

58

**THE  
GODAVARI  
SUGAR MILLS  
LIMITED**

**ANNUAL REPORT & ACCOUNTS  
1997-98**

# **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 V. B. BAGAL

(Director-Works)

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 - 400 023.



# THE GODAVARI SUGAR MILLS LIMITED

## NOTICE

Notice is hereby given that Fifty-Eighth Annual General Meeting of The Godavari Sugar Mills Limited will be held on Wednesday the 30th September, 1998 at 4.00 p.m. at the Registered Office of the Company at Fazalbhoy Building, 45/47, Mahatma Gandhi Road, Mumbai - 400 023 to transact the following business:

### ORDINARY BUSINESS :

1. To consider and adopt Audited Balance Sheet as at 31st March, 1998 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 Indubhai C. Patel who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri N. C. Sayta who retires by rotation and being eligible, offers himself for re-appointment.
5. 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.

### SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass, with or without modification, if any, the following resolution as an Ordinary Resolution :

"RESOLVED that upon the recommendation made by the Board of Directors of the Company and pursuant to Article 138 of the Articles of Association of the Company, a sum of Rs.7,20,00,000/- (Rupees Seven Crores Twenty Lacs) from the amount standing to the credit of General Reserve Account as on 31st March, 1998 be capitalised and transferred to Share Capital Account and the said sum of Rs.7,20,00,000/- be applied for allotment of bonus shares among the holders of existing 48,00,000 Equity Shares of Rs.10/- each whose names stand registered on the Register of Members as of such date as may be fixed by the Board of Directors and that such 72,00,000 new Equity Shares of Rs.10/- each credited as fully paid-up be allotted and distributed to such members as aforesaid in the proportion of

THREE such new Equity Shares for every TWO Equity Shares held by them on such date as determined and that such new Equity Shares shall rank pari passu with the Equity Shares already issued by the Company save and except that these shares shall not qualify for dividend that may be declared prior to the date on which these shares are allotted.

RESOLVED FURTHER that the Certificates in respect of the said Bonus Shares shall be completed and delivered within three months of the date allotment thereof and that no Letter of Allotment shall be issued in respect of the said Bonus Shares.

RESOLVED FURTHER that for the purpose of giving effect to this Resolution the Board of Directors be and are hereby authorised to take all necessary steps and to do such all acts and things and give such directions as may be necessary to settle any question or difficulty which may arise in regard thereto in such manner as it may think fit."

By order of the Board of Directors,

**S. K. Somaiya**  
Director

Place : Mumbai

Dated : 4th September, 1998

### 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.

An instrument of proxy in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. Members are requested to bring their copies of Notice of the meeting and produce attendance slip duly filled in for attendance at the meeting.
3. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the business under Item 6 set out above is annexed hereto.

**EXPLANATORY STATEMENT PURSUANT TO  
SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

**ITEM NO :**

6. In view of the substantial reserves of the Company and also to bring the Paid-up Share Capital of the Company more in line with the capital employed in the business, the Board of Directors has recommended capitalisation of an amount of Rs.7,20,00,000/- from the Reserves of the Company by issuing Bonus Shares in the proportion of THREE Bonus Shares for every TWO existing shares held in the Company on a date to be fixed by the Board of Directors.

Shri K. J. Somaiya and Dr. S. K. Somaiya, Directors of the Company may be deemed to be concerned or interested in the issue of Bonus Shares to the extent of their shareholding in the Company.

By order of the Board of Directors,

**S. K. Somaiya**  
Director

Place : Mumbai

Dated : 4th September, 1998



# THE GODAVARI SUGAR MILLS LIMITED

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Fifty-Eighth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 1998.

### (A) FINANCIAL RESULTS : (Rs. in lacs)

Gross Operating Profit	2,209.92
Less : Interest	984.20
Depreciation	63.34
Provision for Taxation (including Dividend Tax of Rs.12.15 lacs)	187.15
	<u>1,234.69</u>
Net Profit for the year	975.23
Less : Provisions for Cane Price (Net) & Income Tax for earlier years	643.90
	<u>331.33</u>
Adding thereto:	
Balance Profit brought forward from last year	7.30
Profit available for appropriation	<u>338.63</u>

### APPROPRIATIONS :

Dividend :

i) On Preference Shares @7.8572%	1.45
ii) On Equity Shares @25%	120.00
	<u>121.45</u>
Transfer to General Reserve	200.00
Balance carried to Balance Sheet	17.18
	<u>338.63</u>

### (B) MANUFACTURING RESULTS OF SAMEERWADI :

- (i) The results for the year reflect working of two crushing seasons i.e. part of 1996-97 and part of 1997-98. It covers the period from 1-4-1997 to 31-3-1998 the results whereof are produced below :

Period	Cane Crushed (M.T.)	Sugar Manufactured (Qtl.)
1-04-1997 to 21-5-1997	1,82,142	2,26,840
6-10-1997 to 31-3-1998	6,60,230	7,92,290
Total	8,42,372	10,19,130

The final figures of crushing and production for Crushing Season 1997-98 and comparative figures for 1996-97 are as under:-

	1997-98	1996-97
Cane Crushed (M.T.)	10,41,123	8,94,182
Sugar Manufactured (Qtl.)	12,32,140*	10,73,920
Recovery (%)	11.61	11.93

\* Includes 1,24,000 Qtls. of Raw Sugar

- (ii) At the commencement of crushing season 1997-98 the estimate of sugar production in the Country was around 115 lac tonnes. However, later as the season advanced the crushing targets were revised upwards on account of favourable climatic conditions and better availability of sugarcane. As at the end of July, 1998 the all India Sugar production was 127 lac tonnes.

Sameerwadi Factory started its crushing operations on 6th October, 1997. However, due to agitation by a section of the Cane Growers, the crushing got interrupted after 3 days. The crushing operation was resumed on the 28th of November, 1997 after a lapse of about 2 months. Notwithstanding this interruption, the total cane crushed for the season 1997-98 was 10.41 lac tonnes i.e. 1.47 lac tonnes higher than last season. The crushing would have been substantially higher i.e. about 12 lac tonnes but for the above referred interruption. The crushing operations continued upto 26th June, 1998. The total sugar produced was 12.32 lac Qtls.

The Company entered into a commitment for export of High Pol Raw-sugar and exported 1,24,000 quintals of sugar.

### (C) REVISION IN LEVY SUGAR PRICE FOR 1997-98 SEASON :

The Government of India announced on the 17th July, 1998 an increase in the Levy Price of Sugar for all the Zones. The Levy Sugar Price for North Karnataka Zone - in which Sameerwadi falls - has been increased by Rs.22.32 per qtl. i.e. Rs.993.02 per quintal for 1997-98 season against previous price of Rs.970.70 per qtl. for 1996-97 season. The revised price come into effect retrospectively for all the Sugar manufactured in 1997-98 season.

### (D) LEVY SUGAR PRICE MATTERS IN SUPREME COURT 1974-1975 TO 1979-1980 SEASONS :

In terms of the Supreme Court Order dated 28-01-1997 Government of India had requested the State Governments to furnish information in respect of the above Seasons to enable the Central Government to work out the 5A prices for all the zones. On the basis of information collected, the Central Government has already notified 5A prices for many factories. It is expected that based on such 5A prices, the Central Government will rework and renotify the Levy Price for the above seasons.

**(E) ADDITIONAL LEVY PRICE MATTERS OF ERST-WHILE LAKSHMIWADI FACTORY FOR THE SEASONS 1980-81 TO 1983-84 :**

For 1980-81 season, S.L.P. of Govt. of India against order of Delhi High Court in Company's favour is pending in Supreme Court. For seasons 1981-82 to 1983-84 Company's writ petitions are listed in Delhi High Court. The same are expected to reach for hearing in the early part of year 1999.

**(F) DELICENCING OF SUGAR INDUSTRY :**

By a Press Note dated 17th August, 1998, the Government of India announced De-licencing of Sugar Industry. As per this new Policy, no Industrial Licence is required for putting up a Sugar Unit and the distance criteria has been revised from 25 km to 15 km between two Units.

**(G) 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 25% Dividend on Equity Shares for the year ended 31st March, 1998.

**(H) BONUS EQUITY ISSUE :**

The Directors recommend issue of 3 Bonus Equity Shares for every 2 Equity Shares held by the shareholders on a date to be decided by the Board of Directors.

**(I) 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.

**(J) AUDITORS :**

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

**(K) GENERAL :**

- i) Shri Indubhai C. Patel 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 annexure 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,

S. K. SOMAIYA  
P. M. KAVADIA

Directors

Place : Mumbai

Dated : 4th September, 1998

# 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, 1998.

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

### (A) CONSERVATION OF ENERGY

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

#### FORM "A"

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year	Previous Year
<b>(A) POWER AND FUEL CONSUMPTION</b>			
<b>1. ELECTRICITY</b>			
<b>(a) Purchased</b>			
Units	KWH	5,74,914	1,30,800
Total Amount	Rs.	25,58,159	9,72,710
Rate	Rs./KWH	4.45	7.44
<b>(b) Own Generation</b>			
<b>i) Through Diesel Generator</b>			
Units	KWH	2,15,429	1,89,648
Units per Litre of Diesel Oil	KWH/Ltr.	2.97	2.06
Cost Per Unit	Rs./KWH	3.69	4.58
<b>ii) Through Steam Turbine Generator</b>			
Units	KWH	1,73,94,983	2,69,47,120
Units per K.G. of Bagasse	KWH	0.22	0.20
Cost per Unit	Rs./KWH	0.45	0.50
<b>2. COAL (IInd GRADE)</b>			
Quantity	M.T.	371.760	527.985
Total Amount	Rs.	8,18,636	11,62,239
Average Rate	Rs./M.T.	2,202	2,201
(The Coal is used for manufacture of Lime only)			



### 3. OTHERS / FOR INTERNAL GENERATION

Fire Wood	M.T.	446.900	370.665
Total Cost	Rs.	3,79,837.00	3,40,534.29
Rate / Unit	Rs./M.T.	849.94	918.71
BAGASSE			
Purchased	M.T.	NIL	NIL
Produced & Utilised for Power Generation	M.T.	2,43,457	1,30,807
Total Cost	Rs.	2,43,45,700	1,30,80,700
Rate (Average)	Rs./M.T.	100	100

### B) CONSUMPTION PER UNIT OF SUGAR PRODUCTION

Electricity	KWH/QTLS.	17.70	23.38
COAL (IInd GRADE)	M.T./QTLS.	0.0003618	0.0003654
Fire Wood	M.T./QTLS.	0.0004349	0.0003434
Bagasse	M.T./QTLS.	0.24	0.20

### 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 its efforts 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 will be installed to export about 21 MW power.

#### 4. Expenditure

i) Capital	NIL
ii) Recurring	767137
iii) Total	767137
iv) Total R & D expenditure as a percentage of total turnover.	0.06%



#### 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, and steam saving devices.

#### 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 : Rs. Nil  
FOREIGN EXCHANGE OUTGO : Rs. 10,05,551/-

By order of the Board of Directors

S. K. SOMAIYA  
P. M. KAVADIA | Directors

MUMBAI : Dated 4th September, 1998

# THE GODAVARI SUGAR MILLS LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1998

**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 and were in receipt of remuneration for the year in the aggregate of not less than Rs.3,00,000/-.

### 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	79	Whole-time Director	6,26,388	Contractual, Subject to termination by six months' notice on either side	As per Company's Rules	M.A., LL.B. About 51 years	01/09/1963	Manager, Narsee Nagsee & Co.
2.	Shri S. R. Parikh	64	Secretary and General Manager (Finance)	6,59,548	Permanent, subject to termination by one month's notice on either side	As per Company's Rules	B.Com. F.C.A. About 41 years	02/01/1960	Great Eastern Shipping Co. Ltd.
3.	Shri J. N. Patel	74	General Manager	5,76,268	Permanent, subject to termination by one month's notice on either side	As per Company's Rules	B.Sc. (Agri.) About 45 years	01/07/1953	—
4.	Shri V. B. Bagal	63	Director (Works)	3,45,458	Permanent, subject to termination by three month's notice on either side	As per Company's Rules	B.Sc.;ANSI, FSTA About 45 years	27/07/1995	Chief Executive Narmada Sugar (M.P.)

- (b) Employees of the Company who were employed for a part of the year under review and where in receipt of remuneration at a rate which in the aggregate was not less than Rs.25,000/- per month: — 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,

**S. K. SOMAIYA**  
**P. M. KAVADIA** | Directors

MUMBAI : Dated 4th September, 1998

# THE GODAVARI SUGAR MILLS LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

We have examined the attached Balance Sheet and the Profit and Loss Account annexed thereto which are in agreement with the Company's Books 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 that :-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. Physical verification of all the assets has been conducted by the management at the close of the year and no material discrepancies were noticed.
2. The Fixed Assets of the Company have not been revalued during the year.
3. 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.
4. 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.
5. 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.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchases of Raw Materials, Stores, Plant and Machineries, Equipments and Other Assets and for the sale of goods.
7. 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 : Dated 4th September, 1998

# THE GODAVARI SUGAR MILLS LIMITED

Balance Sheet as at 31st March, 1998

			(Rs. in lacs) 31-03-98	(Rs. in lacs) 31-03-97
<b>SCHEDULES</b>				
<b>SOURCES OF FUNDS:</b>				
<b>SHAREHOLDERS' FUNDS:</b>				
(a) Share Capital	1		498.51	498.51
(b) Reserves & Surplus	2		1,318.95	1,109.07
			<u>1,817.46</u>	<u>1,607.58</u>
<b>LOANS:</b>				
(a) Secured Loans	3		6,667.45	4,886.11
(b) Unsecured Loans	4		1,562.87	2,064.41
			<u>8,230.32</u>	<u>6,950.52</u>
<b>TOTAL FUNDS EMPLOYED</b>			<u>10,047.78</u>	<u>8,558.10</u>
<b>APPLICATION OF FUNDS:</b>				
<b>FIXED ASSETS:</b>				
(a) Gross Block	5	2,597.15		2,219.43
(b) Less : Depreciation		1,216.37		1,153.03
(c) Net Block			1,380.78	1,066.40
(d) Work in Progress			—	24.75
(e) Advance paid for co-generation Project			50.48	7.80
			<u>1,431.26</u>	<u>1,098.95</u>
<b>INVESTMENTS</b>	6		9.31	11.07
<b>CURRENT ASSETS</b>				
(a) Inventories	7	9,613.97		9,696.64
(b) Debtors	8	247.36		125.43
(c) Cash & Bank Balances	9	208.14		65.84
(d) Fixed Deposits	10	309.33		310.39
(e) Loans and Advances	11	1,756.68		995.59
			<u>12,135.48</u>	<u>11,193.89</u>
<b>LESS : CURRENT LIABILITIES</b>	12			
(a) Current Liabilities		2,979.47		3,409.26
(b) Provisions		549.80		336.55
		<u>3,528.27</u>		<u>3,745.81</u>
Net Current Assets			8,607.21	7,448.08
<b>TOTAL ASSETS</b>			<u>10,047.78</u>	<u>8,558.10</u>
<b>CONTINGENT LIABILITIES</b>	13			
<b>NOTES ON ACCOUNTS</b>	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)

S. K. SOMAIYA	} Directors
C. B. PURANDARE	
N. C. SAYTA	
K. PERSHAD	
I. C. PATEL	
B. V. BHOOTA	
H. J. MEHTA	
P. M. KAVADIA	
(Whole-time Director)	

MUMBAI : Dated 4th September, 1998

MUMBAI : Dated 4th September, 1998

# THE GODAVARI SUGAR MILLS LIMITED

**Profit and Loss Account for the year ended 31st March, 1998**

		(Rs. in lacs) 31-03-98	(Rs. in lacs) 31-03-97
<b>SCHEDULES</b>			
<b>INCOME:</b>			
Sales	14	14,232.42	13,216.36
Other Income	15	254.38	394.48
Increase / (Decrease) in Stock	16	(100.86)	1,820.04
		<u>14,385.94</u>	<u>15,430.88</u>
<b>EXPENDITURE:</b>			
Sugar Cane Cost		8,796.69	10,851.70
Manufacturing and Other Expenses	17	2,464.19	2,353.39
Excise Duty & Sugar Development Cess		915.14	787.78
Interest & Financial Charges	18	984.20	861.36
Depreciation	5	63.34	52.98
		<u>13,223.56</u>	<u>14,907.21</u>
<b>PROFIT BEFORE TAX :</b>		1,162.38	523.67
Provision for Taxation (Including Dividend Tax of Rs. 12.15 lacs)		187.15	209.75
Net Profit for the Year		975.23	313.92
Balance Profit brought forward from last year		7.30	3.63
		<u>982.53</u>	<u>317.55</u>
Add :- Write Back of Excess Provision of Cane Price for earlier years		24.02	85.62
		<u>1,006.55</u>	<u>403.17</u>
Less :- Provisions		187.12	138.41
- Short Provision for Taxation of earlier years		43.72	-
- Short Provision for Cane Price & Tax of 1994-95		437.08	-
- Short Provision for Cane Price & Tax of 1996-97		<u>667.92</u>	<u>138.41</u>
Profit available for appropriations		<u>338.63</u>	<u>264.76</u>
<b>APPROPRIATIONS:</b>			
Proposed Dividend			
(a) On Preference Share @7.8572%		1.45	1.46
(b) On Equity Shares @25%		120.00	96.00
General Reserve		200.00	160.00
Balance Carried to Balance Sheet		17.18	7.30
		<u>338.63</u>	<u>264.76</u>
<b>COMPUTATION OF COMMISSION PAYABLE TO WHOLE-TIME DIRECTOR / DIRECTOR (WORKS)</b>	19		
<b>NOTES ON ACCOUNTS</b>	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)

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

Directors

MUMBAI : Dated 4th September, 1998

MUMBAI : Dated 4th September, 1998



# THE GODAVARI SUGAR MILLS LIMITED

## Schedules to Balance Sheet as at 31st March, 1998

(Rs.in lacs)  
31-03-98

(Rs.in lacs)  
31-03-97

Schedules annexed to and forming part of Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended 31st March, 1998.

### 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	1096.02	931.77
Add : Transferred from investment Reserve	5.75	4.25
	<u>1,101.77</u>	<u>936.02</u>
Add : Transferred from Profit during the year	200.00	160.00
	<u>1,301.77</u>	<u>1,096.02</u>
(B) INVESTMENT ALLOWANCE RESERVE		
As per last Balance Sheet	5.75	5.75
Less : Transferred to General Reserve	5.75	-
	<u>-</u>	<u>5.75</u>
(C) PROFIT AND LOSS ACCOUNT	17.18	7.30
	<u>1,318.95</u>	<u>1,109.07</u>

# THE GODAVARI SUGAR MILLS LIMITED

Schedules to Balance Sheet as at 31st March, 1998

(Rs.in lacs)  
31-03-98

(Rs.in lacs)  
31-03-97

## 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	2,902.30	668.99
(ii) Union Bank of India	3,415.57	541.32
(iii) Working Capital Demand Loan (Bank of India)	-	1,650.00
(iv) Working Capital Demand Loan (Union Bank of India)	-	1,650.00
	6,317.87	4,510.31

(b) Term Loan :

(i) Bank of India	-	8.47
(ii) Union Bank of India	-	8.71
	-	17.18

(c) Working Capital Term Loan

Bank of India	-	16.48
	-	16.48

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

- 0.98

(e) Funded Interest Term Loan A/c. III

(i) Bank of India	-	0.60
(ii) Union Bank of India	-	0.60
	-	1.20

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

- 4.20

6,317.87 4,550.35

Hire Purchase Finance

349.58 335.76

6,667.45 4,886.11

## 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

1,542.87 2,044.41

1,562.87 2,064.41

# THE GODAVARI SUGAR MILLS LIMITED

Schedules to Balance Sheet as at 31-03-1998

## SCHEDULE 5 FIXED ASSETS

(Rs. in lacs)

PARTICULARS	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Gross Block as on 1st April, 1997	Additions during the year	Deletion during the year	Gross Block as on 31st March, 1998	Depreciation Written off upto 31st March, 1997	Depreciation Written off during the year	Total Depreciation upto 31st March, 1998	Net Depreciated Block as at 31st March, 1998	Net Depreciated Block as at 31st March, 1997
Freehold Land		15.80	—	—	15.80	—	—	—	15.80	15.80
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		331.97	60.96	—	392.93	107.23	6.91	114.14	278.79	224.74
Temporary Quarters		6.36	—	—	6.36	3.86	0.05	3.91	2.45	2.50
Temporary Quarters at Farms		1.41	—	—	1.41	1.24	—	1.24	0.17	0.17
General Machinery		1,389.40	209.66	—	1,599.06	875.16	35.45	910.61	688.45	514.24
Electrical Machinery		196.52	24.07	—	220.59	53.75	9.41	63.16	157.43	142.77
Agricultural Machinery		13.22	2.02	—	15.24	8.60	0.25	8.85	6.39	4.62
Electrical Installation & Fittings		11.65	—	—	11.65	10.07	0.27	10.34	1.31	1.58
Furniture & Office Equipments		54.27	22.31	—	76.58	21.43	2.50	23.93	52.65	32.84
Weigh Bridges		26.89	—	—	26.89	12.36	0.92	13.28	13.61	14.53
Molasses & Other Storage Tanks		32.52	—	—	32.52	21.03	0.68	21.71	10.81	11.49
Motor Cars, Lorries & Cycles		62.20	36.32	—	98.52	23.79	4.61	28.40	70.12	38.41
Carts & Trucks		4.57	—	—	4.57	0.33	0.01	0.34	4.23	4.24
Laboratory Apparatus		3.29	—	—	3.29	1.54	0.10	1.64	1.65	1.75
Roads, Drainage & Tube Wells		33.97	5.24	—	39.21	5.11	0.50	5.61	33.60	28.86
Dead Stock		2.04	—	—	2.04	1.23	0.04	1.27	0.77	0.81
Library		0.07	—	—	0.07	0.06	—	0.06	0.01	0.01
Irrigation Lifts		4.30	—	—	4.30	3.98	0.02	4.00	0.30	0.32
Live Stock		0.53	0.24	—	0.77	0.25	—	0.25	0.52	0.28
Computers		25.94	16.90	—	42.84	1.90	1.62	3.52	39.32	24.04
<b>TOTAL :</b>		<b>2,219.43</b>	<b>377.72</b>	<b>—</b>	<b>2,597.15</b>	<b>1,153.03</b>	<b>63.34</b>	<b>1,216.37</b>	<b>1,380.78</b>	<b>1,066.40</b>



# THE GODAVARI SUGAR MILLS LIMITED

Schedules to Balance Sheet as at 31st March, 1998

(Rs.in lacs)  
31-03-98

(Rs.in lacs)  
31-03-97

## SCHEDULE 6 - 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 Certificates deposited with Electricity Department, Bhopal

0.03                      0.04

(ii) National Savings Certificates deposited with Excise

Commissioner, U.P. and Hydro Electric Division, Gorakhpur.

0.02                      0.01

(iii) 4½% U.P. State Development Loan of 1972 (Face Value Rs.2,000/-)

0.02                      0.02

(iv) Investment in bonds of Krishna Jal Nidhi Nigam Ltd., Bangalore

5.00                      5.00

(v) Bank of India Equity shares

3.24                      5.00

(vi) Application money in shares of Padmanabh Agencies

Pvt. Ltd. Rs.240/- (Previous Year Rs. Nil)

—                      —

8.31                      10.07

9.31                      11.07

## SCHEDULE 7 - INVENTORIES :

(i) Stores, Chemicals and Spares (at cost as per inventories valued and certified by a Director)

423.84                      412.56

In Transit

14.54                      7.64

438.38                      420.20

(ii) Stock-in-trade (as per Inventories valued and certified by a Director)

(a) Sugar at Cost or Market Price whichever is lower

8,905.53                      9,098.67

(b) Sugar in Process at Cost

93.72                      92.16

(c) Molasses at Market Rate

144.32                      63.60

(d) Bagasse

17.92                      3.23

(e) Foodgrain / Jaggery at Cost

14.10                      12.85

(f) Sugar Cane

—                      5.93

9,175.59                      9,276.44

9,613.97                      9,696.64

## SCHEDULE 8 - SUNDRY DEBTORS :

Sundry Debtors (Unsecured and considered good except otherwise stated)

(a) Debts Outstanding for more than six months

67.19                      56.02

(b) Other Debts

180.17                      69.41

247.36                      125.43

## SCHEDULE 9 - CASH AND BANK BALANCES :

(a) Cash, Cheques and Drafts on hand and in transit (including Stamp on hand Rs.42,007/-)

161.95                      17.36

(b) In Current Account with Scheduled Banks

44.21                      47.30

(c) In Current Account with Non-scheduled Bank: Bijapur District Central Co-op. Bank Ltd., Mahalingpur (Maximum balance during the year Rs.20,18,498/- previous year Rs.19,43,649/-)

1.93                      1.13

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

0.05                      0.05

208.14                      65.84

## SCHEDULE 10 - FIXED DEPOSITS :

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

293.96                      307.14

Accrued Interest on above

15.37                      3.25

309.33                      310.39

# THE GODAVARI SUGAR MILLS LIMITED

Schedules to Balance Sheet as at 31st March, 1998	(Rs.in lacs) 31-03-98	(Rs.in lacs) 31-03-97
<b>SCHEDULE 11 - LOANS AND ADVANCES :</b>		
(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 Company Rs.4,07,570/-) (Maximum Debit balance during the year Rs.2,89,182/-. Amount in dispute Rs.1,86,801/- towards due for Central Excise Duty.)	704.52	480.46
Considered Doubtful	0.64	0.64
	705.16	481.10
Less : Provision for Doubtful Advances	0.64	0.64
	704.52	480.46
Advance Income Tax (includes Income Tax Deducted at Source)	875.11	348.52
Deposit with High Court & Others	46.88	43.64
Interest, etc. on Hire Purchase Finance	128.86	121.66
Levy Sugar Price Difference	1.31	1.31
	1,052.16	515.13
	1,756.68	995.59
<b>SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS:</b>		
<b>(A) CURRENT LIABILITIES :</b>		
(i) Sundry Creditors	2,973.47	3,402.63
(ii) Advance from Customers against sale of Land	4.31	4.31
(iii) Due to Whole-time Director	1.54	2.17
(iv) Liability for Income Tax	0.15	0.15
	2,979.47	3,409.26
<b>(B) PROVISIONS:</b>		
(i) Proposed Dividend		
(a) On Preference Shares	1.45	1.46
(b) On Equity Shares	120.00	96.00
	121.45	97.46
(ii) Provision for Taxation	415.20	229.34
(iii) Provision for Dividend Tax	12.15	9.75
	427.35	239.09
	548.80	336.55
	3,528.27	3,745.81
<b>SCHEDULE 13 - CONTINGENT LIABILITIES (Not Provided for):</b>		
(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.	17.37	17.37

# THE GODAVARI SUGAR MILLS LIMITED

Schedules to Profit and Loss A/c. for the year ending 31st March, 1998		(Rs.in lacs) 31-03-98	(Rs.in lacs) 31-03-97
<b>SCHEDULE 14 - SALES :</b>			
Sugar		13,803.90	13,050.85
Molasses		428.36	158.13
Sugar Cane		0.16	7.38
		<u>14,232.42</u>	<u>13,216.36</u>
<b>SCHEDULE 15 - OTHER INCOME :</b>			
Sundry Receipts		62.94	129.53
Income from Immovable Property		2.65	6.05
Sundry Receipts being Market Value of Farm Produce etc.		9.05	8.53
Sundry Credit Balances Written Back		0.04	2.40
Claims and Refund		0.52	-
Interest on Fixed Deposits and Others		26.16	143.66
Subsidy towards Interest, Storage & Insurance Charges on Bufferstock		152.92	64.02
Claims realised on loss of Bagasse in fire		-	16.12
Dividend		0.10	-
Profit on sale of land		-	24.17
		<u>254.38</u>	<u>394.48</u>
<b>SCHEDULE 16 - INCREASE IN STOCK :</b>			
Closing Stock :			
Sugar	8,905.53		9,098.67
Sugar-in-process	93.72		92.16
Molasses	144.32		63.60
Bagasse	17.92		3.23
Sugarcane / Jaggery	3.00		5.93
Food Grain	11.10		12.85
		9,175.59	9,276.44
Less : Opening Stock :			
Sugar	9098.67		7,315.08
Sugar-in-process	92.16		75.99
Molasses	63.60		34.29
Bagasse	3.24		22.93
Sugarcane	5.93		3.89
Food Grain	12.85		4.22
		9,276.45	7,456.40
		<u>(100.86)</u>	<u>1,820.04</u>



# THE GODAVARI SUGAR MILLS LIMITED

Schedules to Profit and Loss A/c. for the year ending 31st March, 1998

(Rs.in lacs)  
31-03-98

(Rs.in lacs)  
31-03-97

## SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES :

### MANUFACTURING EXPENSES :

Power and Fuel	53.39	27.22
Packing Forwarding and Storage	295.89	412.05
Stores, Chemicals and Spare Parts consumed	163.80	231.99
Lease Rent	32.92	33.75
Insurance Premium	34.38	42.40
Agricultural Development Expenses	22.68	13.38
Expenses on Scientific Research	7.67	9.86
Contribution to Scientific Research Institution	15.00	15.00
Outstanding Claims for Central Excise Duty written off	-	0.88
	<u>625.73</u>	<u>786.53</u>

### REPAIRS AND MAINTENANCE :

Plant and Machinery	414.67	305.96
Buildings	43.58	28.40
Others	15.82	12.99
	<u>474.07</u>	<u>347.35</u>

### EMPLOYEES REMUNERATION AND BENEFITS :

Salaries, Wages and Bonus	764.25	753.15
Contribution to Provident Fund & Other Fund	58.94	49.12
Welfare Expenses	61.74	41.61
Workmen Compensation	1.20	-
Group Gratuity Insurance Premium	18.00	16.91
	<u>904.13</u>	<u>860.79</u>

### OFFICE AND ESTABLISHMENT EXPENSES :

Rent	10.72	31.96
Rates and Taxes	54.68	21.83
Miscellaneous Expenses	244.83	184.64
Telephone Expenses	56.05	43.11
Travelling Expenses	47.02	38.66
Legal and Professional Charges	21.65	20.37
Guarantee Commission	0.49	0.64
Charity and Donation	4.49	2.52
Cost Audit Fees and Travelling Expenses	0.10	0.10
Sundry Debit Balances Written Off	0.02	0.03
	<u>437.05</u>	<u>343.86</u>

### AUDITORS' REMUNERATION :

Audit Fees	0.20	0.20
Tax Audit Fees	0.08	0.08
Auditors' Travelling Expenses	0.10	0.07
	<u>0.38</u>	<u>0.35</u>

### DIRECTORS' REMUNERATION, FEES AND TRAVELLING EXPENSES :

Remuneration	6.92	4.86
Fees	0.25	0.20
Travelling - (including Foreign Travelling of Rs.7.33 lacs)	15.66	9.45
	<u>22.83</u>	<u>14.51</u>
	<u>2,464.19</u>	<u>2,353.39</u>

# THE GODAVARI SUGAR MILLS LIMITED

## Schedules to Profit and Loss A/c. for the year ending 31st March, 1998

(Rs.in lacs)  
31-03-98

(Rs.in lacs)  
31-03-97

### SCHEDULE 18 - INTEREST:

Cash Credit Account	863.13	801.81
Fixed Loans	67.47	25.69
Debentures	1.20	1.20
Other Loans	10.07	1.31
Hire Purchase Finance	42.33	31.35
	<u>984.20</u>	<u>861.36</u>

### SCHEDULE 19 - COMPUTATION OF REMUNERATION OF WHOLE-TIME DIRECTOR / DIRECTOR (WORKS) :

Net Profit as per Profit and Loss Account	975.23	399.54
Add:		
i) Remuneration to Directors	7.58	4.86
ii) Depreciation	<u>63.34</u>	<u>52.98</u>
	70.92	57.84
	<u>1,046.15</u>	<u>457.38</u>
Less : Depreciation to the extent specified in Section 350 of Companies Act, 1956	63.34	52.98
	<u>982.81</u>	<u>404.40</u>
Commission @1% on the Net Profit	9.83	4.04
As per Agreement Limited to	<u>1.54</u>	<u>1.00</u>

### Total Managerial Remuneration:

	Whole-time Director	Director (*) Works	Total	
Remuneration	3.52	1.47	4.99	3.50
Commission	1.25	0.29	1.54	1.25
Company's Contribution to Provident Fund	0.48	0.18	0.66	0.35
Perquisites	0.22	0.17	0.39	0.11
	<u>5.47</u>	<u>2.11</u>	<u>7.58</u>	<u>5.21</u>
As per Agreement Limited to	1.25	0.29	<u>1.54</u>	<u>1.00</u>

(\*) With effect from 02-09-1997

# THE GODAVARI SUGAR MILLS LIMITED

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1998

## SCHEDULE 20

### NOTES : (1) SIGNIFICANT ACCOUNTING POLICIES:

- a) System of Accounting:
    - i) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except bonus which is debited on payment basis.
    - ii) Financial Statements are based on historical costs.
    - iii) Fixed Assets are carried at cost of acquisition or construction.
    - iv) Investments are valued at cost of acquisition.
  - b) The Liability as on 31-3-1998 for accrued gratuity to employees under the payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs.2,28,57,102/-. The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India.
  - c) 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 1994-95 (Assessment Year 1995-96) have been completed and the demands have been paid although disputed and pending in appeals.
  - (3) Depreciation on Fixed Assets has been provided on W.D.V. Method upto 30.9.95 and thereafter on S.L.M.
  - (4) Closing Stock of Sugar is valued at cost or market value whichever is lower.
  - (5) No Provision has been made in the Accounts for following Disputed Liabilities.
    - A) In respect of Sameerwadi Factory :-
      - a) Show Causes Notice for Rs.43.59 lacs and Rs.42.02 lacs for period 1-4-1990 to 31-3-1991 and 1-4-1991 to 31-3-1992 respectively by Dy. Commissioner of Commercial Taxes (Intelligence), Belgaum by SUO MOTO revision for payments of Cane Purchase Tax on Harvesting and Transport Charges as the Department has not taxed the same in assessments completed for subsequent years also.
      - b) 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.
      - c) 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.
    - B) In respect of erstwhile Sakarwadi and Lakshmiwadi Factories :-  
Sales Tax, Interest and Penalties of Rs.209.33 lacs on sale of plant and machineries of erstwhile factories at Sakarwadi and Lakshmiwadi were assessed and disputed in appeals. This Liability is covered by agreement with the purchasers as recoverable from them.
  - (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.	4 (3)	20,50,295 (12,32,363)	1,57,367 (90,500)
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:

Name of the Factory					Licensed Capacity M.T.	Installed and utilised Capacity as certified by the Factory Manager M.T.		
Sameerwadi					6,440	5,000		
Goods Manufactured	Opening Stock		Production Quantity M.T.	Quantity sent for reprocessing and loss due to Drilage M.T.	Sales		Closing Stock	
	Quantity M.T.	Value Rs.			Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
Sugar	92,290.9 (73,122.6)	90,98,67,289 (73,15,08,128)	1,01,913.0 (1,36,904.5)	1,750.8 (683.4)	1,12,252.1 (1,17,052.8)	1,38,03,90,412 (1,30,50,85,127)	80,201.0 (92,290.9)	89,05,53,286 (90,98,67,289)
Molasses	13,579.939 (12,961.254)	63,60,447 (34,29,332)	30,092.430 (43,572.060)	NIL (NIL)	29,622.850 (42,953.375)	4,28,35,520 (1,58,13,448)	14,049.519 (13,579.939)	1,44,31,961 (63,60,447)

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	8,42,372		81,71,21,970	11,97,943		1,01,72,49,883
	Imported	Value Rs.		%	Value Rs.		%
	Indigenous	NIL		NIL	NIL		NIL
		1,63,79,980		100%	2,31,99,205		100%
		1,63,79,980		100%	2,31,99,205		100%

## C.I.F. Value of Imports

	Current Year	Previous Year
i) Raw Materials	NIL	NIL
ii) Stores and Spares	NIL	NIL
iii) Capital Goods	NIL	NIL
8) Expenses incurred in Foreign Currency	Rs.10,05,551/-	Rs.3,73,535/-

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.

Note : Figures of previous year have been re-grouped and re-cast wherever necessary.

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)

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

Directors

MUMBAI : Dated 4th September, 1998

# THE GODAVARI SUGAR MILLS LIMITED

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.

2945

State Code 11

Balance Sheet Date

31 03 98

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

Public Issue

Nil

Right Issue

Nil

Bonus Shares

Nil

Private Placement

Nil

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

Total Liabilities

13,57,605

Total Assets

13,57,605

Sources of Funds

Paid-up Capital

49,851

Reserves & Surplus

1,31,895

Secured Loans

6,66,745

Unsecured Loans

1,56,287

Application of Funds

Net Fixed Assets

1,43,126

Investments

931

Net Current Assets

8,60,721

Misc. Expenditure

Nil

Accumulated Losses

Nil

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover & other income

14,38,594

Total Expenditure

13,22,356

+/- Profit/Loss Before Tax

+ 1,16,238

+/- Profit/ Loss After Tax

+ 97,523

Earning per Share in Rs.

20.32

Dividend rate%

25

### V. 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)

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

Directors

MUMBAI : Dated 4th September, 1998

MUMBAI : Dated 4th September, 1998

# 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, 1998.
- (2) GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED earned a profit of Rs.17,504/- after providing Rs.4,041/- for taxation for the year ended 31st March, 1998. After adding previous year's carried forward profit of Rs.8,558/- and after providing Dividend Tax of Rs.1,000/- of earlier year, the profit comes to Rs.25,062/-. 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, 1998.

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

S. K. SOMAIYA	} Directors
C. B. PURANDARE	
N. C. SAYTA	
K. PERSHAD	
I. C. PATEL	
B. V. BHOOTA	
H. J. MEHTA	
P. M. KAVADIA	
(Whole-time Director)	

MUMBAI : Dated 4th September, 1998



# **GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED**

## **DIRECTORS' REPORT**

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

Your Directors submit herewith their Forty-third Annual Report and Audited Accounts of the Company for the year ended 31st March, 1998.

The working of the Company for the year resulted in a Profit of Rs.17,504/-, after providing for taxation of Rs.4,041/- .After adjusting the previous year's Profit of Rs.8,558/- and after providing Dividend Tax of Rs.1,000/- of earlier year, the total Profit comes to Rs.25,062/- which has been carried to the next year. The Directors do not recommend any dividend for the year.

### **DIRECTORS :**

Dr. S. K. Somaiya retires by rotation and being eligible, offer himself for re-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 3rd September, 1998.

# 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, 1998 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, 1998 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, 1998, 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 3rd September, 1998

# GODAVARI INVESTMENT AND BALANCE SHEET

AS AT 31ST MARCH, 1997	LIABILITIES	AS AT 31ST MARCH, 1998
Rupees		Rupees      Rupees
5,00,000	I. <b>AUTHORISED CAPITAL :</b> 5,000 Ordinary (Equity) Shares of Rs.100/- each	5,00,000
1,00,000	II <b>SUBSCRIBED CAPITAL :</b> 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
1,400 8,558	III. <b>RESERVES AND SURPLUS :</b> General Reserve created during the year Profit & Loss Account	1,400 25,062
9,958		26,462
38,376 18,123 10,000	IV <b>CURRENT LIABILITIES AND PROVISIONS :</b> (A) Current Liabilities : Sundry Creditors (B) Provision for Taxation (C) Proposed Dividend	40,776 22,164 —
66,499		62,940
	<b>CONTINGENT LIABILITY :</b> For A. Y. 1991-92 demand of Income Tax of Rs.5,33,867/- was raised which is disputed and contested in Appeal.	
	<b>NOTE :</b> 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.	
1,76,457	TOTAL RUPEES :	1,89,402

Accompanying to our report of even date annexed

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

**Y. S. MUZUMDAR**  
Proprietor



# FINANCE CORPORATION LIMITED

AS AT 31ST MARCH, 1998

AS AT 31ST MARCH, 1997	ASSETS	AS AT 31ST MARCH, 1998		
Rupees		Rupees	Rupees	Rupees
7,200	I. INVESTMENT (AT COST UNQUOTED) 200 Fully paid up Equity Shares of Mamli Private Limited			7,200
300	II. CURRENT ASSETS, LOANS AND ADVANCES :			
21,389	(A) CASH AND BANK BALANCES :			
	Cash on Hand	200		
	In Current Account with a Schedule Bank	34,434		
21,689			34,634	
	(B) LOANS AND ADVANCES :			
	(Secured and considered good as Certified by a Director except otherwise stated)			
4,338	(i) Loans to Cane Growers		4,338	
29,000	(ii) Deposits		29,000	
101	(iii) Advances recoverable in Cash or Kind		101	
3,517	(iv) Advance Income Tax		3,517	
1,00,000	(v) Income Tax for A. Y. 1991-92		1,00,000	
10,612	(vi) Income Tax deducted at source		10,612	
1,69,257				1,82,202
1,76,457	TOTAL RUPEES :			1,89,402

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

S. K. SOMAIYA  
R. VENKATARAMAN

DIRECTORS

Mumbai : Dated 3rd September,1998

# GODAVARI INVESTMENT AND

## PROFIT AND LOSS ACCOUNT FOR

FOR THE YEAR ENDED 31ST MARCH, 1997		FOR THE YEAR ENDED 31ST MARCH, 1998
Rupees		Rupees
1,200	To Salary	1,200
850	To Profession Tax	1,000
402	To Miscellaneous Expenses	1,250
1,200	To Office Rent	1,200
500	To Audit Fees	500
2,500	To Provision for Taxation	4,041
13,096	To Profit carried down	17,504
19,748	<b>TOTAL RUPEES :</b>	26,695
1,400	To General Reserve	-
10,000	To Proposed Dividend	-
-	To Dividend Tax of earlier year	1,000
8,558	To Profit carried to Balance Sheet	25,062
19,958	<b>TOTAL RUPEES :</b>	26,062

Accompanying to our report of even date annexed

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

MUMBAI : Dated 3rd September, 1998

**Y. S. MUZUMDAR**  
Proprietor

**THE YEAR ENDED 31ST MARCH, 1998**

**S. K. SOMAIYA** | **DIRECTORS**  
**R. VENKATARAMAN**

31