

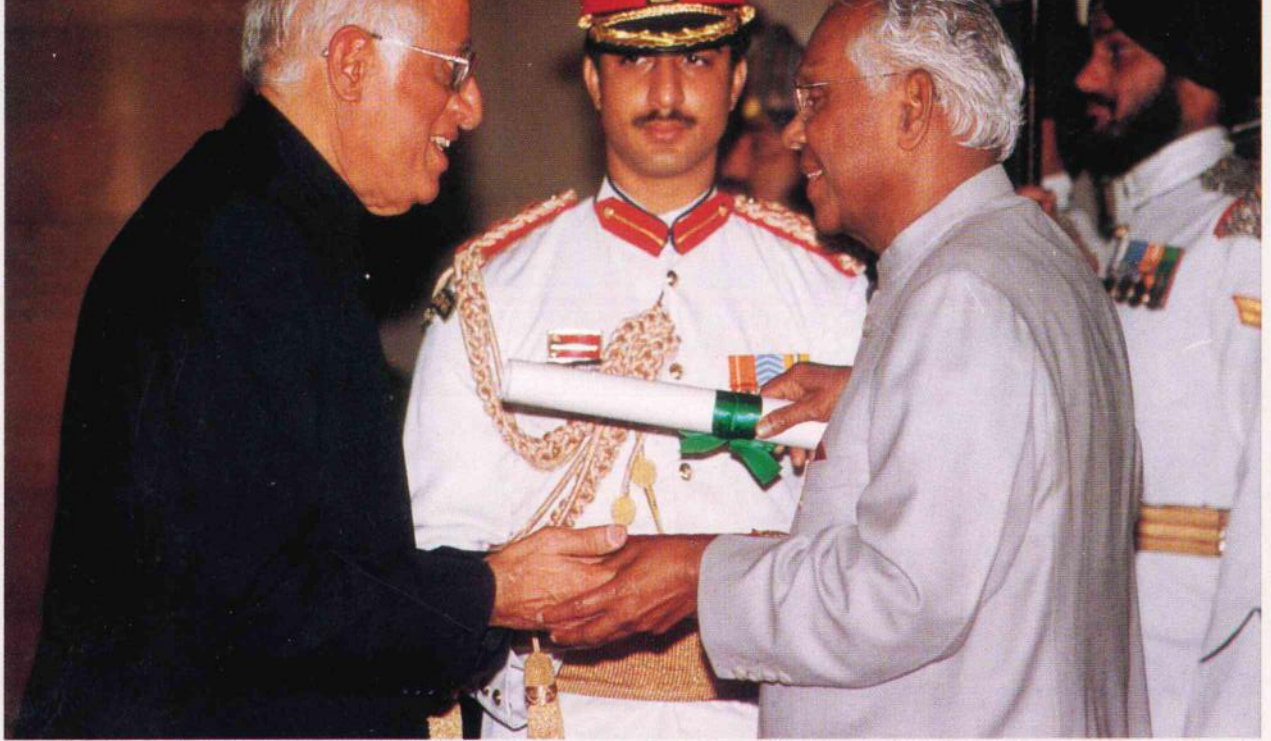
A photograph of a sugarcane field, showing tall green stalks with long, narrow leaves. The stalks are arranged in rows, and the background is slightly blurred, emphasizing the plants in the foreground.

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**THE
GODAVARI
SUGAR MILLS
LIMITED**

**ANNUAL REPORT
1999-2000**

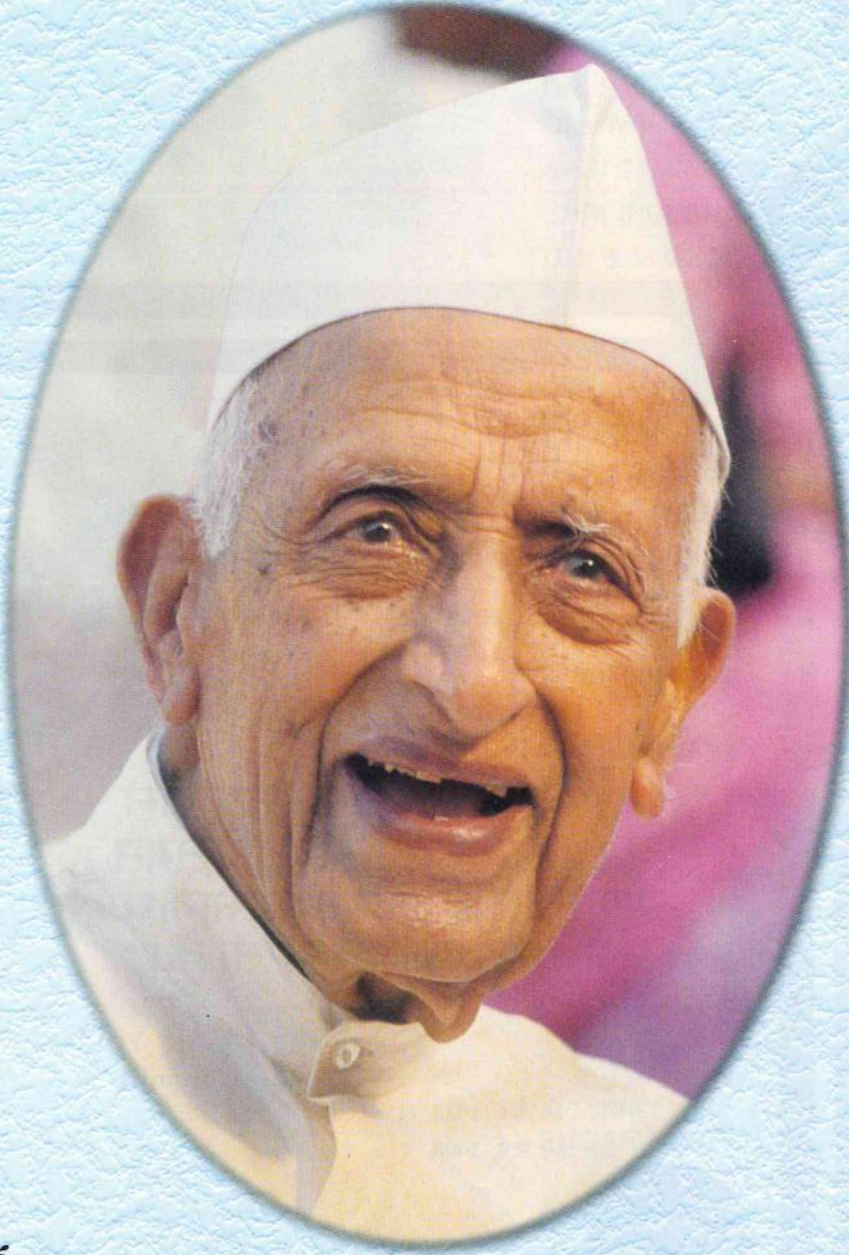
Somaiya



Late Shri Karamshibhai Jethabhai Somaiya,
Who was an outstanding Industrialist, Humanist, Philanthropist &
a visionary and Founder of Educational complexes, Somaiya Vidyavihar,
Somaiya Ayurvihar & Girivanavasi Pragati Mandal, was posthumously awarded the
"PADMA BHUSHAN" on Republic Day, 2000.

H.E. Shri K.R. Narayanan, President of India,
is giving the **"PADMA BHUSHAN"** Award
on behalf of late Shri Karamshibhai Jethabhai Somaiya to
his son Dr. Shantilal K. Somaiya on Thursday,
30-3-2000 in the Darbar Hall of
Rashtrapati Bhavan at New Delhi.

Respected Teacher
Late Puja Shri Karamshibhai J. Somaiya



* 16-5-1902 *

* 9-5-1999 *

“न त्वहं कामये राज्यं, न स्वर्गं नापुनर्भवम् ।
कामये दुःखतप्तानां प्राणिनामार्तिनाशनम् ॥”

*“Neither do I aspire for Kingdom nor for heaven, nor do I desire to be free from rebirth;
my only prayer is to alleviate the sufferings of all beings afflicted by pain!”*



करमशी जेठाभाई सोमैया
(मरणोपरांत)

मैं, भारत का राष्ट्रपति,
के० आर० नारायणन, व्यक्तिगत
गुणों के लिए आपके सम्मानार्थ,
पद्म भूषण प्रदान करता हूँ।

नई दिल्ली
दिनांक 10 चैत्र, 1922
30 मार्च, 2000

के० आर० नारायणन
राष्ट्रपति



Board of Directors :

SHRI K. J. SOMAIYA (Passed away on 9 - 5 - 99)

DR. S. K. SOMAIYA

Chairman & Managing Director (From 1 - 6 - 99)

SHRI SAMIR S. SOMAIYA (From 22 - 11 - 99)

SHRI INDUBHAI C. PATEL

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 P. M. KAVADIA

(Whole-time Director)

SHRI V. B. BAGAL

(Director-Works)

Secretary and General Manager (Finance)

SHRI S. R. PARIKH

Bankers and Institutions

ANDHRA BANK

BANK OF INDIA

UNION BANK OF INDIA

INDUSTRIAL DEVELOPEMENT BANK OF INDIA

SICOM LTD.

SUGAR DEVELOPMENT FUND

Solicitors :

MULLA & MULLA AND CRAIGIE BLUNT AND CAROE

Auditors :

AMBALAL THAKKAR & CO.

Registered Office :

FAZALBHOY BUILDING,

45/47, MAHATMA GANDHI ROAD,

FORT, MUMBAI - 400 001.

General Meeting of the THE GODAVARI SUGAR MILLS LIMITED, will be held on Friday, the 29th September, 2000 at 3.00 p.m. at Registered Office of the Company at Fazalbhoj Building, 4th Floor, 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, 2000 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To confirm Interim-cum-Final Dividend.
3. To appoint a Director in place of Shri N. C. Sayta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri B. R. Barwale, 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, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Pursuant to section 257 and other applicable provisions, if any, of the Companies Act, 1956 Shri Samir S. Somaiya be and is hereby appointed as Director, liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, the Authorised Share Capital of the Company be and is hereby increased from Rs. 20,00,00,000/- (Rupees Twenty Crores) divided into 1,93,00,000 (One Crore Ninety-three Lacs) Ordinary (Equity) Shares of Rs. 10/- (Rupees Ten) each, 20,000 (Twenty Thousand) 7.8572% per annum Redeemable Cumulative Second Preference Shares of Rs. 100/- (Rupees One Hundred) each and 50,000 (Fifty Thousand) 9.5% per annum Redeemable Cumulative Third Preference Shares of Rs. 100/- (Rupees One Hundred) each to Rs. 40,00,00,000/- (Rupees Forty Crores) divided

(Equity) Shares of Rs. 10/- (Rupees Ten) each and 15,00,000 (Fifteen Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each and consequently the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the same and substituting in its place and stead, the following as new clause V of the Memorandum of Association of the Company, viz.

- V. The Authorised Share Capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Ordinary (Equity) Shares of Rs. 10/- (Rupees Ten) each and 15,00,000 (Fifteen Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each, with such rights, privileges and conditions attached thereto as may be provided by the Articles of Association of the Company with the power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges and conditions as may be permissible at law and/or determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 31 and all other applicable provisions, if any, of the Companies Act, 1956 for the time being in force, the existing Articles 4, 6 and 6A of the Articles of Association of the Company relating to Share Capital be and are hereby altered by deleting the same and substituting in their place and stead, the following as new Articles 4, 6 and 6A of the Articles of Association of the Company, viz.

4. The Authorised Share Capital of Company is Rs. 40,00,00,000/- (Rupees Forty Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Ordinary (Equity) Shares of Rs. 10/- (Rupees Ten) each and 15,00,000 (Fifteen Lacs) Preference Shares of Rs. 100/- (Rupees One Hundred) each, and such rights, privileges and conditions shall be attached thereto respectively, as may be provided, with

privileges and conditions as may be permissible at law and/or determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

6. "Deleted"

6A. "Deleted"

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 80, 80A and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company, and subject to such approvals, consents, permissions and/or sanctions of all concerned authorities, if any to the extent necessary, and subject to such conditions and modifications as may be prescribed or imposed by the authority in granting such approval, consent, permission or sanction, and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee which the Board may constitute to exercise its power including the powers conferred by this resolution), at its sole discretion, the consent of the Company be and is hereby accorded to the Board and the Board be and is hereby authorised to create, offer and issue such number of Preference Shares of the Company of the face value of Rs. 100/- each not exceeding 11,00,000 in number as may be required for subscription for cash at par and offer thereof, to any person or concern whether through Public issue, Right issue, private placement, preferential allotment, exchange of securities, conversion of loans or otherwise, in such combination and upon such terms and conditions as may be deemed appropriate by the Board, at its absolute discretion and in the best interest of the Company, provided that the total value of the above mentioned issue should not be more than Rs. 11 Crores.

RESOLVED FURTHER THAT the Board be and is also hereby authorised to determine and fix all the terms and conditions attached to and issue of the Preference Shares as aforesaid including fixing of the rate of dividend payable thereon and the period of redemption thereof as it may deem fit.

RESOLVED FURTHER THAT the Company shall be entitled to redeem the said Preference Shares out of the profits or out of proceeds of a fresh issue of shares made for this purpose, within a period of ten year from the date of issue.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take such steps and do and perform all such acts, deeds, matters and things, and accept any alteration or modification as it may deem fit and proper and give such direction as it may in its absolute discretion deem necessary, proper or desirable or as may be incidental or ancillary and to settle any question, difficulty or doubt that may arise in regard to the offer/issue allotment and utilisation of the proceeds of issue as it may in its absolute discretion deem fit in order to give effect to this resolution without being required to obtain any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors,

S. S. Somaiya
Director

PLACE : MUMBAI

DATED : 31st August, 2000

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 No. 6 to 9 set out above is annexed hereto.

appointed as Additional Director of the Company in the Board Meeting held on 22nd November, 1999. Shri Samir S. Somaiya was appointed as Technical and Management Adviser of the Company in the 55th Annual General Meeting of the Company. Shri Samir S. Somaiya is related to Dr. S. K. Somaiya, Chairman & Managing Director of the Company.

The Company has received Notice u/s. 257 of the Company's Act 1956 from a member, alongwith deposit of Rs. 500/- proposing his candidature for the office of the Director.

Considering the Educational Qualifications of Shri Samir S. Somaiya and services rendered till date, the Directors commend the resolution set out at Item No. 6 of the Notice for the approval of the Shareholders.

None of the Directors, except Dr. S. K. Somaiya, Chairman & Managing Director of the Company being the father of Shri Samir S. Somaiya and Shri Samir S. Somaiya himself are considered interested in the resolution.

7&8. With the expanding activities of the Company, the need has arisen for further issue of Capital and it is necessary to increase the Authorised Share Capital of the Company from Rs. 20,00,00,000/- to Rs. 40,00,00,000/- in the manner and to the extent set out in the resolution as per Item No. 7 of the accompanying notice.

The Memorandum and Articles of Association of the company earlier provided for 7.8572% Cumulative Preference shares and 9½% Cumulative Preference shares all of which have since being redeemed and consequently provisions in respect thereof are redundant and are being deleted and/or substituted by the proposed resolution.

Consequent upon the proposed increase in the Authorised Share Capital of the Company the

of Memorandum of Association and for increasing the share capital of the company, Company has to pass Ordinary Resolution in General Meeting. The above Resolution at Item No. 7 is for increasing the Authorised Share Capital of the company and for alteration of Capital Clause in Memorandum of Association and above Resolution at Item No. 8 is for the consequent alteration in the Articles of Association of the Company.

The Board commends the Resolutions at Item Nos. 7 and 8 for approval of Shareholders.

None of the Directors, except to the extent of their Shareholding in the Company, are concerned or interested in the said Resolution.

9. For Loan of Rs. 40 Crores sanctioned by Industrial Development Bank of India for Cogeneration Project of Company at Sameerwadi, one of the condition is that Company has to bring part of promoter's contribution by issue of Preference Shares. Accordingly the Board has decided to issue 11,00,000 Preference Shares of the Company on Private Placement / Preferential Basis.

The Board commends the resolution at Item No. 9 for your favourable consideration.

None of the Directors are interested in the said Resolution except to the extent of any private placement or preferential allotment of Preference Shares to them or to any of the concerns in which they may be interested.

By Order of the Board of Directors,

S. S. Somaiya
Director

PLACE : MUMBAI.

DATED : 31st August, 2000.

Founder of the Group, and former Chairman of the Company, late Shri K. J. Somaiya who passed away on 9-5-1999 was honoured with the award of "Padmabhushan" posthumously.

While entering the New Millennium and Diamond Jubilee year of your Company, Directors have pleasure in presenting their Sixtieth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2000.

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

Turnover	14,660.15
Gross Operating Profit	<u>2,446.66</u>
Less : Interest	1,325.99
Depreciation	206.54
Provision for Taxation	<u>300.00</u>
	<u>1,832.53</u>
Net Profit for the year	614.13
Less : Prior Period Expenses	<u>100.17</u>
	513.96
Adding thereto:	
Balance Profit brought forward from last year	<u>14.52</u>
Profit available for appropriation	<u><u>528.48</u></u>

APPROPRIATIONS :

Interim Dividend on Equity Shares @12.50%160.32 (Pro-rata for the fresh Capital)	
Corporate Dividend Tax	17.63
Transfer to General Reserve	300.00
Balance carried to Balance Sheet	<u>50.53</u>
	<u><u>528.48</u></u>

(B) MANUFACTURING RESULTS OF SAMEERWADI :

- (i) The results for the year reflect working of two crushing seasons i.e. part of 1998-99 and part of 1999-2000. It covers the period from 1-4-1999 to 31-3-2000 the results whereof are produced below :

Period	Cane Crushed	Sugar Manufactured
	(M.T.)	(Qtl.)
01-04-1999 to 25-07-1999	4,85,723	5,00,280
16-11-1999 to 31-03-2000	7,24,208	8,95,070
Total	12,09,931	13,95,350

under :-

	1999-2000	1998-1999
	Season ended on	
	01-08-2000	25-07-1999
Cane Crushed (M.T.)	13,77,888	13,06,996
Sugar Manufactured (Qtl.)	16,09,180	14,77,450
Recovery (%)	11.65	11.25

- (ii) The production of 16.09 lac bags is the highest production by the Company in its history. The Company recorded a Recovery of 13% and more for over 7 weeks and a peak recovery of 13.56%.
- (iii) The overall position of cane crop in the country and availability of sugar cane to the factories have been satisfactory and better than last year. Hence sugar production during the current season 1999-2000 is estimated at 182.00 lac tonnes against production of 155.41 lac tonnes during the last season.

(C) ENHANCEMENT OF CAPITAL :

Your Company made private placement of 25,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 10/- per share, aggregating to Rs. 5.00 crores as promoters' equity for co-generation project. The paid-up capital of the Company after the issue is Rs. 14.50 crores.

D) PROJECTS ON HAND :

i) 1 x 24 MW COGENERATION PROJECT AT SAMEERWADI :

The Co-Generation Project is being set up in 3 phases i.e. each phase will have a 1 x 24 MW Plant and the ultimate capacity of the power plant will be 72 MW, which will be amongst the large Sugar based Co-generation Plants in the world. This is also linked with the capacity enhancement of the sugar plant from 6000 t.c.d. to 10000 t.c.d. of crushing.

Your Company is the first Indian Company to implement the Co-generation Project on Erection Procurement and Commissioning (EPC) basis. Turnkey EPC contract for the first phase of the project has been awarded to BSES Ltd. and Financial tie up for the Project has been completed. The Zero date for the project has started from 26-1-2000. The Project is actively under physical implementation and is expected to be completed within the scheduled time of September, 2001.

ii) MODERNISATION PLAN FOR SUGAR FACTORY AT SAMEERWADI :

The Company's Modernisation & Optimisation programme was approved by the Sugar Technology Mission in January, 1999. The first phase of the modernisation has been successfully completed which was financed by Industrial Development Bank

Realising the potential of information technology in this era of Globalisation, your Company is the first Sugar Company in India to implement SAP R/3 which is the market leader in ERP Software in the world. The Project has been funded by the Sugar Technology Mission with a view to help the Company to respond quickly and decisively to dynamic market conditions and to achieve and maintain a competitive advantage. Connectivity has been provided to Offices / Units through VSAT and Internet connections.

iv) DEVELOPMENTS :

Government of India relaxed the levy / free ratio from 40-60 to 30-70 from 1-1-2000. Sugar Imports have been reduced substantially as Import Duty has increased from 40% to 60% and imported sugar was brought under Levy obligation like domestic sugar.

Recently International Sugar Prices are hardening. In view of the above steps taken by the Government, the Company has exported 340 tonnes of Sugar during April, 2000. Further out of current contracts for export of 2,50,000 tonnes of Sugar from India, your Company received confirmed order through Indian Sugar & General Industry Export Import Corporation Ltd. (ISGIEIC) for export of 40,000 tonnes, one of the largest Sugar Export orders, at a price above the levy price and which will form part of the Levy obligation.

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

Sugar Industry had represented to Govt. of India that the levy prices based on 5A prices be reworked in accordance with the judgement of the Supreme Court dated 28-01-1997. Pursuant to this order, circulation of the revised Levy Prices for the above years is awaited.

(F) ADDITIONAL LEVY PRICE MATTERS OF ERSTWHILE LAKSHMIWADI FACTORY FOR THE YEARS 1981-82 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 the Supreme Court. For seasons 1981-1982 to 1983-1984 Company's writ petitions are listed in Delhi High Court. The same are also pending.

(G) DIVIDENDS :

At their meeting held on 17th March, 2000, the Directors announced an interim dividend @12.5% on Equity Capital (Pro-rata for fresh issue of Capital) for the year 1999-2000. The Directors do not recommend any additional dividend and interim dividend already paid be taken as final dividend for the year ended March, 31, 2000, so that internal accruals are conserved for expansion.

(H) DAIRY ACTIVITY :

The Dairy Activity which was started on a small scale by processing procured milk has been closed down as the unit was not commercially viable.

(J) AUDITORS :

M/s. Ambalal Thakkar & Co., Chartered Accountants, Auditors of the Company retire and being eligible confirmed their willingness to accept themselves for re-appointment.

(K) AUDITORS' REPORT :

The notes to the accounts referred to in the Auditors' Report are self explanatory and, therefore, do not call for any further comments.

(L) DIRECTORS :

- i) Shri Samir S. Somaiya was appointed as an Additional Director in the Board of Meeting held on 22nd November, 1999 and hold office of Directors upto the date of ensuing Annual General Meeting. The Company has received Notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Directors of the Company.
- ii) Shri N. C. Sayta, Shri B. R. Barwale and Dr. C. B. Purandare retires from the Board by rotation. Shri N. C. Sayta and Shri B. R. Barwale have offered themselves for re-appointment. Dr. C. B. Purandare ceases to be a Director by not offering for re-appointment.

(M) RESEARCH & DEVELOPMENT :

Recognising that Biotechnology will play an important role in the years to come, your Company has embarked on Research in Fermentation Technology & related products.

(N) GENERAL :

- i) Your Directors place on record their sincere appreciation of the co-operation and assistance extended by the Company's Bankers viz. Bank of India, Union Bank of India, Andhra Bank, State Bank of India, Sugar Development Fund, IDBI, SICOM as well as the Karnataka Government, cane suppliers and labour and the staff of the Company.
- ii) Your Company faced no disruptions on account of Y2K related activities and completed a smooth transition.
- iii) The Statement showing particulars of employees drawing remuneration of Rs. 6 lacs or more per year or Rs. 50,000/- 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 Companies i.e. Godavari Investment & Finance Corporation Limited, and Padmanabh Agencies Ltd., pursuant to Section 212 of the Companies Act, 1956 are attached to the Balance Sheet.

By Order of the Board of Directors,

S. S. Somaiya
Director

PLACE : MUMBAI
DATED : 31st August, 2000

(A) EMPLOYED THROUGHOUT THE YEAR UNDER REVIEW

Name of the Employee	Designation and Nature of Duties	Remuneration Received	Nature of Employment whether contractual or otherwise	Qualifications & Experience of the employee (Before joining the Company)	Commencement of Employment	Age of the Employee	Last Employment held by such Employee before joining the Company
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*** NIL ***

(B) EMPLOYEES OF THE COMPANY WHO WERE EMPLOYED PART OF THE YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION FOR THAT YEAR IN THE AGGREGATE OF NOT LESS THAN RS. 50,000/- P.M.

Dr. S. K. Somaiya	Chairman & Managing Director	Rs.17,68,000/-	Contractual	B.Sc. (Hons.), LL.B., D.Sc. (honoris causa)	1-6-1999	72 years	Somaiya Organics (India) Ltd., Chairman & Managing Director
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NOTE : Remuneration received as shown in the statement includes salary, bonus, commission, leave encashment, house rent allowance or value for perquisite for accommodation, motor car perquisite and other allowance like contribution to provident fund and superannuation fund, gratuity, leave travel facility and reimbursement of medical expenses as applicable.

By Order of the Board of Directors,

S. S. Somaiya
Director

PLACE : MUMBAI

DATED : 31st August, 2000

(A) CONSERVATION OF ENERGY

In addition to the existing steam economy measures, it is planned to add Double effect Vapour Cell to modify to 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
(A) POWER & FUEL CONSUMPTION :			
1. ELECTRICITY			
(a) Purchased			
Units			
Total Amount	KWH	6,71,535	6,26,764
Rate	Rs.	30,55,106	32,74,497
(b) Own Generation			
i) Through Diesel Generator			
Units			
Units per Litre of Diesel oil	KWH	7,74,416	2,18,196
Cost per Unit	KWH	3.75	1.41
ii) Through Steam Turbine Generator			
Units	Rs./KWH	3.73	8.76
Units per K.G. of Bagasse	KWH	2,72,08,780	2,48,17,907
Cost per Unit	KWH	0.17	0.17
	Rs./KWH	1.12	0.59
2. COAL (IInd GRADE)			
Quantity			
Total Amount	M.T.	657.835	721.580
Average Rate	Rs.	15,16,002	16,69,215
(The Coal is used for manufacture of Lime only)	Rs./ M.T.	2,305	2,313
3. OTHER / INTERNAL GENERATIONS			
a) Fire Wood			
Total Cost	M.T.	255.000	630.000
Rate / Unit	Rs.	2,42,342	5,99,695
b) BAGASSE			
Purchased	Rs./M.T.	950.36	952.00
Produced & Utilised for Power Generation	M.T.	NIL	NIL
Total Cost	M.T.	3,63,307	3,47,875
Rate (Average)	Rs.	7,26,61,400	3,47,86,500
	Rs./M.T.	200	100
(B) CONSUMPTION PER UNIT OF SUGAR PRODUCTION			
Electricity	KWH/QTLS.	19.95	17.63
COAL (IInd GRADE)	M.T./QTLS.	0.0004692	0.0005083
Fire Wood	M.T./QTLS.	0.0001819	0.0004438
Bagasse	M.T./QTLS.	0.26	0.25

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, new product development, recovery improvement and cost reduction. R & D evaluated and indentified cost effective process additives. R & D is involved in adoption of new technologies like - continuous pans, hydraulic drive, cane feeding automation and co-generation project.

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

R & D activities helped in process improvement to produce good quality sugar. Adoption of new developments, helped to achieve higher crush with good results. R & D helps in cost reduction and resource conservation.

3. Future Plan of Action :

In future R & D efforts will be continued towards automation of different stations, plant expansion and balancing of plant, new product development. The co-generation project will be installed to explore about 24 MW power.

4. Expenditure

(i) Capital	NIL
(ii) Recurring	Rs. 12,11,860
(iii) Total	Rs. 12,11,860
(iv) Total R & D expenditure as a percentage of total turnover.	0.08%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

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

BENEFITS

1. Adoption of new developments in milling plant and commissioning of continuous pans, 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.

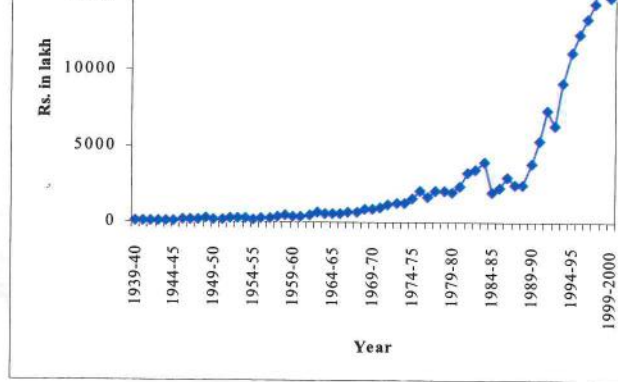
(C) FOREIGN EXCHANGE EARNINGS	: Rs. Nil
FOREIGN EXCHANGE OUTGO	: Rs. 1,41,97,111/-

By Order of the Board of Directors,

S. S. Somaiya
Director

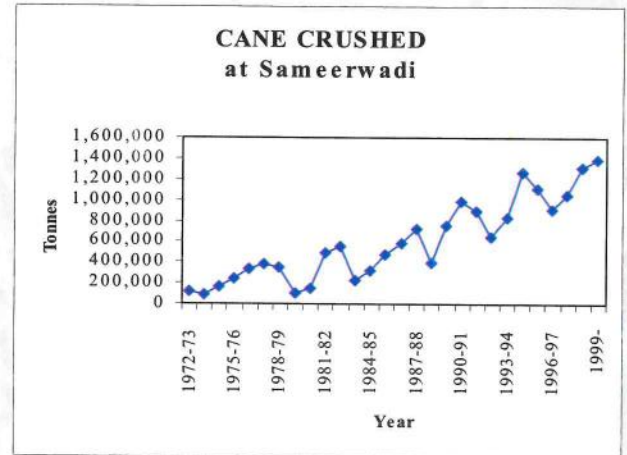
PLACE : MUMBAI

DATED : 31st August, 2000

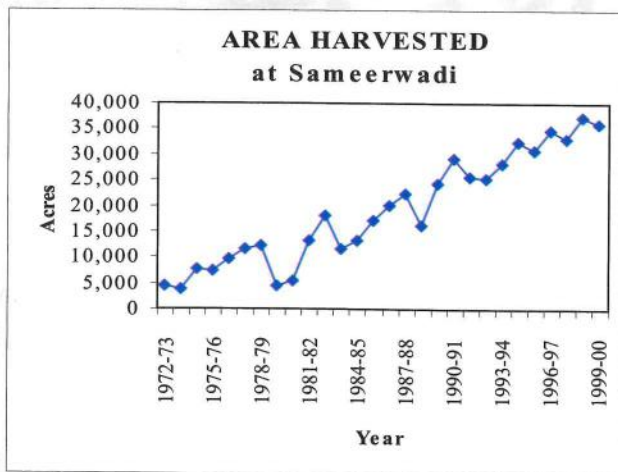


1939-40 to
Rs.14,660.15 lacs
in 1999-2000 an
increase of over
1000 times.

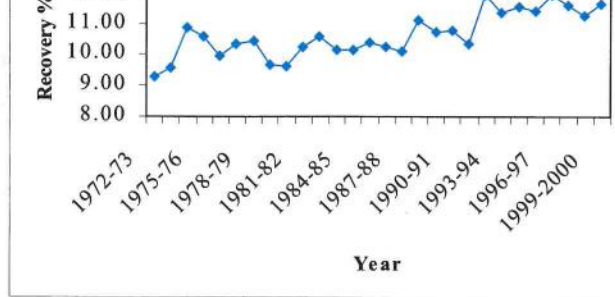
Graphs showing Continued Progress of the Company in Cane Crushing, Recovery, Duration of the Season etc. at Sameerwadi.



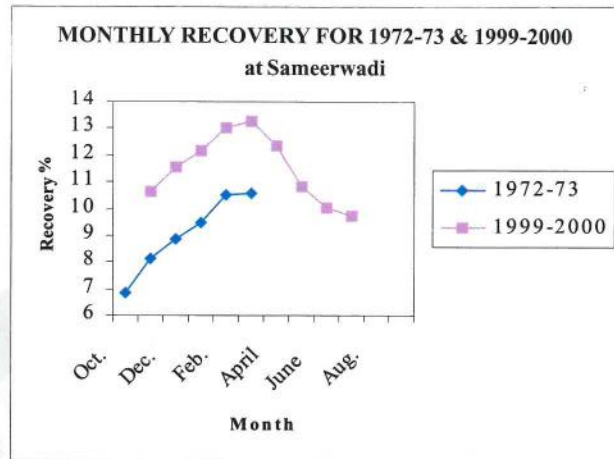
Cane crushed increased from 1,13,000 tons in 1972-73 to 13,77,000 tons in 1999-2000



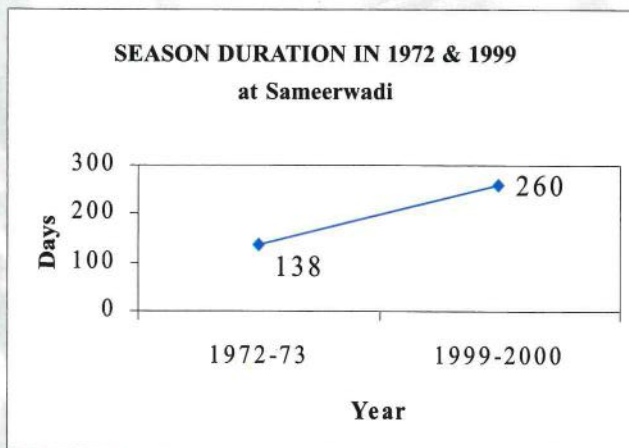
Area Harvested increased from 4107 acres in 1972-73 to 35734 acres in 1999-2000 an increase of over 8 times



an increase of 25 %.



The above graph shows the tremendous improvement in sugar content in cane. This is due to the close interaction between the cane development department of our company, The KIAAR, & the farmers



We have audited 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 (Auditor's 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 procedures 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. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
8. Reasonable provision has been made in the Accounts for unserviceable or damaged stores, raw material and finished goods.
9. Provisions 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 received 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.

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 Account as required by the Companies Act, 1956 have been kept by the Company so far as appears from our

Act, 1956.

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 together with Note - 4 on inventories and other 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

PLACE : MUMBAI

DATED : 4th September, 2000

SOURCES OF FUNDS:		SCHEDULES	
SHAREHOLDERS' FUNDS:			
(a) Share Capital	1		1,200.00
(b) Reserves & Surplus	2		1,121.29
			<u>3,157.30</u>
LOANS:			
(a) Secured Loans	3		6,937.35
(b) Unsecured Loans	4		1,158.59
			<u>10,298.86</u>
			<u>1,406.89</u>
			<u>11,705.75</u>
			<u>14,863.05</u>
TOTAL FUNDS EMPLOYED			
APPLICATION OF FUNDS:			
FIXED ASSETS:			
(a) Gross Block	5	4,700.50	3,139.54
(b) Less : Depreciation		1,450.23	1,313.60
(c) Net Block			<u>1,825.94</u>
(d) Work in Progress			283.93
			<u>3,250.27</u>
			<u>375.15</u>
			<u>3,625.42</u>
INVESTMENTS			
CURRENT ASSETS			
(a) Inventories	6		9.33
(b) Debtors	7	12,824.26	9,042.49
(c) Cash / Bank Balances	8	486.59	464.50
(d) Fixed Deposits	9	155.40	621.04
(e) Loans and Advances	10	48.02	44.70
	11	3,326.21	1,962.55
			<u>16,840.48</u>
LESS : CURRENT LIABILITIES			
(a) Current Liabilities	12		12,135.28
(b) Provisions		4,534.64	3,067.88
		1,077.54	769.37
		<u>5,612.18</u>	<u>3,837.25</u>
Net Current Assets			<u>3,837.25</u>
TOTAL ASSETS			<u>11,228.30</u>
CONTINGENT LIABILITIES			<u>8,298.03</u>
NOTES ON ACCOUNTS	13		<u>14,863.05</u>
	20		<u>14,863.05</u>

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)

N. S. KHETAN
Dy. General Manager (Finance)

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

Directors

PLACE : MUMBAI
DATED : 4th September, 2000

PLACE : Virginia West (U.S.A.)
DATED : 2nd September, 2000

PLACE : MUMBAI
DATED : 31st August, 2000

INCOME:	SCHEDULES		
Sales	14	14,660.15	19,265.68
Other Income	15	537.93	310.90
Increase / (Decrease) in Stock	16	3,721.98	(637.15)
		<u>18,920.06</u>	<u>18,939.43</u>
EXPENDITURE:			
Sugar Cane Cost		12,005.29	12,475.87
Manufacturing and Other Expenses	17	3,064.50	2,854.34
Excise Duty & Sugar Development Cess		1,015.26	1,152.69
Interest & Financial Charges	18	1,325.99	1,073.12
Milk Purchased & Procurement Expenses		388.35	373.13
Depreciation		206.54	97.23
		<u>18,005.93</u>	<u>18,026.38</u>
PROFIT BEFORE TAX :			
Provision for Taxation		914.13	913.05
		300.00	225.00
Net Profit for the year		614.13	688.05
Less :- Prior Period Expenses		100.17	-
Less :- Provisions - Short Provision for Taxation		-	6.90
		<u>513.96</u>	<u>681.15</u>
Balance Profit brought forward from last year		14.52	17.18
Profit available for Appropriations		<u>528.48</u>	<u>698.33</u>
APPROPRIATIONS:			
Interim Dividend Paid on Equity Shares @ 12.5% (Pro-rata on New Shares)		160.32	-
Corporate Dividend Tax		17.63	15.71
Proposed Dividend :			
(a) On Preference Share @7.8572%		-	0.30
(b) On Equity Shares @17%		-	142.80
General Reserve		300.00	525.00
Balance Carried to Balance Sheet		50.53	14.52
		<u>528.48</u>	<u>698.33</u>
COMPUTATION OF COMMISSION PAYABLE TO MANAGING DIRECTOR AND EXECUTIVE DIRECTORS			
	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)

N. S. KHETAN
Dy. General Manager (Finance)

INDUBHAI C. PATEL
S. S. SOMAIYA
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B. R. BARWALE
K. PERSHAD
N. C. SAYTA
P. M. KAVADIA
(Whole-time Director)

} Directors

PLACE : MUMBAI
DATED : 4th September, 2000

PLACE : Virginia West (U.S.A.)
DATED : 2nd September, 2000

PLACE : MUMBAI
DATED : 31st August, 2000

Schedules annexed to and forming part of Balance Sheet as at 31st March, 2000 and Profit and Loss Account for the year ended 31st March, 2000.

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
	2,000.00	2,000.00

ISSUED AND SUBSCRIBED CAPITAL :

1,45,00,000 Ordinary (Equity) Shares of Rs. 10/- each fully paid up. (Previous year 1,20,00,000 Shares) Out of the above shares 1,13,00,000 Shares are allotted as fully paid up by way of Bonus Shares, by capitalisation of General Reserve	1,450.00	1,200.00
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
Less : Redeemed during the year	-	18.51
	1,450.00	1,200.00

SCHEDULE 2 - RESERVES AND SURPLUS :

(A) GENERAL RESERVE:		
As per last Balance Sheet	1,106.77	1,301.77
Add : Transferred from Profit during the year	300.00	525.00
	1,406.77	1,826.77
Less : Transferred to Share Capital for Bonus Shares	-	720.00
	1,406.77	1,106.77
(B) SHARE PREMIUM RESERVE		
As per last Balance Sheet	-	-
Received during the year	250.00	-
	250.00	-
(C) PROFIT AND LOSS ACCOUNT		
	50.53	14.52
	1,707.30	1,121.29

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 First Pari Passu charge by way of Equitable Mortgage on Block of Fixed Assets of Company's unit at Sameerwadi (excluding Agricultural Assets) and fully guaranteed by a Director.		
(i) Bank of India	3,606.22	3,311.67
(ii) Union Bank of India	3,951.89	3,125.68
(iii) Andhra Bank	1,398.26	-
	<u>8,956.37</u>	<u>6,437.35</u>
(b) Term Loan :		
(i) Industrial Development Bank of India (Secured by hypothecation by way of first charge on specific Equipments and Corporate Guarantee of Somaiya Organo-Chemicals Limited)	598.50	400.00
(ii) SICOM Ltd. (Secured by mortgage of Lakshmiwadi Land and hypothecation by way of first charge of specific Assets & specific Equipments.)	404.00	-
(iii) Bank of India (Secured by hypothecation of all tangible movable Assets of the company including stocks of sugar, stores, chemicals, spares, etc and First Pari Passu charge by way of Equitable Mortgage on Fixed Assets of company's unit at Sameerwadi (excluding Agricultural Assets) and fully guaranteed by a Director	138.78	-
(iv) Union Bank of India (Secured by hypothecation of all tangible movable Assets of the company including stocks of sugar, stores, chemicals, spares, etc and First Pari Passu charge by way of Equitable Mortgage on Fixed Assets of company's unit at Sameerwadi (excluding Agricultural Assets) and fully guaranteed by a Directors.	115.79	-
(v) Sugar Technology Mission (Secured by hypothecation by First charge on the Assets to be created under the ERP project and Second charge on the stock of sugar, molasses and stores.)	35.42	-
	<u>1,292.49</u>	<u>400.00</u>
(c) Sugar Development Fund (Secured by a Bank guarantee)	50.00	100.00
	<u>10,298.86</u>	<u>6,937.35</u>

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	1,164.92	832.51
(c) Hire Purchase Finance	221.97	306.08
	<u>1,406.89</u>	<u>1,158.59</u>

THE GODAVARI SUGAR MILLS LIMITED

Schedules to Balance Sheet as at 31-03-2000

SCHEDULE 5 - FIXED ASSETS

PARTICULARS (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Gross Block as on 1st April, 1999	Additions during the year	Deduction/ Adjustments during the year	Gross Block as on 31st March, 2000	Depreciation Written off upto 31st March, 1999	Depreciation Written off during the year	Deduction/ Adjustments of Depreciation	Total Depreciation upto 31st March 2000	Net Depreciated Block as at 31st March 2000	
Freehold Land	30.10	256.34	1.27	285.17	—	—	—	285.17	
Leasehold Land Development Expenses	2.39	—	—	2.39	—	—	—	2.39	
Leasehold Premium on Garage	0.12	—	0.12	—	0.11	0.11	—	—	
Building & Pucca Quarters at Factory	393.08	127.05	—	520.13	122.74	8.85	131.59	388.54	
Temporary Quarters	6.36	—	—	6.36	4.05	0.10	4.15	2.21	
Temporary Quarters at Farms	1.41	—	1.41	—	1.15	—	1.15	2.26	
General Machinery	2,062.26	1,112.58	66.25	3,108.59	965.62	146.74	1,054.32	2,054.27	
Electrical Machinery	220.59	49.29	2.37	267.51	72.88	12.36	82.88	184.63	
Agricultural Machinery	15.67	—	2.73	12.94	9.10	0.61	7.33	5.63	
Electrical Installation & Fittings	16.03	—	—	16.03	10.56	0.76	11.32	4.71	
Furniture & Office Equipments	86.79	17.58	0.83	103.54	27.86	5.88	33.64	69.90	
Weigh Bridges	28.19	—	0.16	28.03	14.12	1.27	15.25	12.76	
Molasses & Other Storage Tanks	32.52	—	—	32.52	22.39	1.40	23.79	8.73	
Motor Cars, Lorries & Cycles	116.80	30.01	2.38	144.43	36.27	11.79	46.52	97.91	
Carts & Trucks	4.57	—	0.37	4.20	0.35	—	0.01	4.15	
Laboratory Apparatus	3.29	0.89	—	4.18	1.75	0.20	1.95	2.23	
Roads & Drainage & Tube Wells	41.18	—	1.41	39.77	6.19	0.65	5.85	33.92	
Dead Stock	10.34	—	0.68	9.66	1.61	0.23	1.28	8.38	
Library	0.07	—	0.07	—	0.06	0.01	—	—	
Irrigation Lifts	4.44	—	2.42	2.02	4.02	—	1.89	0.15	
Live Stock	0.77	0.15	—	0.92	0.25	—	0.25	0.67	
Computers	62.57	49.54	—	112.11	12.52	15.69	28.21	83.90	
TOTAL :	3,139.54	1,643.43	82.47	4,700.50	1,313.60	206.54	1,450.23	3,250.27	
Previous Year	(2,597.15)	(542.39)	(—)	(3,139.54)	(1,216.37)	(97.23)	(1,313.60)	(1,825.94)	

SCHEDULE 6 - INVESTMENTS (At Cost)**(A) INVESTMENT IN SHARES OF SUBSIDIARY COMPANIES :**

(i) 2000 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
(ii) 172 Fully Paid up Equity Shares of Padmanabh Agencies Ltd. of Rs. 10/- each		0.02	0.02

(B) OTHER INVESTMENTS :

(i) National Defence Certificates deposited with Electricity Department, Bhopal	0.03		0.03
(ii) National Savings Certificates deposited with Excise Commissioner, U.P. and Hydro Electric Division, Gorakhpur.	0.02		0.02
(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) 7200 Equity Shares of Bank of India (Market Value Rs.1.58 lacs)	3.24		3.24
		<u>8.31</u>	<u>8.31</u>
		<u><u>9.33</u></u>	<u><u>9.33</u></u>

SCHEDULE 7 - INVENTORIES :

(i) Stores, Chemicals and Spares (at cost as per inventories valued and certified by a Director)	557.69		473.66
Dairy Stores (at cost as per inventories valued and certified by a Director)	1.29		7.49
In Transit	4.86		22.89
		563.84	504.04
(ii) Stock-in-trade (as per Inventories valued and certified by a Director)			
(a) Sugar at Cost or Market Price whichever is lower	12,082.95		8,292.04
(b) Sugar in Process at Cost	103.25		109.81
(c) Molasses at Market Rate	31.19		48.51
(d) Bagasse	25.25		10.86
(e) Foodgrain	10.00		9.71
(f) Dairy Products at Market price	7.10		65.62
(g) Crop in Progress	0.68		1.90
		<u>12,260.42</u>	<u>8,538.45</u>
		<u><u>12,824.26</u></u>	<u><u>9,042.49</u></u>

SCHEDULE 8 - SUNDRY DEBTORS :

Sundry Debtors (Unsecured and considered good except otherwise stated)

(a) Debts Outstanding for more than six months	217.91		109.82
(b) Other Debts	268.68		354.68
		<u>486.59</u>	<u>464.50</u>

SCHEDULE 9 - CASH AND BANK BALANCES :

(a) Cash, Cheques and Drafts on hand and in transit (including Stamp on hand Rs.12,948/-)	71.41		164.32
(b) In Current Account with Scheduled Banks	83.02		455.55
(c) In Current Account with Non-scheduled Bank: Bijapur District Central Co-op. Bank Ltd., Mahalingpur (Max. bal. during the year Rs.8,81,012/- previous year Rs.11,99,569/-)	0.92		1.12
(d) Fixed Deposits with Scheduled Bank (Lodged with Excise Department, Mudhol)	0.05		0.05
		<u>155.40</u>	<u>621.04</u>

SCHEDULE 10 - FIXED DEPOSITS :

Fixed Deposits with Scheduled Banks (Under Lien for the Guarantees)	43.54		43.49
Accrued Interest on above	4.48		1.21
		<u>48.02</u>	<u>44.70</u>

LIABILITIES AND ADVANCES :

(Unsecured and considered good except otherwise stated) Advances Recoverable in Cash or Kind or for value to be received (Incl. advances to the Officers of Company Rs. 1,41,071/-) (Max. debit bal. during the year Rs. 1,41,071/- Amount in dispute Rs. 1,86,801/- towards due for Central Excise Duty.)	1,836.06	734.41
Considered Doubtful	* 0.64	0.64
Less : Provision for Doubtful Advances	<u>1,836.70</u> 0.64	<u>735.05</u> 0.64
	1,836.06	734.41
Advance to Padmanabh Agencies Ltd. - A Subsidiary Company		0.15
Advance Income Tax (includes Income Tax Deducted at Source)		0.15
Deposit with High Court & Others	1,290.20	1,077.24
Interest, etc. on Hire Purchase Finance	121.29	73.79
Levy Sugar Price Difference	77.20	75.65
	<u>1.31</u>	<u>1.31</u>
	1,490.00	1,227.99
	<u><u>3,326.21</u></u>	<u><u>1,962.55</u></u>

SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS:

(A) CURRENT LIABILITIES :

(i) Sundry Creditors	4,525.14	3,065.99
(ii) Due to Directors	9.35	1.75
(iii) Liability for Income Tax	0.15	0.14
	<u>4,534.64</u>	<u>3,067.88</u>

(B) PROVISIONS :

(i) Dividend on Equity Shares		142.80
(ii) Provision for Taxation	917.22	610.86
(iii) Provision for Dividend Tax	-	15.71
	917.22	626.57
	<u>1,077.54</u>	<u>769.37</u>
	<u><u>5,612.18</u></u>	<u><u>3,837.25</u></u>

SCHEDULE 13 - 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.	17.37	17.37
(iii) Corporate Guarantee to Bank for advances to Harvesting Contractors of the Company.	296.00	-
	<u><u>296.00</u></u>	<u><u>-</u></u>

SCHEDULE 14 - SALES :

Sugar	13,892.56	18,456.16
Molasses	324.16	500.43
Sugar Cane	4.26	0.02
Dairy Product Sale	439.17	309.07
	<u>14,660.15</u>	<u>19,265.68</u>

SCHEDULE 15 - OTHER INCOME :

Sundry Receipts	49.60	107.56
Income from Immovable Property	1.05	2.35
Sundry Receipts being Market Value of Farm Produce etc.	11.81	14.67
Sundry Credit Balances Written Back	5.61	51.16
Excess Provision of Cane Price for 1998-99 - Written Back	406.53	-
Claims and Refund	0.33	3.86
Interest on Fixed Deposits and Others	41.03	35.04
Subsidy towards Interest, Storage & Insurance Charges on Bufferstock	-	96.12
Sale Tax Payable on Transport Charges Written Back	14.91	-
Profit on Sale of Assets	1.42	-
Profit on Sale of Farm Land	5.23	-
Dividend	0.41	0.14
	<u>537.93</u>	<u>310.90</u>

SCHEDULE 16 - INCREASE IN STOCK :

Closing Stock :		
Sugar	12,082.95	8,292.04
Sugar-in-Process	103.25	109.81
Molasses	31.19	48.51
Bagasse	25.25	10.86
Crop in Progress (Sugarcane / Jaggery)	0.68	3.37
Food Grain	10.00	8.23
Dairy Products	7.10	65.62
	<u>12,260.42</u>	<u>8,538.44</u>
Less : Opening Stock :		
Sugar	8,292.04	8,905.53
Sugar-in-Process	109.81	93.72
Molasses	48.51	144.32
Bagasse	10.86	17.92
Standing Crop of Food Grain (Sugarcane / Jaggery)	3.37	3.00
Food Grain	8.23	11.10
Dairy Products	65.62	-
	<u>8,538.44</u>	<u>9,175.59</u>
	<u>3,721.98</u>	<u>(637.15)</u>

SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES :

MANUFACTURING EXPENSES :		
Power and Fuel	75.07	70.72
Packing Forwarding and Storage	433.89	429.21
Stores, Chemicals and Spare Parts consumed	255.96	227.05
Lease Rent	18.42	27.92
Insurance Premium	36.64	33.82
Agricultural Development Expenses	20.16	22.36
Expenses on Scientific Research	12.12	9.75
Contribution to Scientific Research Institution	15.00	15.00
	<hr/>	<hr/>
	867.26	835.83
REPAIRS AND MAINTENANCE :		
Plant and Machinery	404.90	313.07
Buildings	43.34	23.67
Others	37.72	23.88
	<hr/>	<hr/>
	485.96	360.62
EMPLOYEES REMUNERATION AND BENEFITS :		
Salaries, Wages and Bonus	867.39	950.21
Contribution to Provident Fund & Other Fund	80.48	77.34
Welfare Expenses	90.93	56.20
Workmen Compensation	0.03	0.09
Group Gratuity Insurance Premium	40.00	30.00
	<hr/>	<hr/>
	1,078.83	1,113.84
OFFICE AND ESTABLISHMENT EXPENSES :		
Rent	11.45	20.33
Rates and Taxes	60.19	47.74
Miscellaneous Expenses	318.19	275.17
Telephone Expenses	47.33	53.66
Travelling Expenses	67.00	59.93
Legal and Professional Charges	60.20	43.32
Guarantee & Cane Commission	2.24	12.00
Charity and Donation	17.29	2.07
Cost Audit Fees and Travelling Expenses	0.11	0.10
Sale Tax on HP	3.42	-
Loss on Sale of Assets	0.29	-
Sundry Debit Balances Written Off	2.87	0.01
	<hr/>	<hr/>
	590.58	514.33
AUDITORS' REMUNERATION :		
Audit Fees	0.20	0.20
Tax Audit Fees	0.07	0.08
Auditors' Travelling Expenses	0.02	0.05
	<hr/>	<hr/>
	0.29	0.33
DIRECTORS' REMUNERATION, FEES AND TRAVELLING EXPENSES :		
Remuneration	25.65	8.18
Fees	0.38	0.30
Travelling (including Foreign Travelling of Rs. 5.81 lacs)	15.55	20.91
	<hr/>	<hr/>
	41.58	29.39
	<hr/>	<hr/>
	3,064.50	2,854.34
	<hr/> <hr/>	<hr/> <hr/>

SCHEDULE 18 - INTEREST & FINANCIAL CHARGES :

Cash Credit Account	1,168.38	999.43
Fixed Loans	73.25	4.86
Debentures	1.20	1.20
Other Loans	41.33	16.59
Hire Purchase Finance	41.83	51.04
	<u>1,325.99</u>	<u>1,073.12</u>

SCHEDULE 19 - COMPUTATION OF MANAGING DIRECTOR'S AND EXECUTIVE DIRECTORS' REMUNERATION

Profit before Tax as per Profit and Loss Account	914.13	913.05
Add:		
i) Directors' Remuneration	25.65	8.18
ii) Depreciation	<u>206.54</u>	<u>97.23</u>
	232.19	105.41
	<u>1,146.32</u>	<u>1,018.46</u>
Less : Profit on Sale of Fixed Asset	6.65	-
Less : Depreciation to the extent specified in Section 350 of Companies Act, 1956	227.16	205.58
	<u>912.51</u>	<u>812.88</u>
Managing Director's Commission @1% on the Net Profit (Pro-rata for 10 months)	7.60	-
Executive Directors' Commission @1% to each on the Net Profit	18.24	16.26
As per Agreement maximum Commission eligible to Executive Directors	<u>1.75</u>	<u>1.75</u>

- basis except bonus which is debited on payment basis.
- ii) Financial Statements are based on historical costs.
 - iii) Fixed Assets are stated at cost of acquisition or construction.
 - iv) Investments are valued at cost of acquisition.
- b) The Liability as on 31-3-2000 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs.3,29,85,011/-. 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) i) Income Tax and Wealth Tax Assessments upto Accounting Year 1995-96 (Assessment Year 1996-97) have been completed and Liability is paid.
- ii) For the accounting year 1996-97 (Assessment Year 1997-98) Income Tax Assessment is completed. Disputed liability of Rs. 472.33 lacs is contested in Appeal and therefore not provided for.
- (3) Depreciation on Fixed Assets has been provided on W.D.V. Method upto 30.9.85 and thereafter on S.L.M. as prescribed in Schedule XIV of the Companies Act, 1956.
- (4) Inventories :
- i) The Company is valuing the Closing Stock of finished goods and stock-in-process at cost or market price whichever is lower. Cost arrived on full absorption basis (including depreciation and interest).
 - ii) As per the Accounting Standard-2 (Revised) "Valuation of Inventories" issued by the Institute of Chartered Accountants of India with effect from 1st April, 1999, Interest "usually" should not be part of Inventory Valuation. However, the Management is of the view that considering the seasonal nature of Industry and also release/sales procedures, wherein the Company has to depend on Government Policy, followed by the fact that on an average, the Company is carrying Inventory of Sugar for nearly 8 to 10 months, the Interest should be part of Valuation. The Company has accordingly valued the Inventory on consistent basis.
 - iii) Stores, Spares and Chemicals are valued at cost. Cost is arrived at on FIFO basis.
- (5) No Provision has been made in the Accounts for following Disputed Liabilities in respect of Sameerwadi Factory :-
- a) Demand of Rs. 43.59 Lacs & Rs. 42.02 Lacs for the Cane Purchase Tax on Harvesting & Transport charges for 1990-91 & 1991-92 respectively, as the Karnataka Tribunal Authority has upheld and restored the Assessing Authority's Order. However, the Government of Karnataka has filed writ petition in the High Court of Karnataka Bangalore against the Tribunal order.
 - b) Demand of Rs.79.80 lacs from Superintendent of Excise, Bijapur on 2736.945 M.T. of Molasses destroyed in 1990 with the permission of Central and State Excise Departments.
 - 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.
 - d) Appeals have been filed against the demand of Rs. 15.62 lacs from the Central Excise Authorities, Dharwad Division, against reversal of modvat credit on capital goods and on inputs.
- (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, Commission & 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.6,00,000/- per annum or Rs.50,000/- per month.	NIL (NIL)	NIL (NIL)	NIL (NIL)
b) Employees of the Company who are in receipt of or entitled to receive emoluments amounting to Rs.50,000/- per month for part of the year.	1 (NIL)	16,63,000/- (NIL)	1,05,000/- (NIL)

NOTE : Figures shown in bracket pertain to previous year.

Goods Manufactured M.T.	Opening Stock		Production	Quantity sent for reprocessing and loss due to Drriage	Sales		Closing Stock	
	Quantity Rs.	Value M.T.	Quantity M.T.	M.T.	Quantity Rs.	Value M.T.	Quantity Rs.	Value
Sugar	75,295,200 (80,201,000)	82,92,03,875 (89,05,53,286)	1,39,535,000 (1,41,951,000)	503,800 (2,157,000)	1,09,908,200 (1,44,699,800)	1,38,92,56,516 (1,84,56,15,833)	1,04,418,200 (75,295,200)	1,20,82,94,819 (82,92,03,875)
Molasses	19,406,194 (14,049,519)	48,51,549 (1,44,31,961)	45,945,870 (46,675,200)	NIL (NIL)	52,877,820 (41,318,525)	3,24,15,988 (5,00,42,825)	12,474,244 (19,406,194)	31,18,561 (48,51,549)

Note : Figures shown in bracket pertain to previous year.

Raw Materials Purchased and Consumed :

	Current Year		Previous year	
	M.T.	Rs.	M.T.	Rs.
Sugar Cane Consumed	12,09,931	1,11,06,91,209	12,02,098	1,15,83,32,158
Stores and Spares Consumed	Value Rs.	%	Value Rs.	%
Imported	NIL	NIL	NIL	NIL
Indigenous	2,55,95,306	100%	2,27,04,543	100%
	2,25,95,306	100%	2,27,04,543	100%

C.I.F. Value of Imports	Current Year	Previous Year
i) Raw Materials		NIL
ii) Stores and Spares		NIL
iii) Capital Goods	Rs.1,24,55,000/-	NIL
(8) Expenses incurred in Foreign Currency	Rs. 1,41,97,111/-	Rs.13,09,606/-

(9) Figures of previous year have been re-grouped and re-cast wherever necessary.

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

N. S. KHETAN
Dy. General Manager (Finance)

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

PLACE : MUMBAI
DATED:31st August, 2000

PLACE : Virginia West (U.S.A.)
DATED : 2nd September, 2000

PLACE : MUMBAI
DATED:31st August, 2000

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

Public Issue

Nil

Right Issue

Nil

Bonus Shares

Nil

Private Placement

25,000

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

Sources of Funds

Total Liabilities

14,86,305

Total Assets

14,86,305

Paid-up Capital

1,45,000

Reserves & Surplus

1,70,730

Secured Loans

10,29,886

Unsecured Loans

1,40,689

Application of Funds

Net Fixed Assets

3,62,542

Investments

933

Net Current Assets

11,22,830

Misc. Expenditure

Nil

Accumulated Losses

Nil

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

Turnover & other income

15,19,808

Total Expenditure

18,00,593

+/- Profit/Loss Before Tax

+ 91,413

+/- Profit/ Loss After Tax

+ 61,413

Earning per Share in Rs.

4.24

Dividend rate%

12.50

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)

N. S. KHETAN
Dy. General Manager (Finance)

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

Directors

PLACE : MUMBAI
DATED: 4th September, 2000

PLACE : Virginia West (U.S.A.)
DATED : 2nd September, 2000

PLACE : MUMBAI
DATED: 31st August, 2000

I. GODAVARI INVESTMENT AND FINANCE CORPORATION LTD.

- (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 the Subsidiary Company as at 31st March,2000.
- (2) The Subsidiary Company earned a profit of Rs. 439/-. In view of the carried forward loss the subsidiary company has not made provision for taxation. After adjusting previous year's loss of Rs. 2,12,834/-, the balance loss comes to Rs. 2,12,395/-, which has been carried to next year. The said Loss 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 the Subsidiary Company during the year ended 31st March, 2000.

II. PADMANABH AGENCIES LTD.

- (1) The Company also holds whole of the Subscribed Capital of Rs. 1,720/- in the Subsidiary Company. There were no activities during the year in the Subsidiary Company.
- (2) The advance to the Subsidiary Company as on 31st March, 2000 was Rs. 15,000/-

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)

N. S. KHETAN
Dy. General Manager (Finance)

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

} Directors

PLACE : MUMBAI
DATED : 4th September, 2000

PLACE : Virginia West (U.S.A.)
DATED : 2nd September, 2000

PLACE : MUMBAI
DATED : 31st August, 2000

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

Your Directors submit herewith their Forty-Fifth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2000.

The working of the Company for the year resulted in a Profit of Rs. 439/-. In view of carried forward loss provision for taxation is not made. After adjusting the previous year's loss of Rs. 2,12,834/-, the balance loss comes to Rs. 2,12,395/- which has been carried to next year. The Directors do not recommend any dividend for the year.

DIRECTORS :

Shri J. R. Shukla retires by rotation and being eligible, offers 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

PLACE : MUMBAI
DATED : 25th August, 2000

We have Audited the Balance Sheet of Godavari Investment and Finance Corporation Limited as at 31st March, 2000 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, 2000 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, 2000, 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 Provisions) Act, 1985.
10. 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 and the Profit & Loss Account and Balance Sheet comply with the requirements of Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.

FOR Y. S. MUZUMDAR & CO.
CHARTERED ACCOUNTANTS

Y. S. MUZUMDAR
Proprietor

PLACE : MUMBAI
DATED : 25th August, 2000

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
1,400	III. RESERVES AND SURPLUS : General Reserve created during the year		1,400
1,52,126	IV CURRENT LIABILITIES AND PROVISIONS :		
21,043	(A) CURRENT LIABILITIES : Sundry Creditors	1,22,662	
	(B) Provision for Taxation	21,043	
1,73,169			1,43,705
	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. 50,000/- or more per mensem or Rs. 6,00,000/- for the whole year or any part of the year - NIL.		
2,74,569	TOTAL RUPEES :		2,45,105

Accompanying to our report of even date annexed

FOR Y. S. MUZUMDAR & CO.
CHARTERED ACCOUNTANTS

Y. S. MUZUMDAR
Proprietor

PLACE : MUMBAI
DATED : 25th August, 2000

31-3-1999

ASSETS

31-3-2000

Rupees		Rupees	Rupees
7,200	I. INVESTMENT (AT COST UNQUOTED) 200 Fully paid up Equity Shares of Mamli Private Limited		7,200
	II. CURRENT ASSETS, LOANS AND ADVANCES :		
	(A) CASH AND BANK BALANCES :		
307	Cash on Hand	655	
5,584	In Current Account with a Scheduled Bank	2,559	
5,891		<hr/> 3,214	
	(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	800	
101	(iii) Advances recoverable in Cash or Kind	101	
7,560	(iv) Advance Income Tax	9,412	
7,645	(v) Income Tax deducted at source	7,645	
54,535		<hr/> 25,510	
	III. MISCELLANEOUS EXPENDITURE :		
	PROFIT & LOSS A/c.		
2,37,896	Loss as per profit & Loss A/c.	2,12,834	
25,062	Less :- Balance of profit transferred per contra	439	
2,12,834		<hr/> 2,12,395	
2,74,569			
	TOTAL RUPEES :		<hr/> <hr/> 2,45,105

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

PLACE
DATED

MUMBAI
25th August 2000

S. K. SOMAIYA }
R. VENKATARAMAN } DIRECTORS

Rupees		Rupees
1,200	To Salary	500
1,500	To Profession Tax	1,500
1,525	To Miscellaneous Expenses	800
1,200	To Office Rent	500
500	To Audit Fees	550
2,050	To Provision for Taxation	-
3,240	To Profit carried down	439
11,215	TOTAL RUPEES :	4,289
2,42,263	To Short Provision for Taxation	-
-	To Loss as per Last Balance Sheet	2,12,834
2,42,263	TOTAL RUPEES :	2,12,834

Accompanying to our report of even date annexed

FOR Y. S. MUZUMDAR & CO.
CHARTERED ACCOUNTANTS

Y. S. MUZUMDAR
Proprietor

PLACE : MUMBAI
DATED : 25th August, 2000

Rupees		Rupees
11,050	By Bad Debts recovered	-
165	By Interest Received from I.T.O.	-
-	By Outstanding Liabilities written back	4,289
<u>11,215</u>	TOTAL RUPEES :	<u>4,289</u>
25,062	By Balance as per Last Balance Sheet	-
1,127	By Excess Provision for Taxation Written Back	-
3,240	By Profit brought down	439
2,12,834	By Loss carried to Balance Sheet	2,12,395
<u>2,42,263</u>	TOTAL RUPEES :	<u>2,12,834</u>

S. K. SOMAIYA }
R. VENKATARAMAN } DIRECTORS

PLACE : MUMBAI
DATED : 25th August, 2000

The Shareholders,
Padmanabh Agencies Ltd.,
Mumbai.

Your Directors submit herewith their 2nd Annual Report and Audited Accounts of the Company for the year ended 31st March, 2000.

The Company has not yet commenced business activity.

CONSERVATION OF ENERGY :

The Companies (Disclosure of 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.

AUDITORS :

You are requested to appoint Auditors and to fix their remuneration

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

S. K. SOMAIYA }
S. S. SOMAIYA } Directors

PLACE : MUMBAI
DATED : 25th August, 2000

We have audited the attached Balance Sheet of PADMANABH AGENCIES LTD. as at 31st March, 2000 annexed thereto and report that :

1. No report is annexed as required by the Manufacturing and other Companies (Auditer's Report) Order 1988 issued by the Company Law Board in terms of Section 227(4A) of Companies Act, 1956 as the Company has not commenced its operations during the year.
2. Further to our comment in paragraph 1 above we report that :-
 - A) 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.
 - B) In our opinion proper Books of Accounts required by Law have been kept by the Company so far as it appears from our examination of Books.
 - C) The Balance Sheet dealt with this report is in agreement with the Books of Account.
 - D) In our opinion, the Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 as applicable to the Companies.
 - E) In our opinion and to the best of our information and according to the explanations given to us, the said statement of Accounts together with the notes appearing thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in the case of the Balance Sheet of the state of Affairs of the Company as at 31st March, 2000.

FOR Y. S. MUZUMDAR & CO.
CHARTERED ACCOUNTANTS

Y. S. MUZUMDAR
Proprietor

PLACE : MUMBAI
DATED : 25th August, 2000

Rupees		Rupees	Rupees	Rupees		Rupees
10,00,000	I. AUTHORISED CAPITAL : 1,00,000 shares of Rs. 10/- each		10,00,000	5,810	I. CASH AND BANK BALANCES Cash at Bank	5,730
1,720	II. SUBSCRIBED CAPITAL : 172 Shares of Rs. 10/- each fully paid up.		1,720	11,160	II MISCELLANEOUS EXPENDITURE : Preliminary Expenses	11,490
15,000	III. CURRENT LIABILITIES AND PROVISIONS : CURRENT LIABILITIES Advance from The Godavari Sugar Mills Ltd.	15,000				
250	Outstanding Expenses	500				
15,250			15,500			
16,970	TOTAL RUPEES :		17,220	16,970	TOTAL RUPEES :	17,220

Since Commercial activity has not commenced during the year 1999-2000, no Profit & Loss Account has been prepared.

Accompanying to our report of even date annexed

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

FOR Y. S. MUZUMDAR & CO.
CHARTERED ACCOUNTANTS

Y. S. MUZUMDAR
Proprietor

PLACE : MUMBAI
DATED : 25th August, 2000

S. K. SOMAIYA
S. S. SOMAIYA } DIRECTORS

PLACE : MUMBAI
DATED : 25th August, 2000