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**THE
GODAVARI
SUGAR MILLS
LIMITED**

**ANNUAL REPORT & ACCOUNTS
1995-96**

THE GODAVARI SUGAR MILLS LIMITED

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

Board of Directors :

SHRI K. J. SOMAIYA

Chairman

DR. B. V. BHOOTA

DR. C. B. PURANDARE

SHRI N. C. SAYTA

SHRI H. J. MEHTA

(Nominee of Bank of India)

SHRI K. PERSHAD

SHRI B. R. BARWALE

SHRI INDUBHAI C. PATEL

DR. S. K. SOMAIYA

SHRI P. M. KAVADIA

(Whole-time Director)

Secretary and General Manager (Finance)

SHRI S. R. PARIKH

Bankers :

BANK OF INDIA

UNION BANK OF INDIA

Solicitors :

MULLA & MULLA AND CRAIGIE BLUNT AND CAROE

Auditors :

AMBALAL THAKKAR & CO.

Registered Office :

FAZALBHOY BUILDING,
MAHATMA GANDHI ROAD,
FORT, MUMBAI - 400 001.

THE GODAVARI SUGAR MILLS LIMITED

NOTICE

Notice is hereby given that Fifty-sixth Annual General Meeting of The Godavari Sugar Mills Limited will be held on Friday the 27th September, 1996 at 4.00 p.m. at the Registered Office of the Company at Fazalbhoj Building, 45/47, Mahatma Gandhi Road, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt Audited Balance Sheet as at 31st March, 1996 and the Profit and Loss Account for the year ended on that date, and the Directors' and Auditors' Report thereon.
2. To declare dividend on Equity and Preference Shares.
3. To appoint a Director in place of Shri K. J. Somaiya who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B.V. Bhoota who retires by rotation and being eligible, offers himself for re-appointment

5. To appoint a Director in place of Shri N.C. Sayta who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors,

K. J. SOMAIYA

Chairman

MUMBAI : Dated 20th August, 1996

Note : 1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member of the Company.

THE GODAVARI SUGAR MILLS LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Fifty-sixth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st, March, 1996.

(A) FINANCIAL RESULTS : (Rs. in Lacs)

Gross Operating Profit	1,606.29
Less : Interest	699.54
Depreciation	46.96
Provision for Taxation	150.00
	896.50
Net Profit for the year	709.79
Adding thereto:	
Balance Profit brought forward from last year	4.90
	714.69

Less: Short Provision for

Cane Purchase and Purchase Tax for Season 1993-94	360.81
Short Provision for taxation for earlier years	176.79
	537.60
Profit available for appropriation	177.09

APPROPRIATIONS :

Proposed Dividend:

i) On Preference Shares @7.8572% (Subject to deduction of Tax)	1.46
ii) On Equity Shares @15% (Subject to deduction of Tax)	72.00
	73.46
Transfer to General Reserve	100.00
Balance carried to Balance Sheet	3.63
	177.09

(B) MANUFACTURING RESULTS OF SAMEERWADI :

The results for the year reflect working of two crushing seasons i.e. part of 1994-95 and part of 1995-96. It covers the period from 1-4-1995 to 29-6-1995 and 27-11-1995 to 31-3-1996 the results whereof are produced below:

Period	Cane Crushed (M.T.)	Sugar Manufactured (Qtl.)
1-4-1995 to 29-6-1995	3,63,485	4,02,320
27-11-1995 to 31-3-1996	6,16,925	7,44,670
Total	9,80,410	11,46,990

Average recovery works out to 11.68%

The final figures for crushing and production for Crushing Season 1995-96 and comparative figures for 1994-95 are as under:-

	1995-96	1994-95
Cane Crushed (M.T.)	11,02,767	12,60,808
Sugar Manufactured (Qtl.)	12,58,950	14,60,090
Recovery (%)	11.40	11.59

During 1994-95 Sameerwadi factory had stood first in the whole of India in production (including Sep.'94 production). During the Crushing Season 1995-96 (under report) the factory started its crushing operations about 2½ months late (i.e. on 27-11-1995 instead of 7-9-1994 in the previous Season). This happened due to unwarranted agitation of the Cultivators and Dharna resorted to by them demanding unjustified higher cane price. After protected negotiations, the matter was settled on 18-11-1995 and thereafter the Crushing operations were started on 27-11-1995. The number of days worked during 1995-96 season was 248 against 296 days in the previous season.

(C) LEGAL MATTERS :

- The appeals filed by 38 workers of erstwhile Lakshmiwadi factory for reinstatement from 8-4-1988 in Industrial Court at Ahmednagar against judgement of Labour Court at Ahmednagar in favour of the Company are admitted. Same are pending.
- The Company's Writ Petition in High Court of Mumbai (Aurangabad Bench) against the order dated 19-6-1991 of the Ahmednagar Industrial Court in favour of 38 workers of erstwhile Lakshmiwadi Factory for their demand of 100% Wages, Bonus, D.A., etc. for the period of Closure i.e. from 15-12-1986 to 8-4-1988 is pending but, the payments have been stayed by the High Court.

(D) LEVY PRICE MATTERS IN SUPREME COURT 1974-75 TO 1979-80 SEASONS :

It would be recalled that the Supreme Court delivered judgement in favour of the Sugar Factories ordering the Central Government to refix Levy Prices for all the Zones for seasons 1974-75 to 1979-80 taking into consideration the provisions of clause 5(A) of the Sugar Control Order 1966 as also the provisions of Section 3(3)C of the Essential Commodities Act.

Consequent to this judgement and in accordance thereof the Company has received from Government of India the differential amount on the basis of revised Levy Sugar Prices notified for seasons 1974-75 to 1979-80. The Registrar, High Court of Mumbai has also returned the Bank Guarantees furnished by the Company in the matter as per Interim Orders of High Court for erstwhile Sakarwadi/Lakshmiwadi Factories. Similarly, the Registrar, High Court of Karnataka at Bangalore has returned some of the Bank Guarantees. For balance Bank Guarantees, Company is pursuing the matter.

(E) LEVY PRICE FOR SEASON 1985-86 FOR SAMEERWADI FACTORY :

The Company has filed an appeal in Supreme Court against the order dated 20-12-1990 of High Court of Karnataka

dismissing Company's Writ Petition for Sameerwadi factory for Season 1985-86. The same is admitted and pending.

(F) ADDITIONAL LEVY PRICE OF ERSTWHILE LAKSHMIWADI FACTORY :

Appeal of Government of India against Delhi High Court's Order dated 28th May, 1991 allowing Company's Writ Petition challenging the deletion of erstwhile Lakshmiwadi factory from Schedule VI entitling to Additional Levy Price of Rs.26/- per qtl. for the season 1980-81 is pending in Supreme Court. For seasons 1981-82 to 1983-84, the Petitions are pending in Delhi High Court which has by Interim Orders allowed the Factory to collect Rs.26/- per qtl. for Levy Sugar.

(G) EXPORT OF MOLASSES :

Due to record sugar production in the Country in 1995-96, there was glut of Molasses which the distilleries were unable to lift. Hence, Government of India as well as State Government permitted overseas export of Molasses. The Company has since exported 3050 M.T. of Molasses abroad.

(H) COGENERATION PROJECT :

The Company proposes to put up Cogeneration Plant to generate 28 MW power adjoining its Sugar Factory at Sameerwadi in Karnataka. The Company had made an application alongwith Project Report to IDBI, Mumbai, the nodal Agency to be eligible for grant under the ABC Component of the GEP Project of USAID. Company's proposal has been found eligible in principle for receiving grant upto a maximum of US \$ 1 million. Further steps are being taken for implementation of the Project.

(I) DIVIDENDS :

The Directors recommend for consideration of Shareholders at the Annual General Meeting payment of Preference Dividend at 7.8572% on the Redeemable Preference Shares and also 15% Dividend on Equity Shares subject to deduction of tax for the year ended 31st March, 1996.

(J) DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY ETC. :

The particulars about conservation of energy, etc. pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are set-out in the Annexure forming part of this report.

(K) AUDITORS :

M/s. Ambalal Thakkar & Co. Auditors of the Company retire and being eligible, offer themselves for re-appointment.

(L) GENERAL :

- i) Shri K. J. Somaiya, Shri B. V. Bhoota and Shri N. C. Sayta retire from the Board by rotation and being eligible, offer themselves for re-appointment.
- ii) Your Directors place on record their sincere appreciation of the co-operation and assistance extended by the Company's Bankers viz. Bank of India and Union Bank of India, the Karnataka Government, cane suppliers and the staff of the Company.
- iii) The statement showing particulars of employees drawing remuneration of Rs.3 lacs or more per year or Rs.25,000/- per month or more during the year or for part of the year is shown in the schedule forming part of the report.
- iv) A statement relating to subsidiary Company Godavari Investment & Finance Corporation Limited, pursuant to Section 212 of the Companies Act, 1956 is attached to the Balance Sheet.

By Order of the Board of Directors,

K. J. SOMAIYA
Chairman

MUMBAI : Dated 20th August, 1996.

THE GODAVARI SUGAR MILLS LIMITED

ANNEXURE TO DIRECTORS' REPORT

Information in accordance with the Companies (Disclosure of Particulars, in the Report of the Board of Directors) Rules, 1988 and Forming part of Directors' Report for the year ended 31st March, 1996.

Conservation of Energy / Technology / Absorption / Foreign Exchange earnings and outgo.

CONSERVATION OF ENERGY

In addition to the existing steam economy measures, it is planned to add Double effect Vapour Cell to modify the existing evaporator system which will enable us to achieve higher production with fuel economy.

FORM "A"

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year	Previous Year
A) POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
(a) Purchased			
Units	KWH	5,45,054	7,05,857
Total Amount	Rs.	16,57,305	14,93,614
Rate	Rs./KWH	3.04	2.12
(b) Own Generation			
i) Through Diesel Generator			
Units	KWH	2,96,780	1,59,324
Units per Litre of Diesel Oil	KWH/Ltr	3.00	3.74
Cost Per Unit	Rs./KWH	2.75	2.20
ii) Through Steam Turbine Generator			
Units	KWH	2,01,42,598	2,09,50,971
Units per K.G. of Bagasse	KWH	0.15	0.61
Cost per Unit	Rs./KWH	0.67	0.61
2. COAL (IInd GRADE)			
Quantity	M.T.	235.61	291.98
Total Amount	Rs.	5,09,698	4,43,399
Average Rate	Rs./M.T.	2,163	1,579
(The Coal is used for manufacture of Lime only)			
3. OTHERS / FOR INTERNAL GENERATION			
Fire, Wood	M.T.	187.520	352.410
Total Cost	Rs.	1,26,574	2,39,184
Rate / Unit	Rs./M.T.	675	679
BAGASSE			
Purchased	M.T.	NIL	NIL
Produced & Utilised for Power Generation	M.T.	1,35,850	1,20,167
Total Cost	Rs.	1,35,85,000	1,20,16,740
Rate (Average)	Rs./M.T.	100	100
B) CONSUMPTION PER UNIT OF SUGAR PRODUCTION			
Electricity	KWH/QTLS.	18.30	19.19
COAL (IInd GRADE)	M.T./QTLS.	0.000205	0.000253
Fire Wood	M.T./QTLS.	0.000164	0.000304
Bagasse	M.T./QTLS.	0.25	0.12

(B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form "B"

FORM "B"

(Disclosure of Particulars with respect to Technology Absorption)

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company.

R & D activities are related to upgradation of process technology, product improvement, recovery improvement and cost reduction. R & D evaluated different biocides, antiscalants and decolourising agents. R & D associated with co-generation project of 28 MW capacity.

2. Benefits derived as a result of above R & D.

R & D activities helped in process improvement to reduce losses, and to produce export quality sugar. Addition of TRPF units helped to achieve higher crushing rate with good milling results. R & D helps in cost reduction and resources conservation.

3. Future Plan of Action:

In future R & D efforts will be continued towards automation at different stations, plant expansion and balancing. The co-generation project is planned to be installed to export about 21 MW power.

4. Expenditure

i) Capital	NIL
ii) Recurring	890163
iii) Total	890163
iv) Total R & D expenditure as a percentage of total turnover.	0.07%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

R & D is involved in the adoption of developments like TRPF units on mills, installation of continuous pan and latest machines. It is also involved in application of cost effective process additives and pollution control equipments.

BENEFITS

1. Adoption of new developments in milling plant and commissioning of continuous pan and latest machines enabled higher crushing rate and total crush with higher sugar recovery and better quality sugar.
2. We have not imported any technology.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO : Nil

BY ORDER OF THE BOARD OF DIRECTORS,

K. J. SOMAIYA
Chairman

MUMBAI : Dated 20th August, 1996.

THE GODAVARI SUGAR MILLS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1996

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, 1988, in our opinion, and on the basis of such checks of books and records as we considered appropriate and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief, we report as follows :-

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 material discrepancies were noticed.

The Fixed Assets of the Company have not been revalued during the year.

Physical verification had been conducted by the management at reasonable intervals in respect of finished goods, stores, spare parts and raw materials and no material discrepancies have been noticed on such physical verification as compared to book records. The procedure followed by the management for such physical verification are in our opinion reasonable and adequate in relation to the size of the Company and the nature of its business. On the basis of our examination we are satisfied that the valuation of its stocks is fair and proper in accordance with normally accepted accounting principles.

The Company has not taken any loans from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 or covered by the definition of Companies under the same management under Section 370(1B) of the Companies Act, 1956.

The Company has not given any Loans to any company, firms or other parties. Advances in the nature of loans are being recovered as stipulated.

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, Equipments and Other Assets and for the sale of goods.

According to the information and explanation given to us, there have been no transactions of purchase of plant and machineries, equipments and fixed assets of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register(s) maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party.

8. Reasonable provision has been made in the Accounts for unserviceable or damaged stores, raw material and finished goods.
9. Provision of Section 58A of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the Deposits are not applicable as the Company has not invited any Deposits from the Public.
10. The Company has maintained reasonable records for the sale and disposal of by-products and scrap.
11. In our opinion, Company has an adequate Internal Audit System commensurate with the size and nature of its business.
12. According to the records produced and information given to us, we are of the opinion, that the 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 had been carried out by us.
13. The Company is regular in depositing Provident Fund dues with the appropriate authorities.
14. According to the information and explanations given to us and records examined by us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty outstanding for a period exceeding six months from the date they became payable.
15. No personal expenses have been charged to revenue account.
16. The Company is not a Sick Industrial Company within the meaning of Section 3(1)(0) of the Sick Industrial Companies (Special Provisions), Act, 1985.

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.

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 these 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 read with notes thereon give 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 at the close of the above financial year and of Profit for the year.

For **AMBALAL THAKKAR & CO.**
Chartered Accountants

G. P. Bhatt
Partner

MUMBAI : 20th August, 1996

THE GODAVARI SUGAR MILLS LIMITED

Balance Sheet as at 31st March, 1996

			(Rs. in lacs) 31-03-96	(Rs. in lacs) 31-03-95
SCHEDULES				
SOURCES OF FUNDS:				
SHAREHOLDERS' FUNDS:				
(a) Share Capital	1		498.51	498.51
(b) Reserves & Surplus	2		945.40	846.67
			<u>1,443.91</u>	<u>1,345.18</u>
LOANS:				
(a) Secured Loans	3		4,464.99	3,674.69
(b) Unsecured Loans	4		956.46	864.83
			<u>5,421.45</u>	<u>4,539.52</u>
			<u>6,865.36</u>	<u>5,884.70</u>
TOTAL FUNDS EMPLOYED				
APPLICATION OF FUNDS:				
FIXED ASSETS:				
(a) Gross Block	9	2,081.02		1,920.56
(b) Less : Depreciation		<u>1,100.05</u>		<u>1,053.09</u>
(c) Net Block			980.97	867.47
(d) Advance paid for co-generation Project			1.80	35.50
			<u>982.77</u>	<u>902.97</u>
INVESTMENTS				
	7		6.57	2.63
CURRENT ASSETS				
(a) Inventories	8	7,879.88		7,236.77
(b) Debtors	10	91.51		196.13
(c) Cash & Bank Balances	11	289.99		100.57
(d) Fixed Deposits	12	308.56		303.67
(e) Loans and Advances	13	985.76		1,098.06
		<u>9,555.70</u>		<u>8,935.20</u>
LESS : CURRENT LIABILITIES				
(a) Current Liabilities	5	3,306.22		3,755.82
(b) Provisions		<u>373.46</u>		<u>200.28</u>
		<u>3,679.68</u>		<u>3,956.10</u>
Net Current Assets			5,876.02	4,979.10
TOTAL ASSETS			<u>6,865.36</u>	<u>5,884.70</u>
CONTINGENT LIABILITIES				
NOTES ON ACCOUNTS	6 20			

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.
CHARTERED ACCOUNTANTS

G.P. BHATT
Partner

S. R. PARIKH
Secretary and
General Manager (Finance)

K. J. SOMAIYA
Chairman

S. K. SOMAIYA
C. B. PURANDARE
N. C. SAYTA
H. J. MEHTA
K. PERSHAD
P. M. KAVADIA
(Whole-time Director)

Directors

MUMBAI : Dated 20th August, 1996

MUMBAI : Dated 20th August, 1996

THE GODAVARI SUGAR MILLS LIMITED

Profit and Loss Account for the year ended 31st March, 1996

		(Rs. in lacs) 1995-96	(Rs. in lacs) 1994-95
SCHEDULES			
INCOME:			
Sales	14	12,275.30	11,047.77
Other Income	15	161.94	104.00
Increase in Stock	16	453.23	1,184.58
		<u>12,890.47</u>	<u>12,336.35</u>
EXPENDITURE:			
Sugar Cane Cost		8,632.24	8,678.26
Manufacturing and Other Expenses	17	1,853.33	1,671.76
Excise Duty & Sugar Development Cess		798.61	803.21
Interest & Financial Charges	18	699.54	468.03
Depreciation	9	46.96	30.90
		<u>12,030.68</u>	<u>11,652.16</u>
PROFIT BEFORE TAX :		859.79	684.19
Provision for Taxation		150.00	150.00
Net Profit for the Year		709.79	534.19
Balance Profit brought forward from last year		4.90	3.67
Levy Sugar Price Difference receivable for earlier years		—	204.17
Write backs -Provision of Cane Cost		—	24.54
-Interest on Fixed Deposits of earlier years		—	100.79
-Interest on Other Deposits		—	5.62
		<u>714.69</u>	<u>872.98</u>
Reversal of interest to be received from Bank for 1990-91		—	34.79
Provisions - Cane Cost and Cane Purchase Tax for earlier year		360.81	173.93
- Short Provision for Taxation for earlier years		176.79	379.08
		<u>537.60</u>	<u>587.80</u>
Profit available for appropriations		<u>177.09</u>	<u>285.18</u>
APPROPRIATIONS:			
Proposed Dividend			
(a) On Preference Share @7.8572%		1.46	1.46
(b) On Equity Shares @15%		72.00	48.82
General Reserve		100.00	230.00
Balance Carried to Balance Sheet		3.63	4.90
		<u>177.09</u>	<u>285.18</u>
Computation of Whole-time Director's Commission	19		
Notes on Accounts	20		

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.
CHARTERED ACCOUNTANTS

G.P. BHATT
Partner

S. R. PARIKH
Secretary and
General Manager (Finance)

K. J. SOMAIYA
Chairman

S. K. SOMAIYA
C. B. PURANDARE
N. C. SAYTA
H. J. MEHTA
K. PERSHAD
P. M. KAVADIA
(Whole-time Director)

— Directors

MUMBAI : Dated 20th August, 1996

MUMBAI : Dated 20th August, 1996

THE GODAVARI SUGAR MILLS LIMITED

	(Rs.in lacs) 31-03-96	(Rs.in lacs) 31-03-95
Schedules annexed to and forming part of Balance Sheet as at 31st March, 1996 and Profit and Loss Account for the year ended 31st March, 1996.		
SCHEDULE 1 - SHARE CAPITAL :		
AUTHORISED :		
1,93,00,000 Ordinary (Equity) Shares of Rs.10/- each	1,930.00	1,930.00
20,000 7.8572% subject to deduction of tax at source Redeemable Cumulative Second Preference Shares of Rs.100/- each	20.00	20.00
50,000 9½% subject to deduction of tax at source Redeemable Cumulative Third Preference Shares of Rs.100/- each	50.00	50.00
	<u>2,000.00</u>	<u>2,000.00</u>
ISSUED AND SUBSCRIBED CAPITAL :		
48,00,000 Ordinary (Equity) Shares of Rs.10/- each fully paid up. Out of the above shares 47,00,000 shares are allotted as fully paid up by way of Bonus Shares, by capitalisation of General Reserve	480.00	480.00
18,509½ 7.8572% subject to deduction of tax at source 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 giving three months' notice of the intention to redeem the same	18.51	18.51
	<u>498.51</u>	<u>498.51</u>
SCHEDULE 2 - RESERVES AND SURPLUS :		
(A) GENERAL RESERVE:		
As per last Balance Sheet	831.77	841.77
Less : Utilised for Bonus Shares	—	240.00
	831.77	601.77
Add : Transferred from Profit during the year	100.00	230.00
	931.77	831.77
(B) Investment Allowance Reserve	10.00	10.00
(C) Profit and Loss Account	3.63	4.90
	<u>945.40</u>	<u>846.67</u>

THE GODAVARI SUGAR MILLS LIMITED

(Rs.in lacs)
31-03-96

(Rs.in lacs)
31-03-95

SCHEDULE 3 - SECURED LOANS :

From Banks

- (a) Cash Credit Account with Banks against hypothecation of all tangible movable Assets of the Company including Stocks of Sugar, Stores, Chemicals Spares, etc. and second charge by way of Equitable Mortgage on Block of Fixed Assets of Company's unit at Sameerwadi (excluding Agricultural Assets) and fully guaranteed by two Directors.

(i) Bank of India	1,043.41	1,309.30
(ii) Union Bank of India	1,616.14	1,591.62
(iii) Working Capital Demand Loan (Bank of India)	620.00	—
(iv) Working Capital Demand Loan (Union Bank of India)	620.00	—
	<u>3,899.55</u>	<u>2,900.92</u>

- (b) Term Loan :

(i) Bank of India	48.00	81.00
(ii) Union Bank of India	18.25	27.00
	<u>66.25</u>	<u>108.00</u>

- (c) Working Capital Term Loan

(i) Bank of India	34.48	52.48
(ii) Union Bank of India	23.38	52.39
	<u>57.86</u>	<u>104.87</u>

- (d) Funded Interest Term Loan A/c.I Bank of India

29.25 60.00

- (e) Funded Interest Term Loan A/c.II Bank of India

27.98 54.97

- (f) Funded Interest Term Loan A/c.III

(i) Bank of India	24.60	48.60
(ii) Union Bank of India	24.60	48.60
	<u>49.20</u>	<u>97.20</u>

Note :

Term Loan and Other Loans as above are secured by First Pari Passu Charge by way of Equitable Mortgage on Fixed Assets of the Company (excluding Agricultural Assets) and agreeing to create First Pari Passu Equitable Mortgage on two flats at Mumbai as collateral security.

4,130.09 3,325.96

Agri Finance from State Bank of India against hypothecation of Cane Crops

4.60 —

Hire Purchase Finance

4,134.69 3,325.96

330.30 348.73

4,464.99 3,674.69

SCHEDULE 4 - UNSECURED LOANS :

- (a) 200 6% Debentures of Rs.10,000/- each fully paid-up Redeemable at the option of the company

20.00 20.00

- (b) Deposits from Cultivators

936.46 844.83

956.46 864.83

THE GODAVARI SUGAR MILLS LIMITED

(Rs.in lacs)
31-03-96

(Rs.in lacs)
31-03-95

SCHEDULE 5 - CURRENT LIABILITIES AND PROVISIONS:

(A) CURRENT LIABILITIES :

(i) Sundry Creditors	3,302.38	3,751.98
(ii) Advance from Customers against sale of Land	3.34	3.34
(iii) Due to Whole-time Director	0.50	0.50
	<u>3,306.22</u>	<u>3,755.82</u>

(B) PROVISIONS:

(i) Proposed Dividend		
(a) On Preference Shares	1.46	1.46
(b) On Equity Shares	72.00	48.82
	<u>73.46</u>	<u>50.28</u>
(ii) Provision for Taxation	300.00	150.00
	<u>373.46</u>	<u>200.28</u>
	<u>3,679.68</u>	<u>3,956.10</u>

SCHEDULE 6 - CONTINGENT LIABILITIES (Not Provided for):

(i) Uncalled Liability on Partly Paid-up Shares held as Investment in Godavari Investment and Finance Corporation Ltd., a Subsidiary Company.	1.00	1.00
(ii) In respect of Counter Guarantee given by the Company in favour of Banks in lieu of Guarantees given by them in favour of the High Court of Karnataka at Bangalore, for Levy Sugar Price Difference for the Season 1985-86.	<u>17.37</u>	<u>17.37</u>

SCHEDULE 7 - INVESTMENTS (At Cost) :

(A) INVESTMENT IN SHARES OF SUBSIDIARY COMPANY:

2,000 Partly Paid-up Ordinary (Equity) Shares of Godavari Investment and Finance Corporation Limited of Rs.100/- each Rs.50/- paid up per Share (unquoted)	1.00	1.00
--	------	------

(B) OTHER INVESTMENTS:

(i) National Defence Certificate deposited with Electricity Department, Bhopal	0.03	0.03
(ii) 7 years National Savings Certificates.	0.51	1.56
(iii) National Savings Certificates deposited with Excise Commissioner, U.P. and Hydro Electric Division, Gorakhpur.	0.01	0.01
(iv) 4½% U.P. State Development Loan of 1972 (Face Value Rs.2,000/-)	0.02	0.02
(v) National Savings Certificate of the Face Value of Rs.1,000/- Deposited as Security Deposit with Central Excise Authority, Bijapur	—	0.01
(vi) Investment in bonds of Krishna Jal Nidhi Nigam Ltd., Bangalore	5.00	—
	<u>5.57</u>	<u>1.63</u>
	<u>6.57</u>	<u>2.63</u>

SCHEDULE 8 - INVENTORIES :

(i) Stores, Chemicals and Spares (at cost as per inventories valued and certified by a Director)	417.04	221.28
In Transit	6.44	12.32
	<u>423.48</u>	<u>233.60</u>
(ii) Stock-in-trade (as per Inventories valued and certified by a Director)		
(a) Sugar at Realised Value and Cost (See Note No.4 to accounts)	7,315.08	6,839.02
(b) Sugar in Process at Cost	75.99	99.39
(c) Molasses at Market Rate	34.29	42.60
(d) Bagasse	22.93	18.05
(e) Standing Crop at Cost	3.89	2.32
(f) Food Grains at Realised Value	4.22	1.79
	<u>7,456.40</u>	<u>7,003.17</u>
	<u>7,879.88</u>	<u>7,236.77</u>

THE GODAVARI SUGAR MILLS LIMITED

SCHEDULE - 9 FIXED ASSETS

(Rs. in lacs)

PARTICULARS	Gross Block as on 1st April, 1995	Additions during the year	Deletion during the year	Gross Block as on 31st March, 1996	Depreciation Written off upto 31st March, 1995	Depreciation Written off during the year	Total Depreciation upto 31st March, 1996	Net Depreciated Block as at 31st March, 1996	Net Depreciated Block as at 31st March, 1995
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Freehold Land	16.06	—	—	16.06	—	—	—	16.06	16.06
Leasehold Land Development Expenses	2.39	—	—	2.39	—	—	—	2.39	2.39
Leasehold Premium on Garage	0.12	—	—	0.12	0.11	—	0.11	0.01	0.01
Building & Pucca Quarters at Factories	275.04	56.72	—	331.76	94.46	6.20	100.66	231.10	180.58
Temporary Quarters	6.36	—	—	6.36	3.77	0.05	3.82	2.54	2.59
Temporary Quarters at Farms	1.41	—	—	1.41	1.23	0.01	1.24	0.17	0.18
General Machinery	1,256.48	71.61	—	1,328.09	818.36	27.05	845.41	482.68	438.12
Electrical Machinery	183.02	13.50	—	196.52	37.35	7.95	45.30	151.22	145.67
Agricultural Machinery	9.06	3.70	—	12.76	8.21	0.15	8.36	4.40	0.85
Electrical Installation & Fittings	11.65	—	—	11.65	9.53	0.27	9.80	1.85	2.12
Furniture & Office Equipments	32.31	1.92	—	34.23	19.10	0.94	20.04	14.19	13.21
Weigh Bridges	23.20	—	—	23.20	10.82	0.73	11.55	11.65	12.38
Molasses & Other Storage Tanks	32.52	—	—	32.52	19.67	0.68	20.35	12.17	12.85
Motor Cars, Lorries & Cycles	33.42	9.44	—	42.86	18.40	1.97	20.37	22.49	15.02
Carts & Trucks	4.57	—	—	4.57	0.31	0.01	0.32	4.25	4.26
Laboratory Apparatus	3.29	—	—	3.29	1.34	0.10	1.44	1.85	1.95
Roads, Drainage & Tube Wells	14.17	—	—	14.17	4.73	0.16	4.89	9.28	9.44
Dead Stock	2.04	—	—	2.04	1.15	0.04	1.19	0.85	0.89
Library	0.07	—	—	0.07	0.06	—	0.06	0.01	0.01
Irrigation Lifts	4.30	—	—	4.30	3.94	0.02	3.96	0.34	0.36
Live Stock	0.38	—	0.07	0.31	0.25	—	0.25	0.06	0.13
Computers	8.70	3.64	—	12.34	0.30	0.63	0.93	11.41	8.40
Total	1,920.56	160.53	0.07	2,081.02	1,053.09	46.96	1,100.05	980.97	867.47

THE GODAVARI SUGAR MILLS LIMITED

(Rs.in lacs)
31-03-96

(Rs.in lacs)
31-03-95

SCHEDULE 10 - SUNDRY DEBTORS :

Sundry Debtors (Unsecured and considered good except otherwise stated)

(a) Debts Outstanding for more than six months

23.29

19.39

(b) Other Debts

68.22

176.74

91.51

196.13

SCHEDULE 11 - CASH AND BANK BALANCES :

(a) Cash, Cheques and Drafts on hand and in transit (including Stamp on hand Rs.19,477/-)

232.52

16.66

(b) In Current Account with Scheduled Banks

56.87

83.37

(c) In Current Account with Non-scheduled Bank: Bijapur District Central Co-op-Bank Ltd., Mahalingpur (Maximum balance during the year Rs.11,21,472/-; previous year Rs.27,35,635/-)

0.55

0.49

(d) Fixed Deposits with Scheduled Bank (Lodged with Excise Department, Mudhol)

0.05

0.05

289.99

100.57

SCHEDULE 12 - FIXED DEPOSITS :

Fixed Deposits with Scheduled Banks (Under Lien for the Guarantees)

307.75

266.43

Accrued Interest on above

0.81

37.24

308.56

303.67

SCHEDULE 13 - LOANS AND ADVANCES :

(Unsecured and considered good except otherwise stated)
Advances Recoverable in Cash or Kind or for value to be received (including Advances to the Officers of the Company Rs.16,727/-) (Maximum Debit balance during the year Rs.18,227/- Amount in dispute Rs.1,86,801/- towards due for Central Excise Duty.)

459.64

639.45

Considered Doubtful

0.64

0.64

460.28

640.09

Less : Provision for Doubtful Advances

0.64

0.64

459.64

639.45

Income Tax paid (includes Income Tax deducted at source)

334.69

55.46

Deposit with High Court & Others

79.38

84.99

Interest, etc. on Hire Purchase Finance

110.74

113.99

Levy Sugar Price Difference

1.31

204.17

526.12

458.61

985.76

1,098.06

THE GODAVARI SUGAR MILLS LIMITED

		(Rs.in lacs) 1995-96	(Rs.in lacs) 1994-95
SCHEDULE 14 - SALES :			
Sugar		12,109.74	10,626.21
Molasses		165.56	421.56
		<u>12,275.30</u>	<u>11,047.77</u>
SCHEDULE 15 - OTHER INCOME :			
Sundry Receipts		49.29	60.05
Income from Immovable Property		14.06	1.39
Sundry Receipts being Market Value of Farm Produce, etc.		12.50	1.07
Sundry Credit Balances Written Back		9.15	—
Claims and Refund		0.21	—
Interest on Fixed Deposits and Others		76.76	41.43
Sales Tax Refund		—	0.06
		<u>161.97</u>	<u>104.00</u>
Less:- Loss on Sale of Live Stock		0.03	—
		<u>161.94</u>	<u>104.00</u>
SCHEDULE 16 - INCREASE IN STOCK :			
Closing Stock :			
Sugar	7,315.08		6,839.02
Sugar-in-process	75.99		99.39
Molasses	34.29		42.60
Bagasse	22.93		18.05
Standing Crop of Food Grains	3.89		2.32
Food Grains	4.22		1.79
		<u>7,456.40</u>	<u>7,003.17</u>
Less : Opening Stock :			
Sugar	6,839.02		5,590.76
Sugar-in-process	99.39		113.05
Molasses	42.60		114.78
Bagasse	18.05		—
Standing Crop of Food Grains	2.32		—
Food Grains	1.79		—
		<u>7,003.17</u>	<u>5,818.59</u>
		<u>453.23</u>	<u>1,184.58</u>

THE GODAVARI SUGAR MILLS LIMITED

	(Rs.in lacs) 1995-96	(Rs.in lacs) 1994-95
SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES :		
MANUFACTURING EXPENSES :		
Power and Fuel	32.21	30.12
Packing Forwarding and Storage	263.06	254.66
Stores, Chemicals and Spare Parts consumed	171.32	157.01
Lease Rent	38.61	27.53
Insurance Premium	32.71	23.64
Agricultural Development expenses	11.94	15.63
Expenses on Scientific Research	8.90	9.05
Contribution to Scientific Research Institution	10.00	—
	<u>568.75</u>	<u>517.64</u>
REPAIRS AND MAINTENANCE :		
Plant and Machinery	235.94	180.48
Repairs to Building	28.83	19.95
Other Repairs	10.74	13.28
	<u>275.51</u>	<u>213.71</u>
EMPLOYEES REMUNERATION AND BENEFITS :		
Salaries, Wages and Bonus	626.38	563.02
Contribution to Provident Fund & Other Fund	42.19	40.25
Gratuity	—	0.57
Welfare Expenses	44.22	36.82
Group Gratuity Insurance Premium	15.05	8.38
	<u>727.84</u>	<u>649.04</u>
OFFICE AND ESTABLISHMENT EXPENSES :		
Rent	6.52	8.62
Rates and Taxes	24.65	26.12
Miscellaneous Expenses	220.85	221.99
Legal and Professional Charges	13.72	11.70
Guarantee Commission	1.01	8.38
Charity and Donation	3.23	0.30
Exhibition Expenses	—	3.89
Sales Tax	0.14	0.20
Cost Audit Fees and Travelling Expenses	0.10	0.13
Sundry Debit Balances Written Off	0.10	—
	<u>270.32</u>	<u>281.33</u>
AUDITORS' REMUNERATION :		
Audit Fees	0.20	0.20
Tax Audit Fees	0.08	0.08
Auditors' Travelling Expenses	0.02	0.03
	<u>0.30</u>	<u>0.31</u>
DIRECTORS' REMUNERATION, FEES AND TRAVELLING EXPENSES :		
Remuneration	3.10	2.71
Fees	0.29	0.30
Travelling	7.22	6.72
	<u>10.61</u>	<u>9.73</u>
	<u>1,853.33</u>	<u>1,671.76</u>

THE GODAVARI SUGAR MILLS LIMITED

	(Rs.in lacs) 1995-96	(Rs.in lacs) 1994-95
SCHEDULE 18 - INTEREST:		
Cash Credit Account	623.72	388.04
Fixed Loans	43.04	63.90
Debentures	1.20	1.20
Other Loans	3.31	0.82
Hire Purchase Finance	28.27	14.07
	<u>699.54</u>	<u>468.03</u>
SCHEDULE 19 - COMPUTATION OF WHOLE-TIME DIRECTOR'S REMUNERATION :		
Net Profit as per Profit and Loss Account	709.79	534.19
Add:		
i) Whole-time Director's Remuneration	3.35	2.92
ii) Depreciation	46.96	30.90
	<u>50.31</u>	<u>33.82</u>
	760.10	568.01
	46.96	30.90
Less : Depreciation to the extent specified in Section 350 of Companies Act, 1956	<u>713.14</u>	<u>537.11</u>
	7.13	5.37
Commission @1% on the Net Profit	<u>0.50</u>	<u>0.50</u>
As per Agreement Limited to		
Total Managerial Remuneration:		
Remuneration	2.46	2.10
Commission	0.50	0.50
Company's Contribution to Provident Fund	0.25	0.21
Perquisites	0.14	0.11
	<u>3.35</u>	<u>2.92</u>

THE GODAVARI SUGAR MILLS LIMITED

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1996

SCHEDULE 20

NOTES : (1) SIGNIFICANT ACCOUNTING POLICIES:

- System of Accounting:
 - The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except bonus which is debited on payment basis.
 - Financial Statements are based on historical costs.
 - Fixed Assets are carried at cost of acquisition or construction.
 - Investments are valued at cost of acquisition.
 - The Liability as on 31-3-1996 for accrued gratuity to employees under the payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs.1,64,29,621/-. The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India.
 - Provision for Leave Encashment payable on retirement has not been made as per requirement of Accounting Standard 15 which has been made mandatory from 1.4.1995, as the liability is not ascertained.
- (2) Income Tax and Wealth Tax Assessments upto Accounting Year 31-3-1993 (Assessment Year 1993-94) have been completed and the demands upto Asst. Year 1992-93 have been fully provided although disputed and pending in appeals.
- (3) Depreciation on Fixed Assets has been provided on W.D.V. Method upto 30.9.85 and thereafter on S.L.M.
- (4) The Closing Stock of Levy Sugar is valued at Levy Price Fixed by Government. Stock of Free Sale Sugar sold upto 31.7.1996 is valued at Realised Value and Balance Stock on hand on that date valued at Cost.
- (5) No Provision has been made in the Accounts for following Disputed Liabilities in respect of Sameerwadi Factory.
- Show Causes Notice for Rs.43.59 lacs for period 1-4-1990 to 31-3-1991 and 1-4-1991 to 31-3-1992 respectively from Dy. Commissioner of Commercial Taxes (Intelligence), Belgaum for payments of Cane Purchase Tax on Harvesting and Transport Charges.
 - Demand of Rs.79.30 lacs from Superintendent of Excise, Bijapur on 2736.945 M.T. of Molasses destroyed in 1990 with the permission of Central and State Excise Department.
 - Demand of Rs.30.73 lacs (including interest of Rs.13.16 lacs) plus interest @Rs.21,715.50 per month for the period beyond 15-8-1992 for depositing the additional Levy Price collected together with interest in Levy Sugar Price equalisation Fund in view of dismissal of Company's appeal by Division Bench of High Court of Karnataka filed against Single Judge's order of the same Court dismissing Writ Petition filed for Levy Price determination for season 1985-86. The company has filed an appeal in Supreme Court against this order, which is admitted and pending.
- (6) Statement under Section 217(2A) of the Companies Act 1956 read with Rule 2 of the Companies (Particulars of Employees) Rules 1975 in regard to:-

	Numbers	Salary, Bonus & Allowance Rs.	Provident Fund & Other Fund Rs.
a) Employees who are employed throughout the year at a remuneration which in the aggregate was not less than Rs.3,00,000/- per annum or Rs.25,000/- per month.	3 (NIL)	11,64,724 (NIL)	91,700 (NIL)
b) Employees of the Company who are in receipt of or entitled to receive emoluments amounting to Rs.25,000/- per month for part of the year.	NIL (NIL)	NIL (NIL)	NIL (NIL)

NOTE : Figures shown in bracket pertain to previous year.

(7) Quantitative information in respect of goods manufactured:

Goods Manufactured	Name of the Factory				Licensed Capacity		Installed and utilised Capacity as certified by the Factory Manager	
	Sameerwadi				M.T.		M.T.	
					6,440		5,000	
	Opening Stock		Production Quantity M.T.	Quantity sent for reprocessing and loss due to Driage M.T.	Sales		Closing Stock	
	Quantity M.T.	Value Rs.			Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
Sugar	72,149.8 (57,887.6)	68,39,01,851 (55,90,75,742)	1,14,699.0 (1,15,548.0)	225.0 (192.8)	1,13,501.2 (1,01,093.0)	1,21,09,73,045 (1,06,26,20,493)	73,122.6 (72,149.8)	73,15,08,128 (68,39,01,851)
Molasses	8,519.154 (11,477.994)	42,59,577 (1,14,77,994)	35,525.420 (33,106.000)	NIL (NIL)	31,083.320 (36,064.840)	1,65,55,570 (4,21,56,052)	12,961.254 (8,519.154)	34,29,332 (42,59,577)

Note : Figures shown in bracket pertain to previous year.

Raw Materials Purchased and Consumed :		Quantity Purchased & Consumed M.T.	Value Rs.	Previous year Quantity Purchased & Consumed	Value Rs.
Stores and Spares Consumed	Sugar Cane	9,70,606	79,15,24,771	9,73,821 (Nett)	79,75,42,531
		Value Rs.	%	Value Rs.	%
	Imported	NIL	NIL	NIL	NIL
	Indigenous	1,70,91,524	100%	1,57,00,974	100%
		1,70,91,524	100%	1,57,00,974	100%
C.I.F. Value of Imports		Current Year		Previous Year	
i) Raw Materials ii) Stores and Spares iii) Capital Goods		NIL		NIL	
		NIL		NIL	
		NIL		NIL	
8) Expenses incurred in Foreign Currency		NIL		Rs. 5,46,889	

In the Opinion of the Board, the Current Assets, Loan and Advances are of the Value stated, if realised in ordinary course of business. The provision for known liabilities and depreciation is adequate and not in excess of the amount reasonably necessary.

THE GODAVARI SUGAR MILLS LIMITED

Balance Sheet Abstract and Company's General Business Profile

Registration Details

Registration No.

2945

State Code 11

Balance Sheet Date

31 03 96

Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

Nil

Right Issue

Nil

Bonus Shares

Nil

Private Placement

Nil

Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

6,86,536

Total Assets

6,86,536

Sources of Funds

Paid-up Capital

49,851

Reserves & Surplus

94,540

Secured Loans

4,46,499

Unsecured Loans

95,646

Application of Funds

Net Fixed Assets

98,097

Investments

657

Net Current Assets

5,87,602

Misc. Expenditure

Nil

Accumulated Losses

Nil

Performance of Company (Amount in Rs. Thousands)

Turnover & other income

12,89,047

Total Expenditure

12,03,068

+/- Profit/Loss Before Tax

+

85,979

+/- Profit/ Loss After Tax

+

70,979

Earning per Share in Rs.

14.75

Dividend rate%

15

Generic Name of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

1701.11

Product Description

Sugar

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.
CHARTERED ACCOUNTANTS

G.P. BHATT
Partner

S. R. PARIKH
Secretary and
General Manager (Finance)

K. J. SOMAIYA
Chairman

S. K. SOMAIYA
C. B. PURANDARE
N. C. SAYTA
H. J. MEHTA
K. PERSHAD
P. M. KAVADIA
(Whole-time Director)

Directors

THE GODAVARI SUGAR MILLS LIMITED

ATTACHMENT TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1996

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

(a) Employees of the Company who were employed throughout the year under review :

EMPLOYED THROUGHOUT THE YEAR UNDER REVIEW

Sr. No.	Name of Employee	Age	Designation	Remuneration Rs.	Nature of Employment (Whether Contractual or otherwise)	Other Terms and Conditions	Qualifications & Experience (years)	Date of Commencement of Employment	Last Employment
1.	Shri P. M. Kavadia	77	Whole-time Director	3,34,446	Contractual, Subject to termination by six months' notice on either side	As per Company's Rules	M.A., LL.B. About 49 years	01/09/1963	Manager, Narsee Nagsee & Co.
2.	Shri S. R. Parikh	62	Secretary and General Manager (Finance)	4,59,485*	Permanent, subject to termination by one month's notice on either side	As per Company's Rules	B.Com. F.C.A. About 39 years	02/01/1960	Great Eastern Shipping Co. Ltd.
3.	Shri J. N. Patel	72	General Manager	4,62,493*	Permanent, subject to termination by one month's notice on either side	As per Company's Rules	B.Sc. (Agri.) About 43 years	01/07/1953	—

* Includes arrears for previous period.

(b) Employees of the Company who were employed for a part of the year under review : — NIL

Note: None of the employees mentioned above is a relative of any Director of the Company.

Gross remuneration includes Salary, Bonus, Allowances, etc. including Arrears, Commision (if any) and Company's contribution to Provident Fund.

By order of the Board of Directors,

K. J. SOMAIYA
Chairman

MUMBAI : Dated 20th August, 1996.

THE GODAVARI SUGAR MILLS LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

RELATING TO A SUBSIDIARY

- (1) The company 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 LIMITED, as at 31st March, 1996.
- (2) GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED earned a profit of Rs.3,745/- after providing Rs.3,200/- for taxation for the year ended 31st March, 1996. After adding previous year's profit of Rs.3,117/- the profit comes to Rs.6,862/-. The said Profit has been carried to Balance Sheet of the Subsidiary Company and no adjustment has been made in the Books of The Godavari Sugar Mills Limited for the same.
- (3) There has been no change in the interest of the Company in GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED during the year ended 31st March, 1996.

K. J. SOMAIYA

Chairman

S. K. SOMAIYA

C. B. PURANDARE

N. C. SAYTA

H. J. MEHTA

K. PERSHAD

P. M. KAVADIA

(Whole-time Director)

Directors

S. R. PARIKH

Secretary and

General Manager (Finance)

MUMBAI : Dated 20th August, 1996

GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED

DIRECTORS' REPORT

The Shareholders,
Godavari Investment & Finance Corporation Limited,
Mumbai.

Your Directors submit herewith their Forty-first Annual Report and Audited Accounts of the Company for the year ended 31st March, 1996.

The working of the Company for the year resulted in a Profit of Rs.6,945/-. After providing for taxation of Rs.3,200/- and adjusting the previous year's Profit of Rs.3,117/- and the total Profit comes to Rs.6,862/- which has been carried to the next year. In view of this, the Directors do not recommend any dividend for the year.

DIRECTORS :

Shri N. B. Bora & Shri Y. P. Dandiwala retires by rotation. Shri Y. P. Dandiwala has expressed his unwillingness to continue after conclusion of ensuing Annual General Meeting. Your Directors place on record sincere appreciation for the service rendered by him.

The company has received a notice proposing the candidature of Shri J. R. Shukla for the office of Director under section 257 of the companies Act 1956 alongwith deposit of Rs.500/-. Your Director recommend his appointment.

CONSERVATION OF ENERGY :

The Companies (disclosure particulars in the Report of Board of Directors) Rules, 1988 with regard to annexing particulars about conservation of Energy/Technical absorption do not apply to the Company.

There was no expenditure/earnings in foreign exchange during the year under report.

PARTICULARS OF EMPLOYEES :

There were no employees, employed during the year or part thereof drawing remuneration as mentioned in Section 217(2A) of the Companies Act, 1956.

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

For and on behalf of the Board of Directors,

S. K. SOMAIYA
R. VENKATARAMAN } DIRECTORS

MUMBAI : Dated 19th August, 1996.

GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have Audited the Balance Sheet of Godavari Investment and Finance Corporation Limited as at 31st March, 1996 and the Annexed Profit and Loss Account for the year ended on that date and have to 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 they appear from our examination of the Books.
3. The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the Books of Accounts;
4. In our opinion and to the best of our information and according to the explanations given to us, the accounts 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 March, 1996 and
 - (b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988, we further state that :-

1. As the Company does not have any Fixed Assets, Clause I & II of Para 4A of the Order do not apply. As the Company has not carried on any manufacturing or trading activity clause III, IV, V, VI, X, XI, XII, XIV, XVI of Paragraph 4A of the Order are not applicable to the Company.
2. As the Company has not taken any loans from anybody, clause VII of Paragraph 4A of the Order is not applicable to the Company.
3. The Company has not given any loans and / or Advances in the nature of loans to any Company, Firm and Other Parties.
4. As the Company has not invited any Deposits from Public, the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
5. As the Paid-up Capital of the Company is less than Rs. 25 lacs, Provisions of the maintenance of Internal Audit System do not apply.
6. We are informed that the Company is not covered by the Employees State Insurance Act, 1948 and Employees Provident Fund Act and therefore clause XVII does not apply.
7. According to the information and explanations given to us there are no undisputed amounts payable in respect of Income-tax, Wealth Tax, etc. which have remained outstanding as at 31st March, 1996, for a period of more than six months from the date they become payable.
8. According to the information and explanations given to us and the records of the Company examined by us no personal expenses have been charged to revenue account.
9. The Company is not a Sick Industrial Company within the meaning of Clause (0) of Sub-section (i) of Section 3 of the Sick Industrial Companies (Special Profession) Act, 1985.

FOR Y. S. MUZUMDAR & CO.
CHARTERED ACCOUNTANTS

Y. S. MUZUMDAR
Proprietor

MUMBAI : Dated 19th August, 1996

GODAVARI INVESTMENT AND BALANCE SHEET

AS AT 31ST MARCH, 1995	LIABILITIES	AS AT 31ST MARCH, 1996	
Rupees		Rupees	Rupees
5,00,000	I. AUTHORISED CAPITAL : 5,000 Ordinary (Equity) Shares of Rs.100/- each		5,00,000
1,00,000	II SUBSCRIBED CAPITAL : 2,000 Ordinary (Equity) Shares of Rs.100/- each on which Rs.50/- has been paid and called up, held by holding Company The Godavari Sugar Mills Limited		1,00,000
155	III. RESERVES AND SURPLUS ; Profit as per last Balance Sheet	3,117	
2,962	ADD : Profit during the year	3,745	
3,117			6, 862
44,624	IV CURRENT LIABILITIES AND PROVISIONS : (A) Current Liabilities : Sundry Creditors	39,123	
12,423	(B) Provision for Taxation	15,623	
57,047			54,746
	CONTINGENT LIABILITY : For A. Y. 1991-92 demand of Income Tax of Rs.5,33,867/- was raised which is disputed and contested in Appeal.		
	NOTE : The member of Employees of the Company who are in receipt of or are entitled to receive remuneration amounting in the aggregate of Rs.25,000/- or more per mensem for the whole year or any part of the year - NIL.		
1,60,164	TOTAL RUPEES :		1,61,608

Accompanying to our report of even date annexed

FOR Y. S. MUZUMDAR & CO.
CHARTERED ACCOUNTANTS

Y. S. MUZUMDAR
Proprietor

MUMBAI : Dated 19th August, 1996.

AS AT 31ST MARCH, 1996

The Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

Mumbai : Dated 19th August, 1996

GODAVARI INVESTMENT AND PROFIT AND LOSS ACCOUNT FOR

[illegible]

Accompanying to our report of even date annexed

**FOR Y. S. MUZUMDAR & CO.
CHARTERED ACCOUNTANTS**

Y. S. MUZUMDAR
Proprietor

MUMBAI : Dated 19th August, 1996.

THE YEAR ENDED 31ST MARCH, 1996

S. K. SOMAIYA } DIRECTORS
R. VENKATARAMAN }

Mumbai : Dated 19th August, 1996