

THE
GODAVARI SUGAR MILLS
LIMITED.



REPORT
of the
DIRECTORS
with
STATEMENTS OF ACCOUNTS
For the year ended 31st August 1941.



BOMBAY.

1941.

1941

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.

RANCHHODDAS SHAMJI KOTAK, ESQ.

✓ SHETH AMRITLAL HARGOVINDDAS (*Debenture Director*,

SETH TRIBHOVANDAS HARGOVINDDAS, (*Debenture Director*).

KARAMSHI JETHABHAI SOMAIYA ESQ. (*Ex-Officio Director*).

Managing Agents.

MESSRS. K. J. SOMAIYA & SONS.

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.

GRESHAM BUILDING, MAHATMA GANDHI ROAD,
BOMBAY, No. 1.

The Godavari Sugar Mills, Ltd.,

NOTICE is hereby given that the **Second Ordinary General Meeting** of THE GODAVARI SUGAR MILLS, LTD., will be held on Saturday, the 27th December 1941 at 12 noon (S. T.) at the Registered Office of the Company, Gresham Building, Mahatma Gandhi Road, Bombay No. 1, to transact the following business:—

1. To adopt the Directors' Report and Audited Statements of Accounts for the period ended 31st August 1941.
2. To declare a Dividend,
3. To elect a Director in place of Mr. R. S. Kotak, (elected as an additional Director during the year,) who retires in accordance with Article 100, but being eligible, offers himself for re-election.
4. To elect Directors in place of Messrs. H. B. Kotak and N. R. Mulla, who retire in accordance with Article 93, but being eligible offer themselves for re-election.
5. To appoint Auditors for the current year and to fix their remuneration.
6. To transact any other business that may be brought forward with the permission of the Chairman.

The Transfer Books of the Company will be closed from the 20th December 1941 to the 2nd January 1942, both days inclusive.

Bombay, 4th December 1941.

By order of the Board of Directors,
K. J. SOMAIYA & SONS,
Managing Agents.

N. B.—The Dividend when declared will be made payable at the Registered Office of the Company on and after 2nd February 1942. Dividend Warrants will be posted to those shareholders whose names stand on the Register on the 20th December, 1941.

THE GODAVARI SUGAR MILLS LTD.

DIRECTORS' REPORT, 1941

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 year ending 31-8-1941.

The working shows a net profit of Rs. 3,37,090-2-6 after providing Rs. 6,33,470-0-7 for Excise Duty, Rs. 1,71,951-1-10 for depreciation and Rs. 38,134-0-0 for Managing Agents' commission on profits, with the balance of Rs. 9,700-13-6 brought forward from last year's Profit & Loss Account leaves an amount of Rs. 3,46,791-0-0 which your Directors propose to dispose of as follows:—

For Dividend on Ordinary Shares	
@ 6% (free of income tax)	Rs. 52,650-0-0
For Dividend on Preference Shares	
@ 6% (free of income tax)	„ 14,424-0-0
„ Provision for Taxes	„ 40,000-0-0
„ Debenture Redemption Fund	„ 1,20,000-0-0
„ Reserve Fund	„ 1,00,000-0-0
Balance to be Carried Forward to next year ..	19,717-0-0
	<u>Rs. 3,46,791-0-0</u>

Owing to abnormal conditions brought about by War, the improvements in the plant and replacement of some Machinery, like the Vacuum Pumps received from Messrs. Skoda Works Ltd., could not be carried out. For the reasons shown above, all the cane produced on your estates could not be crushed and we had to carry over 560-25 acres of cane from the season under report to the current season.

There was also a great deal of trouble experienced in transport of cane from the Right Bank of the Godavari to the Factory which is on the Left Bank, our cane estates being on both the Right and Left sides of the Godavari River. Your Directors intended to construct a Light Railway Track to overcome this trouble, but could not do so, due to War Conditions. It will not be possible to carry out this scheme until normal times prevail.

Taking into consideration these factors, your Directors thought it advisable to put another Plant on the Right Bank of the Godavari, just near our Estate. They, therefore, purchased the old working Plant of the Belapur Co. Ltd. for Rs. 4,55,000/- with the Building and Spares.

The erection of this Plant is now under progress and your Directors hope, it will be ready for crushing in about the month of April, 1942.

Even if this Plant does not crush during this current season, the necessity of starting the season early and its consequences, it is hoped, will be eliminated from the next season 1942-1943.

In order to take advantage of as much yield of our plantation as possible, we started crushing as early as the 15th September 1940. This, however, resulted in somewhat low recovery. The yield of cane was more than last year.

The market during the period under report was low and for a part of this period, the Sugar Factories of Bombay Presidency suffered from the Policy of the Sugar Syndicate of U, P, and Bihar which allowed a rebate on Sugar sold in Bombay Port only.

In view of all these circumstances, the result of the working for the year under report can be called satisfactory, keeping in view the fact that the cost of production went up as a result of rise in value of stores, chemicals etc.

The demand for your sugar was good and it found an easy and ready market without any difficulty.

A portion of the Molasses produced in your Factory has been sold to the Government Distillery, Nasik, and to local buyers.

The growing cane in your estate on 31-8-1941 was acres 3,247.

During the year, Mr. R. S. Kotak was appointed an additional Director. He retires in accordance with Article 100 of the Articles of Association, but being eligible, offers himself for re-election.

Two of your Directors Messrs. H. B. Kotak and N. R. Mulla retire in accordance with Article 93, but being eligible, offer themselves for re-election.

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

Yours faithfully,
By Order of the Board of Directors,
H. B. KOTAK,
Chairman.

Bombay, 4th December. 1941.

Mills Limited, Bombay.

31st August, 1941.

PROPERTY & ASSETS.				Rs.	as.	ps.	Rs.	as.	ps.
FIXED CAPITAL EXPENDITURE:—									
Freehold land at cost:									
As per last Balance Sheet	...	...	...	25,931	12	6			
Addition during the year	...	...	...	3,820	4	9			
				29,752	1	3			
Add Land for G. R. B. Factory under construction	...	...	...	13,689	12	3	43,441	13	6
Buildings at cost:									
As per last Balance Sheet	...	...	...	2,74,587	0	3			
Addition during the year	...	...	...	34,468	13	3			
				3,09,055	13	6			
Add Buildings in progress at G.R. B. Factory under construction	...	...	...	4,475	15	0	3,13,531	12	6
Temporary huts at cost:									
At the factory as per last Balance Sheet	...			73,505	13	3			
Addition during the year	...	...	...	21,464	8	3			
				94,970	5	6			
Add Temporary huts at G. R. B. Factory under construction	...	...	...	16,219	14	6			
				1,11,190	4	0			
At the Farms as per last Balance Sheet	...	51,257	1 0						
Addition during the year	...	10,004	13 9	61,261	14	9	1,72,452	2	9
Plant and Machinery at cost:									
General - as per last Balance Sheet	...	7,14,792	12 4						
Addition during the year	...	94,823	8 9						
		8,09,616	5 1						
Add Machinery (including erection charges) at G. R. B. Factory under construction etc.	...	4,91,815	8 9	13,01,431	13	10			
Electric—As per last Balance Sheet	...	2,39,317	0 0						
Addition during the year	...	4,231	14 6	2,43,548	14	6			
Carried Forward ...				15,44,980	12	4	5,29,425	12	9

The Godavari Sugar

Balance Sheet as at

	Rs.	as.	ps.	Rs.	as.	ps.
Brought Over ...				28,56,255	11	11
Liabilities :						
For Goods Supplied	4,09,612	2	10			
For Unpaid Salaries and Wages	42,344	15	10			
For Expenses	2,62,170	9	5			
For Incometax on Salaries	2,978	15	6	7,17,106	11	7
Profit and Loss Account :						
Balance as per last Balance Sheet	1,15,449	13	6			
Less Appropriations as per Account attached	1,05,749	0	0			
	9,700	13	6			
Add Profit as per Profit and Loss account for this year subject to provision for Incometax and Supertax etc.	3,37,090	2	6	3,46,791	0	0
Carried Forward ...				39,20,153	7	6

Mills Limited, Bombay.

31st August, 1941.

	Brought Over ...	Rs.	as.	ps.	Rs.	as.	ps.
Plant & Machinery (contd.)		15,44,980	12	4	5,29,425	12	9
Agricultural—							
As per last Balance Sheet	94,899 9 3						
Addition during the year	27,106 1 0	1,22,005	10	3	16,66,986	6	7
Electric Installations and Fittings:							
As per last Balance Sheet ... ..	...	9,033	14	6			
Addition during the year ... ..	...	6,310	5	0	15,344	3	6
Furniture at cost:							
As per last Balance Sheet ... ..	...	9,882	8	6			
Addition during the year ... ..	...	3,632	9	9			
		13,515	2	3			
Add Furniture at G. R. B. Factory under Construction ... ..	...	84	8	0	13,599	10	3
Weigh-Bridges at cost:							
As per last Balance Sheet ... ..	...	10,294	0	9			
Addition during the year ... ..	...	1,956	2	9	12,250	3	6
Motor Cars and Lorries, etc. at cost:							
As per last Balance Sheet	16,029 15 9						
Less amount realised and amount Written off	4,492 14 0	11,537	1	9			
Addition during the year ... ..	...	3,158	15	0			
		14,696	0	9			
Add Bicycles at G. R. B. Factory ... ..	...	445	0	0	15,141	0	9
Carts and Trucks at cost:							
As per last Balance Sheet ... ..	...	7,248	12	6			
Addition during the year ... ..	...	20,030	8	6	27,279	5	0
Laboratory Apparatus at cost:							
As per last Balance Sheet ... ..	...	5,293	9	0			
Addition during the year ... ..	...	2,469	9	6	7,763	2	6
Carried Forward ...					22,87,789	12	10

The Godavari Sugar*Balance Sheet as at*

	Rs.	as.	ps.	Rs.	as.	ps.
Brought Over ..				39,20,153	7	6
Carried Forward ...				39,20,153	7	6

Mills Limited, Bombay.

31st August, 1941. (Contd.)

		Rs.	as.	ps.	Rs.	as.	ps.
Brought Over ...	...				22,87,789	12	10
Roads and Drainages at cost :							
As per last Balance Sheet ...	...	12,453	2	6			
Addition during the year ...	...	11,231	7	0	23,684	9	6
Tools and Impliments at cost :							
As per last Balance Sheet ...	...	7,532	8	0			
Addition during the year ...	...	2,643	0	3			
		10,175	8	3			
Add Tools and Impliments at G. R. B. Factory under construction ...	...	1,312	8	0	11,488	0	3
Live-Stock at cost :							
As per last Balance Sheet ...	...	19,366	15	9			
Less Written off ...	...	2,100	0	0			
		17,266	15	9			
Addition during the year ...	...	9,602	14	3			
		26,869	14	0			
Add Live-Stock at G. R. B. Factory under construction ...	...	175	0	0	27,044	14	0
Dead Stock at cost :							
As per last Balance Sheet ...	...	5,974	2	9			
Additions during the year ...	...	5,793	8	3			
		11,767	11	0			
Add Dead Stock at G. R. B. Factory under construction ...	...	1,406	11	9	13,174	6	9
Library at cost :							
As per last Balance Sheet ...	...	207	11	6			
Addition during the year ...	...	416	9	0	624	4	6
Medical Instruments at cost :							
As per last Balance Sheet ...	...				59	15	0
Stores on hand at cost as on 31-8-41 as per Inventories valued and certified by the Managing Agents ...	...	4,08,246	6	0			
Add Stores in Trnsit ...	...	4,384	3	9	4,12,630	9	9
Carried Forward ...					27,76,496	8	7

Mills Limited, Bombay.

31st August, 1941. (Contd.)

	Rs.	as.	ps.	Rs.	as.	ps.
Brought Over ...				27,76,496	8	7
*Preliminary Expenses	9,250	12	9			
Less 1/4th written off	2,312	12	9	6,938	0	0
*Brokerage on Shares	964	0	0			
Less 1/4th written off	241	0	0	723	0	0
*Cost on the Issue of the Debentures	14,256	0	0			
Less 1/4th written off	3,564	0	0	10,692	0	0
Stock-in-trade on 31-8-41 (at Market Rate) as valued and certified by the Managing Agents				87,334	9	3
Cane-Crop-in progress:						
Including expenses of Tillage, Preparation of land, Irrigation, etc.				8,95,223	5	0
Advances:						
For Expenses	2,309	14	0			
For Materials (Inclusive of Rs. 3,000 in dispute)	20,966	2	9			
To Contractors	5,879	2	9			
To Lessors	43,363	4	4			
To Employees	2,180	15	0	74,699	6	10
Deposits:						
With Irrigation Department, Railway Com- panies and others				21,290	0	0
Sundry Debtors: considered good				12,358	4	9
Carried Forward ...				38,85,755	2	5

* As the future will derive benefit.

The Godavari Sugar

Balance Sheet as at

	Rs.	as.	ps.	Rs.	as.	ps.
Brought Over ...				39,20,153	7	6
Total Rs. ...				39,20,153	7	6

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

We have audited the Balance Sheet of the Godavari Sugar Mills Ltd., as at 31-8-41 and also the foregoing Profit & Loss Account of the Company for the year ended upon that date and report that:—

- We have obtained all the information and explanations, we have required,
- In our opinion the foregoing Balance Sheet and Profit & Loss Account are drawn up in conformity with the law,
- Such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of our information & explanations given to us and as shown by the Books of the Company, and
- In our opinion, the Books of Accounts have been kept by the Company as required by Section 130 of the Indian Companies Act,
- The Allocation of the expenditure to the capital construction, as certified by the Managing Agents has been accepted.

NANUBHAI & Co.

Registered Accountants.

Auditors.

Bombay, 4th December 1941.

Mills Limited, Bombay.

31st August, 1941. (Contd.)

	Rs.	as.	ps.	Rs.	as.	ps.
Brought Over ...				38,85,755	2	5
Cash and Bank Balances :						
In Current Accounts with Banks ...	17,244	0	1			
In hand at Bombay and Factory Officers ...	17,154	5	0	34,398	5	1
Total Rs. ...				39,20,153	7	6

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.

K. J. SOMAIYA & SONS.
Managing Agents.

H. B. KOTAK
M. B. MUTHA
N. R. MULLA
R. S. KOTAK
AMRITLAL HARGOVINDDAS
K. J. SOMAIYA

Chairman,

Directors.

The Godavari Sugar

Profit and Loss Appropriation Account

To Appropriations as follows:—	Rs.	as.	ps.	Rs.	as.	ps.
1st Dividend on Pref. Shares	14,424	0	0			
„ „ „ „ Ordy. Shares	26,325	0	0			
Provision for Income-Tax & Super-Tax etc. ...	35,000	0	0			
Provision for redemption of Debentures ...	30,000	0	0	1,05,749	0	0
Balance-carried to Balance Sheet				9,700	13	6
	Total Rs.			1,15,449	13	6

Profit and Loss Account for the year

To Opening Stock:—	Rs.	as.	ps.	Rs.	as.	ps.
Sugar & Molasses... ..				7,604	8	0
Sugar Cane:—						
Balance of Sugar Cane Plantation expenses as per last Balance Sheet.	9,46,765	7	10			
Add Amount spent during the year on planta- tion & purchase of Cane	8,22,833	15	5			
	17,69,599	7	3			
Less Crop-in-Progress carried to next year as shown in the Balance Sheet	8,95,223	5	0	8,74,376	2	3
Manufacturing expenses:—						
Including Stores, Chemicals, Fuel and Oil, etc.				3,68,614	12	11
Salaries and wages				2,54,023	7	4
Excise duty				6,33,470	0	7
Interest:—						
On Debentures & other Loans... ..	83,844	6	8			
On Managing Agents' current A/c.	2,113	14	9	85,958	5	5
Commission on sugar sales				19,290	15	0
Carried over...				22,43,338	3	6

Mills Limited, Bombay.

for the Period ended 31st August 1940,

	Rs.	as.	ps.	Rs.	as.	ps.
By Balance	...	...	...	...	...	...
Total Rs.				1,15,449	13	6

ended 31st August 1941.

[illegible]

The Godavari Sugar

Profit and Loss Account for the year

	Rs.	as.	ps.	Rs.	as.	ps.
Brought forward...				22,43,338	3	6
General expenses:—						
Including Advertisement, Postage, Printing and Stationery, Motor Car and Travelling expenses, Rent & Taxes, Insurance, Repairs, Medical expenses etc. ...				48,935	15	3
Directors' Fees ...				960	0	0
Auditors' Fees ...				650	0	0
Loss on Motor Car and lorry written off ...				277	10	0
Live stock written off ...				2,100	0	0
Depreciation ...				1,71,951	1	10
Charity ...				1,377	0	0
Brokerage on Shares $\frac{1}{4}$ written off ...				241	0	0
Debenture expenses „ „ „ ...				3,564	0	0
Preliminary expenses „ „ „ ...				2,312	12	9
Managing Agent's Remuneration ...	12,000	0	0			
„ „ Commission on net profit ...	38,134	0	0	50,134	0	0
Balance being net Profit carried to Balance Sheet subject to provision for Income Tax and Super Tax etc. ...				3,37,090	2	6
Total Rs....				28,62,931	13	10

NANUBHAI & CO.

Registered Accountants
Auditors.

Bombay, 4th December 1941.

Mills Limited, Bombay.*ended 31st August 1941.*

	Rs.	as.	ps.	Rs.	as.	ps.
Brought forward...				28,62,931	13	10
Total Rs....				28,62,931	13	10

K. J. SOMAIYA & SONS.*Managing Agents.***H. B. KOTAK****M. B. MUTHA****N. R. MULLA****R. S. KOTAK****AMRITLAL HARGOVINDDAS****K. J. SOMAIYA***Chairman.**Directors.*