Expenses				3,854	3	3
„ Printing & Stationery				3,549	15	0
„ Interest on Debenture Loans & other Loans	14,977	4	3			
„ Interest on Managing Agents' Loans... ..	14,923	5	0	29,900	9	3
„ Rents, Rates & Taxes				1,189	7	0
„ Travelling Expenses				4,493	0	0
„ Medical expenses				1,167	13	6
„ Directors' Fees				1,480	0	0
„ Directors' Travelling Expenses				260	10	0
„ Managing Agents Allowance				6,645	2	6
„ Legal Charges				546	8	0
„ Postages, Telegrams, & Telephone Expenses.				1,494	13	9
„ Bank Charges & Workmens' Insurance Premium, etc.				760	9	5
„ General Expenses				3,029	8	9
Total Rs....				65,246	7	11

Bombay, 8th November 1940.

Mills Limited.

construction ending 31st January 1940.

	Rs.	as.	ps.	Rs.	as.	ps.
By Total amount of Expenditure allocated as under and carried to Balance Sheet:—						
Factory Machinery:—						
Electric Machinery ... Rs. 14,317—0—0						
General Machinery ... „ 28,634—7—11	42,951	7	11			
Factory Buildings:—						
	12,413	0	0			
Temporary Huts						
At Factory Rs. 3,321—0—0						
At Farms „ 2,298—0—0	5,619	0	0			
Agricultural Machinery	4,263	0	0	65,246	7	
Total Rs....				65,246	7	11

Managing Agents.

Chairman.

Directors.

M. Whinn
W. H. H.
Amrit Lal
R. K. Lal