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THE GODAVARI SUGAR MILLS LIMITED.



REPORT
OF THE
DIRECTORS
WITH
STATEMENTS OF ACCOUNT
FOR THE YEAR ENDED 31st MAY 1957



BOMBAY

1957

1957

The Godavari Sugar Mills Ltd.

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

Board of Directors :

Seth Karamshi Jethabhai Somaiya (Ex-Officio Director) Chairman

Seth Shantilal Karamshi Somaiya

Seth Ranchhoddas Shamji Kotak

Seth Navalmal Kundanmal Firodia

Shri V. H. Muzumdar (Special Director)

Managing Agents :

Messrs. K. J. Somaiya & Sons, Private Ltd.

Bankers :

The Central Bank of India Ltd.

The Bank of India Ltd.

The Bombay State Co-operative Bank Ltd.

The Bank of Maharashtra Ltd.

The State Bank of India.

Solicitors :

Messrs. Mulla & Mulla and Craigie Blunt & Caroe.

Auditors :

Messrs. Nanubhai & Co.

Registered Office :

Fazalbhoy Building, Mahatma Gandhi Road,
Fort, BOMBAY, No. 1.

THE GODAVARI SUGAR MILLS LTD.

BOMBAY

NOTICE

Notice is hereby given that the Eighteenth Ordinary Annual General Meeting of the Godavari Sugar Mills will be held on Monday the 14th April 1958. at 4 P. M. at the Registered Office of the Company, Fazalbhoy Building, Mahatma Gandhi Road, Fort, Bombay, to transact the following business:—

1. To adopt the Directors' Report and the Audited Statement of Accounts for the year ended 31st May 1957.
2. To confirm interim dividend on Ordinary and Preference Shares and to declare final dividend on Ordinary Shares.
3. To elect a Director in place of Shri N. K. Firodia, who retires by rotation, but being eligible offers himself for re-election.
4. To elect a Director in place of Shri S. K. Somaiya who retires by rotation but who offers himself for re-election and to consider and if thought fit to pass the following resolution as a Special Resolution for which Special Notice as required under Section 261 of the Companies Act 1956, has been received by the Company:—
"That Shri S. K. Somaiya who retires by rotation from his office as Director and who is a Director of Somaiya & Sons Private Ltd., the Managing Agents of the Company and a Director of Sugar Selling Agents Private Ltd. Selling Agents and Associate of the Managing Agents, be and is hereby appointed a Director of the Company."
5. To appoint Auditors for the current year and fix their remuneration.
6. To consider and if thought fit to pass following Resolution as a Special Resolution :—
"That this Meeting ratifies the transactions carried out by the Company pursuant to Resolutions passed under Section 360 of the Companies Act. 1956. at the Extraordinary General Meeting of the Company held on 2nd April 1956"

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.

Annexure to the notice

Explanatory notice under Section 261 (3) and Sections 173 (2) and 360 of the Companies Act, 1956.

Item 4:

Shri S. K. Somaiya retires from his office as Director of the Company, but offers himself for re-election. Special notice of the Special Resolution set out in item 4 has been received by the Company. The special notice states that the Special Resolution is necessary in order that the experience and valuable services of Shri S. K. Somaiya continue to be made available to the Company and accordingly this special resolution is recommended for acceptance.

Item 6:

The Board has thought it fit to place before the meeting the contracts entered into with the Associates of the Managing Agents, (Messrs. K. J. Somaiya & Sons Private Ltd.) Messrs Shantilal Karamshi for purchase of sugar from the Company for manufacture of Sugar Candy. They also collect bill amounts, deposits, etc. from the constituents of the Company, to whom sugar, grains etc. is sold. This they remit to the Factories of the Company. For their services they do not charge any commission etc. to the Company. The Company only meets the actual expenses incurred by them. The Company has been accustomed to enter into contracts for the clearing of Company's goods and the rendering of other services incidental thereto by Messrs. Vijay Trading Company, who are an Associate of the Managing Agents, at rates which are not less favourable than those prevailing in the market or which are otherwise reasonable.

The Transfer Books of the Company will be closed from 1st to 14th April 1958 both days inclusive.

Bombay,

Dated: 13th March 1958.

By order of the Board of Directors
K. J. Somaiya & Sons Private Ltd.

K. J. Somaiya

Director

Managing Agents.

N. B.—The Board of Directors have in the Meeting held on 24th February 1958, declared interim dividend on Preference Shares at the rate of 5½% free of Income-tax. The dividend warrants will be posted to the Shareholders, whose names stand on the Company's register on 14th March 1958.

The dividend when declared will be made payable at the Registered Office of the Company on and after 1st April 1958.

THE GODAVARI SUGAR MILLS LIMITED, BOMBAY.

DIRECTORS' REPORT.

To

The Shareholders,
The Godavari Sugar Mills Ltd.,
Bombay.

Gentlemen,

Your Directors beg to submit Annual Report together with Balance Sheet for the year ended 31st May, 1957.

The Profit and Loss account for the year under review shows a profit of Rs. 24,48,437 after providing for depreciation and taxation Rs. 10,51,797 and Rs. 16,00,000 respectively. The depreciation written off includes initial and development rebate as has been the practice hitherto. This year's profit together with the balance of Rs. 33,141 brought forward from the last year amounts to Rs. 24,81,578, which together with the amount of Rs. 1,04,091 of excess provisions written back comes to Rs. 25,85,669. Out of this after adjustment of bonus for the previous years amounting Rs. 2,42,390 a net sum of Rs. 23,43,279 remains to be appropriated. Your Directors recommend appropriation as follows :-

1. Interim Dividend at Rs. 10/- per share on Ordinary Shares free of income-tax.	Rs. 4,00,000/-
2. Proposed final dividend on Ordinary shares at Rs. 10/- per share free of income-tax.	Rs. 4,00,000/-
3. Interim Dividend on Preference Shares at 5½% free of income tax.	Rs. 1,01,802/-
4. Transfer to General Reserve.	Rs. 12,00,000/-
5. Balance carried forward to Balance Sheet.	Rs. 2,41,477/-
	<u>Rs. 23,43,279/-</u>

You are requested to approve Rs. 2,17,307 by way of charity and donations as under. The amount includes Rs. 1,75,000/- paid to the Somaiya Trust in which two of your Directors, Shri K. J. Somaiya and Shri S. K. Somaiya, who are also directors of the Managing Agency Company are Trustees.

The Somaiya Trust	...	Rs. 1,75,000/-
All India Congress Committee	...	" 21,000/-
Sevanidhi Trust	...	" 6,000/-
Sundry Donations	...	" 3,307/-
Jhalawad Congress Samiti	...	" 2,500/-
Janata College, New Delhi	...	" 2,500/-
D. S. F. A. Earthquake relief fund	...	" 2,000/-
Civil Hospital, Ahmednagar	...	" 2,000/-
Maharashtra Pradesh Congress Samiti	...	" 2,000/-
Kutch Pradesh Congress Samiti	...	" 1,000/-
		<u>Rs. 2,17,307/-</u>

Releases of sugar have continued to be controlled, by Central Government and we have carried a very huge stock of sugar in the year under review in comparison with past years.

The Distillery has worked for part of the year. Movement of denatured spirit is fraught with considerable excise and other restrictions, which have entailed accumulation of stock. This also results in the partial working of the plant.

Crops for the year under review are satisfactory. Cane crop available for the crushing season 1957-58 is about 2847 acres.

The working of your two factories has been satisfactory. The season for the year under review at your both the factories had been extended beyond the usual time. We had to purchase larger quantity of sugarcane from outside.

Your Directors are also glad to inform you that substantial additions have been made to the machinery at Lakshmiwadi Factory to enhance the crushing capacity and improve the quality of sugar.

The statement of accounts of Narmada Farms Private Ltd. and Godavari Investment and Finance Corporation Private Limited together with the Report of the Directors and Auditors are annexed hereto. Though the companies have had loss in the year under review, your Directors have every hope that these two companies will turn corner in a very short time. The losses suffered by these two Companies have not been provided in the accounts of your Company.

It may be recalled that Godavari Investment and Finance Corporation Private Limited has been promoted to finance the cane cultivators around your factories under condition that the cane so grown would be supplied to the Company. It was necessary to start this scheme as cane supplies from our regular suppliers were diverted to the new sugar factories which were established in close proximity of your factories and which threatened to substantially divert the available cane supplies. The Directors are pleased to inform you that the scheme is working successfully.

Your Directors are pleased to inform you of the appointment of Shri V. D. Muzumdar as a nominee in the Board of Directors by the Industrial Finance Corporation of India.

One of your Directors, Shri N. K. Firodia retires by rotation, but being eligible offers himself for re-election.

Shri S. K. Somaiya, retires by rotation but offers himself for re-election. He, being a Director of Messrs. K. J. Somaiya & Sons Private Ltd., the Managing Agents of your Company, can be appointed only by means of a special resolution under Section 261 of the Companies Act 1956.

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

Yours faithfully,

By Order of the Board of Directors,

K. J. Somaiya

Chairman.

Bombay, 24th February 1958.

THE GODAVARI SUGAR MILLS LIMITED BOMBAY

REPORT OF THE AUDITORS TO THE SHAREHOLDERS.

We have audited the annexed Balance Sheet of the Godavari Sugar Mills Limited as on 31st May, 1957 and also the Profit and Loss Account of the Company for the year ended on that date.

(a) Rs. 1,38,030 is to the credit of the current account of the Managing Agents, Messrs K. J. Somaiya & Sons Private Limited as at 31st May 1957. During the year under report there was a maximum debit balance of Rs. 2,08,913 to the said account. As reported in previous year the Managing Agents' Current Account to the extent of the amounts remaining to the debit is in contravention of Sections 295 and 369 of the Companies Act 1956.

The said Current Account includes transfers to and from the accounts of the Associate of the Managing Agents including the transfer of debits in respect of Rs. 5,84,676 due from Messrs. Shantilal Karamshi in respect of sugar sales of Rs. 7,09,676 during the year.

(b) Rs. 2,53,193 to the debit of the current account of Messrs. Shantilal Karamshi, Proprietor Shri K. J. Somaiya, an associate of the Managing Agents, who is a Director of the Company and also a Director of the Managing Agents Company has been transferred to the current account of the Managing Agents on 31-5-1957 thereby closing the account of M/s Shantilal Karamshi. As reported last year the explanation in respect of the said account which has been given to us is that the said account is in respect of collections made by the said Associate in respect of sugar and grains sold by the Company to its constituents and also for payments made at Company's factories on behalf of the Company and for hundies drawn on that account and that the said associate renders service to the Company for which no remuneration is paid but they are reimbursed for the expenses incurred by them. No interest is charged to the said account. There was a maximum debit balance of Rs. 4,08,652. The amount due in respect of sale of sugar to Shantilal Karamshi and transferred to the Managing Agents' account was not recovered within one month from the date of sale as required under Section 360 of the Companies Act 1956. However, the Board of Directors are holding the same view as reported in our last years' report that the said account does not amount to a loan. We are of the opinion that the said current account amounts to a loan and is in contravention to sections 295 and 369 of the Companies Act. 1956.

(c) The allocation of the capital expenditure from Stores Account which is being debited for all purchases has been accepted as certified by the Managing Agents.

(d) Documents in respect of the property purchased at Mahabaleshwar in auction sale in the name of a Director Shri K. J. Somaiya as reported last year were not available for our inspection. We have been informed that the documents in respect of the said property have not yet been executed through the court.

(e) The amount of Rs. 1,03,956 as at 31st May 1957 in respect of the Provident Fund has neither been handed over to the Trustees of the Provident Fund nor invested as required by Section 418 of the Companies Act. In this connection we have been informed that the said amount has since been invested and investments have been handed over to the Trustees.

Subject to the foregoing, we report that :-

1. 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.
2. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the Books of Account and proper returns adequate for the purpose of our audit has been received from Sakarwadi and Laksmiwadi factories.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the above Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us the Accounts together with the notes give the information required by the Companies Act 1956, in the manner so required and give a true and fair view :-
 - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st May 1957 and
 - (b) in the case of Profit and Loss Account of the profit for the year ended on that date.

Bombay, 28th February, 1958.

NANUBHAI & CO.
Chartered Accountants.

THE GODAVARI SUGAR

Balance Sheet as at

As at 31-5-1956 Rs.	LIABILITIES	Rs.	Rs.
	Share Capital :-		
	Authorised Capital		
50,00,000	80,000 Ordinary (Equity Shares of Rs. 100/- each	80,00,000	
	20,000 5½% Free of Income tax Redeemable Cumulative Preference Shares of Rs. 100/- each liable to be redeemed at the option of the Company at any time and from time to time after 1st October 1952 after giving three months' notice of the intention to so redeem the same	20,00,000	100,00,000
20,00,000			
70,00,000			
	Subscribed Capital :		
10,00,000	10,000 Ordinary (Equity) Shares of Rs. 100/- each fully paid up	10,00,000	
	30,000 Ordinary (Equity) shares of Rs. 100/- each, allotted as fully paid up Bonus Shares in pursuance of the Special Resolution passed at the Extra Ordinary General Meeting held on 16th May 1951	30,00,000	
30,00,000			
	18,509½ Free of Income tax Redeemable Cumulative Preference shares of Rs. 100/- each fully paid up, liable to be redeemed at the option of the Company at any time and from time to time after 1st October 1952, after giving three months' notice of the intention to so redeem the same.	18,50,950	58,50,950
18,50,950			
58,50,950			
	Reserves and Surplus :		
8,446	Capital Reserve not available for Dividend as per Balance Sheet	30,567	
22,121			
30,567	Add : Adjustment of Profit on sale of Capital Assets	4,180	34,747
	Redeemable Preference Shares Redemption Reserve As per last Balance Sheet	15,00,000	
15,00,000			
22,26,260	General Reserve as per last Balance Sheet	22,26,260	
	Add: Set aside from 1956-57 profits	12,00,000	34,26,260
6,00,000	Housing Reserve as per last Balance Sheet	6,00,000	
	Reserve for Doubtful Debts: As per last Balance Sheet	25,921	
25,921			
	Depreciation Reserve : As per last Balance Sheet	1,51,550	
1,51,550			
	Initial & Development Rebate this year	1,22,383	2,73,933
	Profit & Loss Account: Balance as per Profit & Loss Account annexed	2,41,477	61,02,333
33,141			
45,67,439			
1,04,18,389	Carried over		1,19,53,288

MILLS LIMITED, BOMBAY

31st May, 1957.

As at 31-5-1956 Rs.	ASSETS	Rs.	Rs.
	Fixed Assets:		
1,70,29,242	Gross Block:	1,80,51,136	
1,01,08,211	Less : Depreciation written off to 31st May 1957	1,10,50,481	
69,21,031	Nett Depreciated Block:		
	As per Schedule "A"		70,00,655
	Investments: (At Cost):		
	TRADE INVESTMENTS		
	shares of subsidiary companies.		
4,95,000	1295 Ordinary (Equity) Shares of Rs. 1000/- each of Narmada Farms Private Ltd. fully paid up	12,95,000	
1,00,000	2000 Ordinary (Equity) shares of Godavari Investment & Finance Corporation Private Ltd., Rs 50/- each paid up	1,00,000	13,95,000
	Other Investments:		
78	One Ordinary Share of Bombay State Co-operative Bank Limited of Rs. 50/- fully paid up	78	
	Aggregate quoted investments	—	
	Aggregate unquoted investments	13,95,078	
		13,95,078	
8,00,000	Application and allotment money on 8000 Ordinary Shares of Rs. 1000/- each of Narmada Farms Private Ltd., a subsidiary Company.		
	Immovable Properties:		
51,000	Property purchased at Mahabaleshwar in auction sale in the name of a Director	51,000	14,46,078
14,46,078	Current Assets:		
	Stores, Chemicals and Spares (as per Inventories valued and certified by Managing Agents)		
30,18,994	On hand	31,14,827	
1,12,256	In transit	39,881	31,54,708
31,31,250			
32,789	Loose Tools and Implements (as per inventories valued and certified by Managing Agents)		30,065
	Stock-in-trade (as per inventories valued and certified by Managing Agents)		
31,64,039	Carried over	31,84,773	84,46,733
83,67,109			

THE GODAVARI SUGAR

Balance Sheet as at

As at 31-5-1956 Rs.		Rs.	Rs.
1,04,18,389	Brought over		1,19,53,2
	Secured Loans :		
59,70,701	Cash Credit Account with Bank against hypothecation of all tangible moveable assets of the Company including stock of sugar. of which Rs. 35,00,000 are converted into usance promisory notes fully guaranteed by the Managing Agents and two Directors.	60,00,000	
18,75,000	From Industrial Finance Corporation of India against mortgage of all fixed assets etc. in terms of indenture of mortgage dated 28th October 1954 fully guaranteed by the Managing Agents and two Directors.	18,75,000	78,75,0
78,45,701			
	Unsecured Loans :		
75,000	From Bank	2,05,000	
9,68,728	From Others	6,53,435	
	On Current Account :		
33,875	From Managing Agents	1,37,339	
3,24,178	From Selling Agents	1,14,906	
1,38,104	From Others	...	11,10,
15,39,885			
	Current Liabilities and Provisions :		
65,77,597	Sundry Creditors	1,06,60,335	
1,10,249	Interest accrued on secured loans	82,515	
72,239	Interest accrued on unsecured loans	77,690	
26,56,863	For taxation	28,27,553	
50,000	Security Deposit from Selling Agents	50,000	
2,14,617	Managing Agency Commission	4,34,460	
...	Selling Agency Commission	2,66,240	
8,719	Unclaimed Dividends	5,746	
3,300	Unclaimed Redemption money	2,750	
77,065	Due to Trustees to Staff Provident Fund (since paid)	1,03,956	
97,70,649			
	Provision for Taxation :		
16,95,139	As per last Balance Sheet	25,83,033	
29,50,000	Add set aside from 1956-57 Profits	16,00,000	
46,45,139			
2,95,74,624	Carried over	41,83,033	1,45,11,245
			2,09,38,9

MILLS LIMITED, BOMBAY.

31st May, 1957.

As at 31-5-1956			Rs.	Rs.
Rs.				
83,67,109	Brought over		31,84,733	84,46,733
31,64,039				
1,57,13,072	Sugar at market rate and contract rate	1,90,67,993		
1,12,143	Molasses at Govt. controlled rate.	...		
...	Dematured Spirit at market rate.	65,734		
3,78,973	Grains, Cotton, etc. at market rate	2,50,745	1,93,84,472	
1,62,04,188				
	Crops in progress (at cost) including tillages, preparation of land, irrigation charges, etc. as valued and certified by Managing Agents		38,27,748	
40,14,159				
	Sundry Debtors :			
12,308	Unsecured considered good		7,77,374	2,71,74,367
2,33,94,694				
	Loans and Advances :			
81,298	(i) Unsecured, considered good Loans to others		34,781	
	Loans to subsidiary Companies of which the Company is holding Company.			
2,02,304	(a) Narmada Farms Private Ltd.		4,91,275	
99,908	(b) Godavari Investment & Finance Corporation Private Ltd.		9,69,253	
3,02,212				
	Partnership Firms:			
	(a) Khanapur Farm:			
	Advances inclusive of rent, interest & materials supplied as at 31st May 1957, 1,43,085			
	Add: $\frac{1}{4}$ th share of profit for the year 1,078	1,44,163		
	(b) Lakh Farm :			
	Advances inclusive of rent, interest & materials supplied as at 31st May 1957 1,97,763			
	Less: $\frac{1}{4}$ th share of loss for the year 6,316	1,91,447	3,35,610	
4,26,496	Advances recoverable in cash or in kind or for value to be received		7,15,241	
52,210	Deposits with Irrigation Department Railways and others		40,811	
278	Sundry Debtors - outstanding for more than three months considered good.		...	
	(ii) Unsecured, considered doubtful :			
8,210	Misappropriation by an employee for which suit is pending in the Court	...		
24,010	Claims from Railways & Others	35,106		
32,220	Carried Over	35,106	25,86,971	3,56,21,100
3,17,61,803				

THE GODAVARI SUGAR

Balance Sheet as at

As at 31-5-1956			Rs. 1,45,11,245	Rs. 2,09,38,968
Rs. 2,95,74,624		Brought over		
46,45,139				
20,62,106	Less : Adjusted as per Assessment order for Assessment year 1952-53	41,83,033		
25,83,033		10,95,234		
2,52,324	Less : Advance Income-tax	30,87,799		
23,30,709		8,99,414	21,88,385	
	Provision for Doubtful Debts :			
1,00,000	As per last Balance Sheet	74,079		
...	Less : Written off this year	44,569		
...	Add : Provision this year	29,510		
		57,288		
74,079	Less : Adjusted for debts considered Doubtful as per contra	86,798		
25,921		86,798		
25,921	Less : Transfer to Reserve for Doubtful Debts.	...		
Nil				
1,00,000	Provision for Bonus		2,00,000	
7,41,802	For Proposed Dividends		5,01,802	
8,41,802				1,74,01,432
	Contingent Liabilities (Not provided for)			
2,99,792	(i) (a) In respect of lands for which suits are pending in Courts		50,000	
25,000	(b) In respect of legal expenses on above		10,000	
1,00,000	(ii) Uncalled liability on shares partly paid held as investment of Godavari Investment & Finance Corpn. Private Limited, a subsidiary of the Company		1,00,000	
	(iii) In respect of losses of the subsidiary Companies			
1,37,384	(a) Narmada Farms Private Limited, as at 31st May 1957 Miscellaneous Expenditure & Losses Rs. 2,24,142, subject to provision for Depreciation (normal) Rs. 1,90,460.		2,24,142	
5,139	(b) Godavari Investment & Finance Corporation Private Limited, Miscellaneous Expenditure & Losses as at 31st May 1957, Rs. 48,761.		48,761	
75,000	(iv) In respect of Bonus for 1952-53 awarded by the Industrial Court Bombay, as appeal against which is pending before the Labour Appellate Tribunal of India at Bombay (since decided.)		...	
...	(v) In respect of Purchase Commitments including for capital purchases about.		15,00,000	
3,27,47,135	TOTAL RUPEES			3,83,40,400

MILLS LIMITED, BOMBAY.

31st May, 1957.

As at 31-5-1956			Rs.	Rs.
Rs.				
3,17,61,803	Brought over	35,106	25,86,971	3,56,21,100
32,220				
41,860	Sundry Debtors outstanding for more than three months	7,389		
...				
74,080	Loans unsecured considered doubtful	44,303		
		86,798		
74,080	Less : Provision for doubtful Debts as per contra	86,798	...	25,86,971
...				
8,62,494				
NOTE :- The maximum amount due at any time during the year were :				
(i) Due by Managing Agents on Current Account Rs. 2,08,913 (Credit balance as at 31st May 1957 Rs. 1,38,089)				
(ii) Due on current account for realisations of sugar and grains sales, on behalf of the Co. by a firm of which a Director is proprietor (an Associate of Managing Agents, who is also a Director of Managing Agents Company) Rs. 2,53,193				
Debit balance of Rs. 2,53,193 as at 31st May 1957 transferred to the Managing Agents' Current Account				
Cash and Bank Balances :				
22,671	Cash on hand at Bombay and at Factories		1,05,024	
1,00,167	In current account with Banks		21,573	
...	Drafts and Hundies on hand (since realised)		5,580	
...	Stamps on hand		152	1,32,329
1,22,838				
3,27,47,135	TOTAL RUPEES			3,83,40,400

THE GODAVARI SUGAR

Balance Sheet as at

- NOTE:—** (1) (a) Provision for Taxation made in the Accounts is subject to completion of pending assessments from 1953-54 onwards.
- (b) Assessments for the assessment years 1944-45, 1945-46, 1946-47, 1947-48, 1948-49, 1949-50, 1950-51, 1951-52 and 1952-53 are under appeal before the Appellate Assistant Commissioner of Income-tax.
- (2) No inventories are taken of obsolete and unserviceable stores and spares and other obsolete and unserviceable goods, value whereof not ascertained.
- (3) The Company has discontinued this year the practice of taking the value of stock of molasses at the end of the year.
- (4) The Company has entered into partnership with other persons who are working partners in respect of working of Khanapur and Lakh Farms owned by the Company. Amount due shown in respect of both partnerships are in respect of advances including rent, interest and materials supplied recoverable from the said firm wherein Company has one-fourth share. Liability and Assets of the said firm to the extent of Company's share are in the Books of Accounts of the firms. Profit or loss for the year has been incorporated in Company's accounts as per the statements certified by the partners. The advances in respect of both the partnerships amounting to Rs. 3,35,610 are represented by net assets of Rs. 3,35,610 in the nature of fixed assets, crop in progress, stocks of grains and stores and other sundry assets. The said net assets include Rs. 17,815 in respect of the amount due and recoverable from the partners of both the Farms. During the year materials of the value of Rs. 1,84,636 at cost, have been supplied to the said firms.
- (5) No provision has been made for about Rs. 3,00,000 in respect of land for which suit filed by the claimant decided against the Company by the High Court, as the appeal of the Company is pending before the Supreme Court.
- (6) In calculating the Commission to Selling Agents who are an Associate of Managing Agents, provision of section 356 has been considered to be not applicable till 1st March 1958 in view of section 361 of the Companies Act 1956.
- (7) Managing Agents Commission is subject to adjustment that may have to be made in respect of Bonus and Provision for losses of subsidiaries.
- (8) Commission on Profit have been calculated after taking into account Initial Depreciation and Development rebate allowable under the Income-tax Act.
- (9) Remuneration received by Directors for their own use from other Companies by virtue of nomination by the Company on the Board of Subsidiary Companies amounted to NIL during the year.

As per our Report of even date annexed.

Bombay, 28th February, 1958

Nanubhai & Co.
Chartered Accountants

MILLS LIMITED, BOMBAY.

31st May, 1957.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956.

(I) RE: NARMADA FARMS PRIVATE LIMITED

- (i) The Godavari Sugar Mills Limited holds 1295 shares of Rs. 1,000 each fully paid up Rs.12,95,000 in Narmada Farms Private Limited.
- (ii) Narmada Farms Private Limited made a loss of Rs. 74,291 for the year ended 31st May 1957, without providing for depreciation of Rs. 1,90,460. The total loss including that of last year comes to Rs. 2,24,142. The said amount of loss has been carried forward in the Balance Sheet of that Company and no adjustment has been made in the Books of the Godavari Sugar Mills Limited in respect of the said loss of the Subsidiary Company.
- (iii) Advances: The amount advanced to the Narmada Farms Private Limited as at 31st May 1957 stands at Rs. 4,91,275.

II. RE: GODAVARI INVESTMENT AND FINANCE CORPORATION PRIVATE LTD.

- (1) The Godavari Sugar Mills Limited holds the whole of the subscribed capital of Rs. 2,00,000 of which Rs. 1,00,000 has been paid up. in Godavari Investment and Finance Corporation Private Limited as at 31st May 1957.
- (2) Godavari Investment and Finance Corporation Private Limited made a loss of Rs. 43,622 for the year ended 31st May 1957. The Total loss including that of last year comes to Rs. 48,761. The said loss has been carried forward to the Balance Sheet of that Company and no adjustment has been made in the Books of the Godavari Sugar Mills Limited in respect of the said loss of the subsidiary Company.
- (3) Advance: The amount advanced to Godavari Investment & Finance Corporation Private Limited as at 31st May 1957 stands at Rs. 9,69,253.

In the opinion of the Board the current assets and liabilities are 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.

Managing Agents,
K. J. SOMAIYA & SONS PRIVATE LTD.

K. J. Somaiya
Director.

For and on behalf of the Board
of Directors

K. J. Somaiya
CHAIRMAN
(Ex-officio)
R. S. Kotak
N. K. Firodia
S. K. Somaiya

} Directors.

Profit & Loss Account

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MILLS LIMITED, BOMBAY.

for the year ended 31st May, 1957.

As at 31-5-1956			Rs.	Rs.
	By Sales :			
1,95,13,696	„ Sugar		2,36,65,773	
17,288	„ Molasses		7,954	2,36,73,727
1,95,30,984				
1,38,523	„ Sundry Receipts from Flour Mills, Dairy etc.			66,789
...	„ Supervision charges from a Subsidiary Company			5,000
3,83,496	„ Sundry Receipts being market value of Farm Produce, etc.			3,46,831
...	„ Income from Khanapur & Lakh Farms worked in Partnership :			
	(a) Khanapur Farms :			
	Rent ...	4,500		
	Interest ...	5,191		
	1/4th share of profit for the year ...	1,078	10,769	
	(b) Lakh Farms :			
	Rent ...	4,500		
	Interest ...	5,552	10,052	
	Less : 1/4th share of loss for the year	6,316	3,736	14,505
2	„ Dividend on Co-operative Bank share			3
56	„ Share Transfer & Splitting fees			45
	„ Interest :			
208	On Bank accounts		342	
726	On 18-A payments		70	
5,820	On Loans and Others		4,720	
4,101	From Subsidiaries		61,371	
3,749	From Lessors		10,583	77,086
14,604				
...	„ Income from Immovable Property		1,500	
	Less: Expenses		891	609
	„ Unclaimed salaries, Wages & Bonus of previous years written back :			
52,631	Factory		...	
52,486	Agriculture		...	
1,05,117				
2,01,72,782	carried over			2,41,84,595

THE GODAVARI SUGAR

Profit & Loss Account

As. at 31-5-1956		Rs.	Rs.
Rs. 2,38,86.37+	Brought over		2,60,44,060
10,68,080	To Salaries & Wages (including Rs.40, 450, Commission on profits in addition to salary to General Manager at Factories, who is also Superintending Engineer) after deducting Rs. 1,58,915 charged to Repairs.	10,75,799	
32,853	„ Provision for accrued leave salaries and wages	27,403	
...	„ Provision: under Wage Scale Agreement	96,629	
92,365	„ Bonus to employees	...	
60,000	„ Provision for Bonus	1,20,000	
+1,047	„ Contribution to Provident Fund of the Company	22,464	
...	„ Contribution to Govt. Provident Fund & Administrative charges	35,462	
+7,563	„ Workmen & Staff Welfare expenses	55,435	
...	„ Workmen Compensation	3,846	14,37,038
13,41,908	„ Stores, Chemicals & Spare parts (after deducting Rs. 39,95,147 charged to Agriculture, Capital, Repairs and other relevant heads includes net shortage of Rs.9,198 between the physical and book inventories)		5,14,780
+63,939			4,03,144
2,19,496	„ Power and Fuel		
3,86,951	„ Repairs to Plant & Machinery inclusive of salaries and wages Rs. 1,58,915	4,36,948	
1,68,131	„ Repairs to Buildings inclusive of salaries & wages Rs. 64,671	1,41,031	
85,534	„ Other repairs inclusive of Salaries and wages Rs. 25,624	37,623	6,15,602
6,40,616			12,71,723
12,64,579	„ Sugar cane Cess		56,09,873
31,90,644	„ Excise Duty		42,759
+3,623	„ Insurance Premium		4,70,133
+68,689	„ Packing & forwarding		6,522
7,722	„ Rent (net) (received Rs. 1200/-)		63,060
80,407	„ Rates and Taxes		
3,16,07,997	Carried over		3,64,78,694

for the year ended 31st May, 1957.

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THE GODAVARI SUGAR

Profit & Loss Account

As at 31-5-1956		Rs.	Rs.
Rs. 3,16,07,997	Brought over		3,64,78,694
2,19,529	To Selling Agents' Commission on sugar		2,66,240
11,195	" Brokerage on Sugar & Molasses		9,386
3,42,823	" Miscellaneous Expenses including Printing & Stationery, Postage & Telegrams, Telephones & Travelling		3,37,709
1,17,158	" Motor cars and lorries maintenance		92,823
57,938	" Charity & Donations (Refer to para 2 of Directors' Report page 3)		2,17,307
	" Interest:—		
9,427	Managing Agents	1,537	
1,75,839	Cash Credit Account	2,73,371	
1,52,055	Fixed loans	1,24,985	
94,273	Other loans	81,698	4,81,591
4,31,594	" Directors' Fees (including Rs. 825/- to members of Managing agents as Directors)		1,800
1,800	" Directors' and Managing Agents' Travelling expenses		6,246
14,095	" Managing Agents' Remuneration:		
10,000	Office Allowance	...	
	Commission on Profits after deducting Rs. 57,288/- in respect of Debts considered doubtful		4,34,460
2,14,617			3,000
2,24,617	" Audit Fees		21,022
3,000	" Legal Expenses		
18,034	" Depreciation (including Initial and Development rebate transferred to Depreciation Reserve Rs. 1,22,383)		8,53,109
9,39,595	" Loose Tools and Implements written off		2,724
2,987	" Provision for Taxation		16,00,000
22,50,000	" Provision for Doubtful Debts		57,288
...	" Bad Debts written off		5,183
...	" Cash stolen from employees written off		1,303
...	" Balance being profit for the year		24,48,437
7,55,634			
3,69,97,996	TOTAL RUPEES		4,33,18,322

MILLS LIMITED, BOMBAY.

for the year ended 31st May, 1957.

[illegible]

THE GODAVARI SUGAR

Profit & Loss Account

As at 31-5-1956 Rs.		Rs.	Rs.
	To Bonus to employees pertaining to previous years:-		
...	Agriculture	94,358	
...	Manufacturing	1,48,032	2,42,390
6,00,000	„ Interim Dividend at Rs.10/- per share on Ordinary Shares free of Income-tax		4,00,000
40,000	„ Proposed final Dividend on Ordinary Shares at Rs.10/- per share, free of Income-tax		4,00,000
1,01,802	„ Interim Dividend on Preference Shares at 5½ per cent free of Income-tax		1,01,802
...	„ General Reserve		12,00,000 (
33,141	„ Balance carried to Balance Sheet		2,41,477
7,74,943	TOTAL RUPEES		25,85,669

As per our Report of even date annexed.

Bombay. 28th February, 1958.

Nanubhai & Co.
Chartered Accountants.

MILLS LIMITED, BOMBAY.

for the year ended 31st May, 1957.

As at 31-5-1956 Rs.		Rs.	Rs.
19,309	By Balance brought forward from last year's Balance Sheet		33,141
	„ Items pertaining to previous years:		
	Unclaimed salaries, wages & Bonus written back:		
...	Factory 1,740		
...	Agriculture 2,351	4,091	
...	Excess provision for Bonus	1,00,000	1,04,091
7,55,634	Balance brought down		24,48,437
7,74,943	TOTAL RUPEES		25,85,669

Managing Agents,
K. J. SOMAIYA & SONS PRIVATE LTD.

K. J. Somaiya

Director.

Bombay. 24th February, 1958.

For and on behalf of the Board
of Directors

K. J. Somaiya
CHAIRMAN

(Ex-officio)

R. S. Kotak
N. K. Firodia
S. K. Somaiya

} Directors.

THE GODAVARI SUGAR

Schedule A

Schedule attached to and forming part of the

PARTICULARS 1	B L O C K				
	Gross block as at 31-5-1956	Additions during the year	Sub-total	Cost of Sales.	Gross block as at 31-5-1957
	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
Free-hold Land	12,07,029	2,432	12,09,461		12,09,461
Lease-hold Land Premium	2,88,850		2,88,850		2,88,850
Lease-hold Premium on Garages		12,000	12,000		12,000
Buildings	26,14,872	2,69,132	28,84,004		28,84,004
Temporary Quarters	2,12,512		2,12,512		2,12,512
Temporary Quarters at Farms	96,988		96,988		96,988
Pucca Quarters at Farms	43,287	34,156	77,443		77,443
General Machinery	71,50,222	3,30,986	74,81,208	22,380*	74,58,828
Electrical Machinery	6,97,611	13,243	7,10,854		7,10,854
Agricultural Machinery	20,31,318	2,83,783	23,15,101	4,500*	23,10,601
Locomotives	92,974		92,974		92,974
Electrical Installations & Fittings	46,282		46,282		46,282
Furniture & Office Equipment	1,68,906	31,187	2,00,093		2,00,093
Weighbridges	71,475		71,475		71,475
Trolley Line	6,02,750		6,02,750		6,02,750
Assisted Railway Siding	1,20,602		1,20,602		1,20,602
Motor cars, lorries & cycles	2,42,016	41,874	2,83,890	15,942	2,67,948
Carts and trucks	3,25,598	8,379	3,33,977	2,475*	3,31,502
Laboratory Apparatus	26,427	4,583	31,010		31,010
Roads & Drainage	3,20,523	45,050	3,65,573		3,65,573
Dead Stock	66,619	571	67,190		67,190
Library	3,202	1,153	4,355		4,355
Medical Instruments	363		363		363
Irrigation Lifts	5,25,197		5,25,197		5,25,197
Live Stock (at Book value)	73,619		73,619	11,338	62,281
TOTAL RUPEES	1,70,29,242	10,78,529	1,81,07,771	56,635	1,80,51,136

MILLS LIMITED.

Balance Sheet as at 31st May, 1957.

DEPRECIATION					Net Depreciated Block as at 31-5-1957.	Remarks.
Written off to 31-5-1956 7	Written off this year 8	Sub-Total 9	Deductions being ad- justment of deprecia- tion on assets sold. 10	Total depre- ciation as at 31-5-1957. 11		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	13
					12,09,461	*Subject to adjustment of gain or loss.
1,01,098	14,443	1,15,541		1,15,541	1,73,309	
	300	300		300	11,700	Note : (1) Fixed assests other than Live- stock are at cost.
10,03,217	86,445	10,89,662		10,89,662	17,94,342	
1,68,283	3,317	1,71,600		1,71,600	40,912	(2) No depre- ciation has been taken on free- hold land.
78,046	1,621	79,667		79,667	17,321	
8,468	3,027	11,495		11,495	65,948	
51,90,826	5,18,609	57,09,435	2,534	57,06,901	17,51,927	
6,03,970	30,423	6,34,393		6,34,393	76,461	
12,53,026	1,59,311	14,12,337		14,12,337	8,98,264	
51,633	7,847	59,480		59,480	33,494	
37,114	917	38,031		38,031	8,251	
39,670	9,820	49,490		49,490	1,50,603	
56,868	3,017	59,885		59,885	11,590	
4,12,845	18,991	4,31,836		4,31,836	1,70,914	
56,509	6,409	62,918		62,918	57,684	
1,71,003	32,703	2,03,706	11,153	1,92,553	75,395	
2,05,830	8,970	2,14,800		2,14,800	1,16,702	
13,984	1,882	15,866		15,866	15,144	
1,02,831	26,274	1,29,105		1,29,105	2,36,468	
36,886	1,784	38,670		38,670	28,520	
1,482	172	1,654		1,654	2,701	
255	8	263		263	100	
5,02,497	7,567	5,10,064		5,10,064	15,133	
11,870	12,100	23,970		23,970	38,311	
1,01,08,211	9,55,957	1,10,64,168	13,687	1,10,50,481	70,00,655	

NARMADA FARMS PRIVATE LIMITED BOMBAY.

DIRECTORS' REPORT

The Shareholders,
Narmada Farms Private Ltd.,
Bombay.

Gentlemen :

The Directors have pleasure to submit herewith the Second Annual Report and Audited Statement of Accounts of the Company for the year ending 31st May, 1957.

During the year under report the Company raised crops such as wheat, gram, cotton etc. on the estates of the Company.

The crop of wheat was exceedingly good and your Directors expected a bumper crop. Proper efforts were made for timely sowing operations, improving the soil conditions by preservation of its moisture contents and various operations such as bunding etc., were undertaken on the Company's estate on a large scale. As compared with the crops in the surrounding areas the prospects of our harvest were better, but the fortunes in agriculture depend on nature. Untimely rains in the month of March, 1957, inflicted heavy damages to the otherwise good crops with the result that the harvest was lodged very badly and the quality of the crop was considerably affected. Over and above this misfortune another hailstorm came into its feat and severely affected the threshing operations with the result that what was supposed to be a fine prospect for a harvest was considerably marred and spoiled.

Your Directors, therefore, very much regret to inform you that during the year under report the company has sustained a loss of Rs. 74,291/- and the provision for depreciation remains yet to be made.

Efforts to get the land transferred in the name of the Company were progressing during the year under report and your Directors hope that no difficulties will intervene and the land will be transferred in the name of the Company in a very near future.

You have to appoint your auditors for the current year and fix their remuneration.

Yours faithfully,

By Order of the Board of Directors.

K. J. SOMAIYA.

Chairman.

Bombay: 23rd January, 1958.

NARMADA FARMS PRIVATE LIMITED, BOMBAY.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS.

We have audited the annexed Balance Sheet of Messrs. Narmada Farms Private Limited, as at 31st May 1957 and also the Profit & Loss Account of the Company for the year ended on that date and report that :—

- (1) 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.
- (2) In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of the Books of account and proper returns adequate for the purposes of our audit have been received from the Company's farm at Kheri (Bhopal).
- (3) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the above Books of Account.
- (4) In our opinion and to the best of our information and according to the explanations given to us the accounts together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view subject to remarks in para (5):
 - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st May 1957;
 - (b) in the case of Profit & Loss Account of the loss for the year ended on that date.
- (5) Assignment and Conveyance Deed in respect of purchases of Narmada Farm Assets last year were not available for our verification. We are informed that the same are under preparation.

Nanubhai & Co.
Chartered Accountants.

Bombay. 24th day of January 1958.

NARMADA FARMS PRIVATE

Balance Sheet as at

As at 31-5-1956 Rs.	LIABILITIES	Rs.	Rs.
	Capital		
	Authorised :		
25,00,000	2500 Ordinary (Equity) shares of Rs. 1000/- each		25,00,000
	Subscribed :		
4,99,000) 8,00,000)	1299 Ordinary (Equity) shares of Rs. 1000/- each fully paid up (This includes 1295 Ord shares held by the Holding Company. M/s. Godavari Sugar Mills Ltd. and its nominees)		12,99,000
	Unsecured Loans		
1,99,864	Loans on current account from M/s. Godavari Sugar Mills Limited, the Holding Company		4,71,906
23,145	Other Loans		...
	Current Liabilities & Provisions		
93,703	Sundry Creditors	1,02,724	
2,440	Interest accrued & accruing on Unsecured Loans	19,370	
73	Due to Vendors	...	1,22,094
16,18,225	TOTAL RUPEES		18,93,000

- NOTE:-** (i) No provision has been made for depreciation of fixed assets, other than land for Rs. 1,90,500/-, inclusive of Rs. 96,000/- of previous year.
- (ii) No provision has been made for agriculture and other Income-tax which in the opinion of Directors is not liable for such taxes.

Referred to in our report of even date.

Bombay, 24th January, 1958.

NANUBHAI & Co.
Chartered Accountants.

LIMITED, BOMBAY.

31st May, 1957.

As at 31-5-1956 Rs.	ASSETS	Rs.	Rs.
13,27,716	Fixed Assets		
	Gross Bloc- (at cost)	14,12,612	
6,956	Less :	21,547	
13,20,760	Written off		13,91,065
	Net Block as per scheduled attached		
	Current Assests		
72,044	Stores, spare parts. oils & lubricants as per inventories valued and certified by a Director	1,06,012	
1,257	Loose Tools as per Inventories valued and certified by a Director	1,085	
45,275	Stock in trade (food grains, tobacco, cotton etc.) at market values as per inventories valued and certified by a Director	75,581	
7,701	Grains and other seeds for sowing (at market value) as per inventories valued and certified by a Director	9,122	
....	Sundry Debtors considered good	16,787	2,08,587
	Loans and Advances		
17,937	(Unsecured considered good)		
	Advances recoverable in cash or kind	32,096	
1,138	Sundry Debtors more than 3 months	861	
	Due from Vendors Narmada Farms Partnership (in which two Directors of the Company are partners) Since received	31,773	64,730
	Cash and Bank Balance		
732	Cash on hand at H. O. and Farms	1,261	
13,997	In current account with a Bank	3,215	4,476
	Miscellaneous Expenses & Losses :		
1,11,870	Loss as per Profit & Loss A/c.	1,86,161	
31,892	Land development expenses		
	Balance as per last Balance Sheet	31,892	
	Less		
6,378	Written off upto this year	6,378	
25,514	During the year	11,089	17,467
			14,425
	Additions during the year	23,556	37,981
16,18,225	TOTAL RUPEES		18,93,000

In the opinion of the Board, the current assets are approximately of the value stated, if realised, in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

K. J. Somaiya
R. S. Kotak
S. K. Somaiya

Directors.

Bombay, 23rd January 1958.

NARMADA FARMS PRIVATE

Profit & Loss Account for the

As at 31-5-1956			Rs.	Rs.
Rs.	To	Opening Stock :	7,701	
		Grains & other seeds for sowing	45,275	52,976
...		Produce by the Company Food grains, tobacco, cotton etc.		
				6,283
40,128	"	Purchases :		
		Food grains, tobacco, cotton etc.		18,017
13,034		Grains and other seeds for sowing		43,670
		(Purchases Rs. 4862)		
38,100	"	Salaries & Wages including bonus		
		Contribution towards Provident Fund of temporary employees		...
164	"	on loan from outside institution		
		Consumption of stores & spares after deducting Rs. 37,123.88		34,406
35,220	"	for repairs.		44,992
25,377	"	Oils and Lubricants		
	"	Repairs	25,266	
		Agricultural machinery repairs	717	
		Motor & Vehicle repairs	8,348	
		Lift irrigation repairs	3,335	37,666
44,601		Building repairs		8,446
				737
6,982	"	Land rent		1,694
311	"	Rates & Taxes including Excise Duty (Excise Duty 640)		
1,519	"	Printing, Stationery, Postage, Telegrams and Telephones		7,786
		Miscellaneous expenses, conveyance travelling expenses,		
6,894	"	subscription etc.		
2,440	"	Interest		
		On current account to Holding Company M/s. Godavari Sugar	19,370	
		Mills Ltd.	321	19,691
		To others on loan		60
	"	Legal charges		1,000
1,000	"	Audit Fees		965
840	"	Directors travelling expenses		625
403	"	Premium on leasehold land written off		859
1,169	"	Loose Tools written off as revaluation		2,022
6,553	"	Live-Stock written off		11,089
6,378	"	Land development expenses written off		18,900
3,741	"	Loss on sale of motor car and lorry written off		3,11,884
<u>2,34,854</u>		TOTAL RUPEES		<u>1,11,870</u>
		To loss carried forward from last year's account		74,291
		.. loss during the year carried down		1,86,161
		TOTAL RUPEES		

Referred to in our report of even date

NANUBHAI & CO.
Chartered Accountants.

Bombay, 24th January, 1958.

LIMITED, BOMBAY

Year ended 31st May, 1957:

As at 31-5-1956 Rs.		Rs.	Rs.
74,624	By Sales		
	Food grains, tobacco, cotton grass etc.	1,51,563	
	Less expenses incurred	2,633	1,48,930
2,217	Miscellaneous receipts from Bataidars & flour mill		3,927
13	" Interest from Bank on current account	18	
855	" ... on loan		18
...	" Discount		15
45,276	" Stock of Food grains, tobacco, cotton etc. as at 31-5-1957 as per inventoris taken, valued and verified by a Director (inclusive of stock of seeds Rs. 9122)		34,703
1,11,870	" Balance being loss transferred to Balance Sheet		74,291
<u>2,34,854</u>	TOTAL RUPEES		<u>3,11,884</u>
	By loss carried to Balance Sheet		1,86,161
	TOTAL RUPEES		1,86,161

K. J. Somaiya
R. S. Kotak
S. K. Somaiya } Directors.

Bombay, 23rd January 1958.

NARMADA FARMS PRIVATE LIMITED, BOMBAY.

SCHEDULE "A"

Schedules attached to and forming part of the Balance Sheet as at 31-5-1957 showing fixed assets.

S. No.	Fixed Assets at cost or book value	Balance as at 1-6-1957	Additions during the year	Sub total	Deductions for sales etc	Gross block as at 31-5-57	Written off during the year	Net block as at 31-5-1957
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Lands	6,23,614		6,23,614		6,23,614		6,23,614
2	Premium of land on lease	4,375		4,375		4,375	625	3,750
3	Lift Irrigation	1,23,080	31,781	1,54,861		1,54,861		1,54,861
4	Buildings	35,769	3,323	39,092		39,092		39,092
5	Agricultural Machinery	4,77,835	85,428	5,63,263	28,234	5,35,029		5,35,029
6	Trucks & Lorries	13,000		13,000	3,250	9,750	* 9,750	
7	Motor Cars & Jeeps	12,150		12,150	3,000	9,150	* 9,150	
8	Motor Cycles & Cycles	2,742	271	3,013		3,013		3,013
9	Furniture & Fixture	9,556		9,556		9,556		9,556
10	Scales & Weigh Bridges	654		654		654		654
11	Live Stock	17,985	5,753	23,738	220	23,518	2,022	21,496
	TOTAL RUPEES	13,20,760	1,26,556	14,47,316	34,704	14,12,612	21,547	13,91,065

* Loss on sale of assets written off.

GODAVARI INVESTMENT & FINANCE CORPORATION PRIVATE LTD. BOMBAY.
DIRECTORS' REPORT

The Shareholders,
Godavari Investment & Finance Corporation Private Ltd.,
BOMBAY-1.

Gentlemen,

Your Directors have pleasure in submitting this, their Second Annual Report for the year ended 31st May, 1957, alongwith the audited Balance-Sheet as at 31st May, 1957 and the Profit and Loss Account for the year 1956-1957.

The Company progressed well during the year in its main business in giving loans and other assistance to Cane growers of Ahmednagar District and of adjacent areas who agreed to sale Sugar Cane to our Holding Company, The Godavari Sugar Mills Ltd., and your Directors are glad to inform you that they have been able to secure about 1200 Acres of Cnae under this scheme of the Company and this would mean a supply of approximately 40,000 tons of Sugar Cane, annually to the Holding Company The Godavari Sugar mills Limited.

Accounts : After providing a sum of Rs. 24734/- towards Depreciation of Machinery given on Hire Purchase Agreements, the Accounts reveal a loss of Rs. 48622/- which is carried forward to next year.

Auditors : It is necessary to appoint auditors for the current year and to fix their remuneration.

Yours faithfully,

For and on Behalf of the Directors.

R. S. KOTAK.

Director.

Bombay, 23rd day of January, 1958.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS.

We have audited the annexed Balance Sheet of Godavari Investment & Finance Corporation Private Ltd., as at 31st May, 1957 and also the annexed Profit & Loss Account for the year ended on that date and report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper Books of Accounts as required by law have been kept by the Company so far as appears from our examination of the Books of Accounts produced before us.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the above Books of Accounts.
4. In our opinion to the best of our information and according to the explanations given to us the Accounts together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and subject to 5 and 6 give a true and fair view:-
 - (a) In the case of the Balance Sheet of the affairs of the Company as at 31st May, 1957, and
 - (b) In the case of the Profit & Loss Account of the loss for the year ended on that date.
5. Hire Purchase Agreement for Plant & Machinery of the value of Rs. 93,810/- out of the total value of Rs. 3,36,551/- let on hire to cane growers were not available for our inspection for which we have been given to understand that the same are being sent to the Registrar of Stamps for registration.
6. We could not inspect documents for loans and advances to the extent of Rs. 1,49,502 which we are informed are being sent to the Registrar of Stamps for Registration. Under the circumstances, we could not verify particulars in respect of the said loans and advances.

NANUBHAI & CO.

Chartered Accountants.

Bombay, the 25th January 1958.

GODAVARI INVESTMENT AND FINANCE

Balance Sheet as at

As at 31-5-1956	LIABILITIES			
Rs.			Rs.	Rs.
	AUTHORISE CAPITAL			
5,00,000	5,000 Ordinary (Equity) Shares of Rs. 100/- each.			5,00,000
	SUBSCRIBED CAPITAL			
1,00,000	2,000 Ordinary (Equity) Shares of Rs. 100/- each, Rs. 50/- called up, held by the Holding Company, The Godavari Sugar Mills Ltd. and its nominees.			1,00,000
	UNSECURED LOANS			
98,247	Loan on Current Account from the Holding Company, The Godavari Sugar Mills Ltd.			9,27,252
	CURRENT LIABILITIES AND PROVISIONS			
1,18,538	Sundry Creditors		41,268	
1,661	Interest accrued on unsecured loan.		42,001	83,269
1,20,199				
3,18,446	TOTAL RUPEES			11,10,521
	Notes :			
	(1) Valuation of the mortgaged agricultural land and crop-in-progress, by the cane growers in respect of the loans and advances together with interest and other expenses of Rs. 6,81,990/- has been considered fully secured in accordance with the valuation certified by the Farm Manager of the holding company, the Godavari Sugar Mills Ltd., and in view thereof the said loans and advances are considered good.			
	(2) No credit of income has been taken under the Hire Purchase Agreements Same will be taken into account in the accounting year 1957-58 when the first instalment becomes due and received.			

Referred to in our report of even date.

Bombay, 25th January, 1958.

NANUBHAI & CO
Chartered Accountants.

CORPORATION PRIVATE LIMITED, BOMBAY.

31st May, 1957.

ASSETS			
As at 31-5-1956 Rs.		Rs.	Rs.
	FIXED ASSETS		
	Plant and Machinery (at cost)		
	Let on hire to Cane Growers in terms of Hire Purchase Agreements		
1,43,548	Cost upto 31-5-1956	1,43,548	
	Additions this year	1,93,003	3,36,551
	Less:		
1,482	Depreciation upto 31-5-1956	1,482	
	Depreciation this year	24,734	26,216
1,42,066			3,10,335
	CURRENT ASSETS		
	Stock in Trade (at cost)	10,264	
36,028	Machinery	...	
33,902	Machinery in transit	12,034	
6,659	Spares and Fittings	192	
...	Stores	1,162	23,652
...	Stores in transit		
76,589	(As per inventories taken, valued and certified by a Director)		
	SUNDRY DEBTORS		
	For cost of Spares and Fittings supplied to Cane Growers and for the Supervision charges due from them, considered good for which the Company holds no security other than Debtors personal security	27,051	50,703
12,590			
89,179			
	LOANS AND ADVANCES		
	Loans to Cane Growers under arrangement to supply cane to the Holding Company. The Godavari Sugar Mills Ltd. in terms of Agreement considered good for which the Company is fully secured by mortgage of lands and cane crops	6,81,990	
79,802	Advances recoverable in kind	5,000	
...	Deposit with Agricultural, Iron and Steel supply Officer, Government of Bombay.	200	
...	Sundry Debtors outstanding for more than three months	5,546	6,92,736
...			
79,802			
	CASH AND BANK BALANCES		
46	Cash on hand	52	
...	Balance of stamp papers	5,448	
2,214	Balance with Bank	2,486	7,986
2,260			
	MISCELLANEOUS EXPENDITURE AND LOSSES		
	Loss as per last balance Sheet	5,139	
5,139	Loss as per annexed Profit and Loss Account	43,622	48,761
3,18,446	TOTAL RUPEES		11,10,521

In the opinion of the Board, the Current Assets are approximately of the value stated, if realised, in the ordinary course of business. The Provision for Depreciation and all know Liabilities is adequate and not in excess of the amount reasonably necessary.

R. S. KOTAK
K. J. SOMAIYA } Directors.
S. K. SOMAIYA }

Bombay, 23rd January, 1958.

GODAVARI INVESTMENT AND FINANCE

Profit and Loss Account for the

As at 31-5-1956 Rs.		Rs.	Rs.
	TO OPENING STOCK:		
...	Spares and Fittings		6,659
	„ PURCHASES:		
8,020	Stores	1,13,334	
69,930	Machineries	10,264	
	(After transfer of purchases of Rs. 193,003 and opening stock of Rs. 69,930 to Plant and Machinery)		
19,249	Spares and Fittings.	32,903	1,56,501
97,199			
300	„ Salaries		...
...	„ Supervision charges		5,000
	(Paid to the Holding Company, The Godavari Sugar Mills Ltd.)		
247	„ Miscellaneous expenses, Fees, Stamps Printing and Stationery, Postage Telegrams.		2,564
1,661	„ Interest on current account to the Holding Company, The Godavari Sugar Mills Ltd.		42,001
500	„ Audit Fees		500
1,482	„ Provision for Depreciation		24,734
	(Normal under the Income-tax Act)		
1,560	„ Preliminary Expenses written of		...
1,02,949	TOTAL RUPEES		2,37,959

Referred to in our Report of even date

Bombay, 25th January, 1958

NANUBHAI & CO.
CHARTERED ACCOUNTANTS

CORPORATION PRIVATE LIMITED, BOMBAY.

year ended 31st May, 1957.

As at 31-5-1956 Rs.		Rs.	Rs.
12,590	By Spares and Fittings supplied at cost to Cane Growers		26,908
8,020	" Return at cost of stores purchased to the Holding Company, The Godavari Sugar Mills Ltd.		1,12,600
611	" Interest from Cane Growers on Loans		25,112
...	" Supervision Charges		6,065
	" Stock in Trade (at cost). (As per inventories taken vaken valued and certified by Director)		
36,028	Machinery	10,264	
33,902	Machinery in Transit	...	
6,659	Spares and Fittings	12,034	
...	Stores	192	
	Stores in Transit	1,162	23,652
76,589			
5,139	" Loss Carried to Balance Sheet		43,622
1,02,949	TOTAL RUPEES		2,37,959

Bombay, 23rd January, 1958.

R. S. KOTAK
K. J. SOMAIYA
S. K. SOMAIYA } DIRECTORS