

25 MAR 2002



61

Annual Report

THE GODAVARI SUGAR MILLS LIMITED

2000-2001

। न मानुषात् परो धर्मः ।

"There is no religion greater than Humanity"

*With deep sense of gratitude to our
respected Founder*



Padmabhushan

Late Pujya Shri Karamshibhai Jethabhai Somaiya

16-05-1902 * 09-05-1999

*"न त्वहं कामये राज्यं, न स्वर्गं नापुनर्भवम्।
कामये दुःखतप्तानां प्राणिनामर्तिनाशनम्॥"*

*"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"*

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Bankers and Institutions

Andhra Bank
Bank of India
Union Bank of India
Industrial Development -
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, INDIA

Board of Directors :

Dr. S. K. Somaiya
Chairman & Managing Director

Shri Samir Somaiya

Shri Indubhai C. Patel

Dr. B. V. Bhoota

Shri N. C. Sayta

Shri K. Pershad

Shri B. R. Barwale

Shri H. J. Mehta
(Nominee of Bank of India)

Shri T. P. Narayanan
*(Nominee of Industrial Development
Bank of India from 16-07-2001)*

Shri P. M. Kavadia
(Whole-time Director)

Shri V. B. Bagal
(Director-Works)

Shri S. R. Parikh
Secretary and General Manager



परस्परं भावयन्तः श्रेयः परमवाप्स्यथ ।
(भगवद्गीता ३. ११)



- 1 Kabaddi Tournament at Sameerwadi.
- 2 Quiz Competition at Sameerwadi.
- 3 Overview of the Co-generation Power Plant.

Gratifying one another, you shall
achieve the highest good.

(Bhagvatgeeta 3.11)

4



5



6



4 Dog Show at Mudhol, Sameerwadi.

5 Bhajan Competition at Sameerwadi.

6 Panoramic view of Co-generation
Power Plant.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Sixty First Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2001.

A. FINANCIAL RESULTS

	2000-2001	1999-2000
	Rs. in lacs	Rs. in lacs
Turnover	20,320.61	14,660.15
Gross Operating Profit	3,114.79	2,446.66
Less : Interest	1,773.23	1,325.99
Depreciation	273.12	206.54
Provision for Taxation	200.00	300.00
Net Profit for the year	2,246.35	1,832.53
Less : Prior period Expenses	701.10	100.17
Add : Prior period Excess Provision for Taxation	300.00	-
	401.10	100.17
	467.34	513.96
Adding thereto : Balance Profit brought forward from last year	50.53	14.52
Profit available for Appropriation	517.87	528.48
APPROPRIATIONS :		
i) Dividend :		
a) Dividend on Equity Shares @ 12.50%	181.25	160.32
b) Pro-rata Dividend on 12% Redeemable Preference Shares	0.05	-
ii) Corporate Dividend Tax	18.49	17.63
iii) Transfer to General Reserve	200.00	300.00
iv) Balance Carried to Balance Sheet	118.08	50.53
	517.87	528.48

DIRECTOR'S REPORT

B. Manufacturing Results of Sameerwadi :

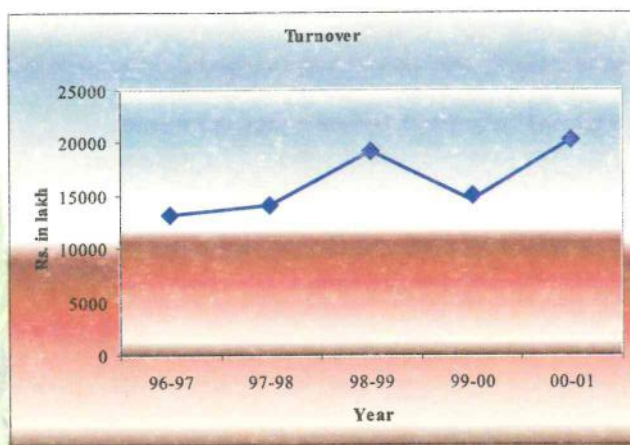
- i) The results for the year reflect working of two crushing seasons i.e. part of 1999-2000 season and part of 2000-2001 season. It covers the period from 1-4-2000 to 31-3-2001 the results whereof are produced below.

Period	Cane Crushed (M.T.)	Sugar Manufactured (Qtls)
01-04-2000 to 01-08-2000	6,53,680	7,17,310
06-12-2000 to 31-3-2001	6,97,527	8,50,010
Total	13,51,207	15,67,320
Previous Year	12,09,931	13,95,350

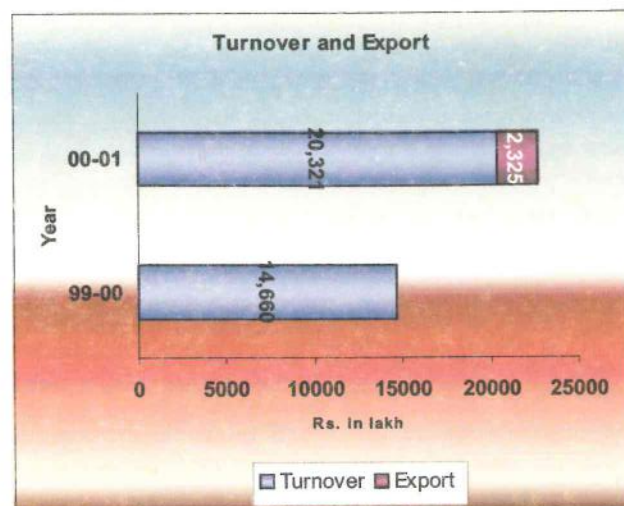
- ii) The final figures of crushing and production for crushing season 2000-2001 and comparative figures for 1999-2000 season are as under :

Season	2000-2001	1999-2000
Season ended on	18-6-2001	1-8-2000
Cane crushed (MT)	11,32,853	13,77,888
Sugar Manufactured (Qtls)	13,43,230	16,09,180
Recovery %	11.75	11.65

The turnover for the year ended 31st March, 2001 was Rs. 20,321 lacs, compared to Rs. 14,660 lacs for the previous year, yielding an increase of 39%. This is because your Company received during the year increased 'Releases' of Sugar and made substantial Exports in the light of the Government of India policy decanalising sugar exports.



Your Company exported over 55,000 tons of sugar as of this date. Out of this 18,000 tons was exported through ISGIEC and balance was exported directly to



international trade houses. In the current year exports were 11 %, at Rs. 2325 lacs of the total turnover of Rs. 20321 lacs. The decanalising of sugar has given an opportunity to the Indian Sugar Industry to enter the global market and we are happy to say that your company is among the top five sugar exporters this year.

Sugar export does not form a part of the "domestic release mechanism" of Government of India. Therefore with substantial exports your company can reduce inventory-carrying costs of sugar. Your company proposes to keep exporting sugar as a part of its marketing strategy.

The figures pertaining to total crushing show that the sugarcane crushed this year is less than the year before. This was due to the fact that there was an unjustified agitation for cane price that prevented the start of factory until December 6th 2000.

C. Dividend :

Even though there is better performance during the year under review, in order to conserve the resources, the Directors of your Company propose to maintain the Dividend @ 12.5% on Equity Share Capital (previous year 12.5%) and 12% pro-rata on Preference Share Capital for the year 2000-2001.

D. Enhancement of Capital :

Your Company made private placement of 75,000 12% Redeemable Preference Shares of Rs.100/- each at par, aggregating to Rs. 75 lacs. The paid-up capital of the company after this issue is Rs.1525 lacs.

E. Projects :

i) 1X24 MW CO-GENERATION PROJECT

The Co-generation project is being set up in 3 phases i.e. each phase will have 1x24 MW plant. Finally it will be 72 MW, which will be amongst the large sugar based co-generation plants. This project is also

linked with the crushing capacity enhancement of the sugar plant progressively from 6000 TCD to 10000 TCD. Your company is the first Indian Company to implement co-generation project on Engineering, Procurement and Construction (EPC) basis. Turnkey EPC contract for the first phase of the project has been awarded to M/s BSES Ltd. The project is expected to be completed by December 2001. Out of total USAID grant of Rs. 425 lacs, the first instalment of Rs.166 lacs for the project has been released by Ministry of Finance. The operation & Maintenance (O & M) contract for 5 years has been awarded to M/s Desein Pvt. Ltd; New Delhi.

The detailed Project Report for the second phase of 24 MW is under finalisation.

ii) **Modernation Plan for Sugar Factory :**

The Modernisation programme from Sugar Development Fund (SDF) for our unit has been sanctioned for Rs. 940 lacs at interest rate of 6% p.a. The Company has been chosen by Sugar Technology Mission (STM) as a "Demonstration Project in Karnataka."

The modernisation programme will be completed during this financial year and will improve capacity utilisation and extraction efficiency of the plant.

iii) **Enterprise Resource Planning (ERP) :**

Sugar Technology Mission (STM) has also funded the implementation of ERP System SAP R/3 in our factory. This system was successfully completed by the end of the year. It will enable accurate information to be available on time. In the final review the STM Director mentioned the benefits anticipated at the start of the project have been achieved. Some of the benefits are:

- Accurate and online information
- Transaction at source and elimination of reconciliation of data
- Transparency of transaction and information
- Efficient Inventory Planning, Management and Control

iv) **Efforts for increase in yield of Cane :**

Yield levels in our area of operation are around 35 tonnes per acre. The agriculture department of the Company endeavour for increase in the yields. Now, your company has engaged the services of Dr. Hapase, who along with K. J. Somaiya Institute of Applied Agriculture Research (KIAAR) are using scientific method of planting and crop management to improve yields levels by 40%. The current project covers 1500 acres and after its success, next year we will expand the project to cover more area.

v) **Dhawaleshwar Water Project :**

The company has set up a Water supply Jackwell and pipeline project at Dhawaleshwar on the Ghataprabha River, about 8 kms from the factory. This will ensure continued water supply both for the factory and the co-generation project.

F. Other Developments :

(i) **Sugar Policy :**

Government of India, during the year under Report, further relaxed the levy / free ratio from 30 : 70 to 15: 85 w.e.f. 1-2-2001.

ii) **Levy Sugar Price Matters in Supreme Court from 1974-75 to 1979-80 Season :**

In terms of the Supreme Court Order dated 28-1-1997, the Government of India had revised the levy prices for the above years and re-notified on 13th April, 1999. Indian Sugar Mills Association (ISMA) had through some sugar factories challenged the same through an application. The Supreme Court has discussed the said Application with the result that the prices determined and notified by the above revised notification dated 13th April, 1999 stand as before.

iii) **Additional Levy Price Matters of Erstwhile Lakshmiwadi Factory for the years 1980-81 to 1983-84 :**

The SLP filed by Government of India against the Delhi High Court's order in favour of the Company for the season 1980-81 has been disposed off by Supreme Court "as dismissed". Similar matters pertaining to 1981-82 to 1983-84 season which are pending in Delhi High Court have been slated for final hearing on 3rd October, 2001.

G. 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.

H. Auditors :

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

I. Cost Auditors :

M/s. B.J.D. Nanabhoy & Co., Cost Accountants, have been appointed as Cost Auditors of the Company.

J. Audit Committee :

An Audit Committee of your Company has been

formed consisting of three Directors, viz.

- i) Shri Indubhai C. Patel - Chairman
- ii) Shri Samir Somaiya
- iii) Shri Kailash Pershad

K. Directors' Responsibility Statement :

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

- (i) Accounting Standards have been followed alongwith proper explanation relating to material departures.
- (ii) The accounting policies of the Company have been consistently followed and estimates have been made reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) Annual accounts are prepared on a going concern basis.

L. Directors :

Shri Indubhai C. Patel and Shri Kailash Pershad, Directors of the Company, retire by rotation and being eligible offer themselves for re-appointment.

Shri T. P. Narayanan has been appointed as a Nominee Director of the Company, by Industrial Development Bank of India with effect from 16th July, 2001.

M. Research & Development :

Your company is engaged in R&D in the following areas :

- i) Using sugarcane and molasses as feedstock for chemicals using biotechnology. The company has used molasses to produce optically active L-lactic acid. L-lactic acid is an important raw material in the manufacture of polylactics that find use in biodegradable plastics and as such is the product of the future.
- ii) The company has also used biotechnology to come with innovative microbiological pH control system for its water treatment. The same will be tried at the plant level in coming

season and if successful the product will be sold to other sugar factories.

- iii) Recognising that water conservation will be more important in days to come, the company is working on the reuse of treated sugar waste water as diluent water in its sister concern distillery Somaiya Organo Chemicals Ltd., if successfully this will decrease water consumption at distillery by 1/3rd, about 400 cubic meter per day.
- iv) The company also sponsors projects at KIAAR. The KIAAR this year has developed a tissue culture and bio pesticide laboratory. Having access to good quality tissue culture plantlets would improve the biological health and disease resistance of the cane in the area. Likewise the use of pesticide are an environmentally friendly way to combat pests such as early shoot borer, that attack the sugar cane in its early stage. Funding for this project is also obtained in part from the state government.

N. Particulars of Employees :

As required by the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) the names and other particulars of employees are set out in the Annexure 'A' to the Directors' Report.

O. 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 to the Board of Directors) Rules, 1988, are set out in the Annexure 'B' forming part of this report.

P. People & the Community :

The company maintains strong relationship with its suppliers and customers and attributes this to the experience, ability and dedication of its people.

Your company is major employer in its region and it recognises its responsibility to the community. The company recruits locally and actively supports education, health, welfare, emergency services, the environment, sport, culture and the arts.

Your company has been underatking many rural development activities. It has participated in 6 pulse polio campaign in past 2 years. Students from Nursing School, Ayurvihar have joined The Godavari Sugar Mills Ltd. in ensuring that the

programme covers all the children in the villages coming under our area of operation.

The Company has also held a variety of programmes for better outreach with the farmers. The following are to name a few.

- i) Veterinary camp in Handigund village in January 2001.
- ii) Dog show in Mudhol in March 2001.
- iii) Kabbadi Championship in Terdal village in April 2001.
- iv) A Bhajan programme in Mudalgi village in June 2001.
- v) A Quiz programme in Mahalingpur, in August 2001 in which 36 Public Schools participated.

These programmes have served as platform for interaction between the company and farmers and have served to bring the factory and farmers still closer to each other.

The worst earthquake of independent India occurred in Gujarat on 52nd Republic Day, January 26, 2001. The worst hit areas are Kutch, Saurashtra, Ahmedabad and Surat. K. J. Somaiya Trust, following the ideals of our late Chairman Shri K. J. Somaiya and under the leadership of Dr. S. K. Somaiya has taken up the challenge to help to some extent re-establishment of people affected by the earthquake for which your Company has generously contributed Rs. 25 lacs.

Your company sells Bhumilabh Organic Environment friendly Bio-fertiliser, produced by its sister concern, Somaiya Organo Chemicals Ltd., to the farmers.

Your company has taken direct dealership for Bio-fertilisers so that it can supply valuable agricultural inputs to the farmers at the right time, of the best quality and at affordable prices. For those farmers who want to purchase on credit, the company has arranged line of credit with Union Bank of India so that the funds are available to farmers when they require it. With this the farmers' dependence on local high cost sources of finance is reduced.

Q. Industrial Relations :

The Company has contributed to maintain harmonious and cordial relations with its workers and staff in all its Divisions, which have enabled it to achieve this performance level on all fronts.

R. Appreciation :

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 and the Financial Institutions viz. Sugar Development Fund, I.D.B.I., SICOM as well as the Karnataka Government, cane suppliers, labour and the staff of the Company.

S. Subsidiary Companies u/s. 212 of the Companies Act :

A Statement relating to Subsidiary Companies i.e. Godavari Investment & Finance Corporation Ltd. 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. K. SOMAIYA
Chairman & Managing Director.

PLACE : Mumbai

DATE : 3rd September, 2001

ANNEXURE "A" TO THE DIRECTORS' REPORT

Statement under section 217(2A) of the Companies Act, 1956 read with Rule 2 of the companies (Particulars of Employees) Rules, 1975 in regards to the employees :

(A) EMPLOYED THROUGHOUT THE YEAR AND RECEIPT OF REMUERATION IN THE AGGERGATE OF RS. 12 LACS.

Name of the Employee	Designation and nature of duties	Remuneration Received (Rs.)	Nature of the Employment whether contractual or otherwise	Qualifications & Experience of the Employee	Date of Commencement of Employment	Age	Last Employment held by such Employee before joining the company
Dr. S. K. Somaiya	Chairman & Managing Director	51,45,129/-	Contractual	B.Sc. (Hons), LL.B., D.Sc. (honoris causa)	01-06-1999	73 yrs.	Somaiya Organics (India)Ltd., Chairman & Managing Director

(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. 1,00,000/- P.M.

*** NIL ***

NOTES : Remuneration received as shown in the statement includes salary, bonus, commisssion, leave encashment, house rent allowance or value for perquiste 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. K. SOMAIYA
Chairman & Managing Director.

PLACE : Mumbai
DATE : 3rd September, 2001

ANNEXURE "B" TO THE 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 2001.

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 to modify to existing evaporator system which will enable us to achieve higher production with economy.

FORM "A"

DISCLOSURE OF PARTICULARS WITH RESPECT OF CONSERVATION OF ENERGY

		Current Year	Previous Year
(I)	POWER AND FUEL CONSUMPTION :		
	1. ELECTRICITY		
	(a) Purchased		
	Units	KWH	
	Total Amount	3,85,692	6,71,535
	Rate	Rs.	
		19,86,103	30,55,106
		Rs/KWH	
		5.15	4.55
	(b) Own Generation		
	i) Through Diesel Generator		
	Units	KWH	
	Units per Litre of Diesel Oil	6,46,841	7,74,416
	Cost per Unit	KWH/Ltr	
		3.33	3.75
	ii) Through Steam Turbine Generator	Rs/KWH	
	Units	5.92	3.73
	Units per K. G. of Bagasse	KWH	
	Cost per Unit	2,94,19,055	2,72,08,780
		KWH	
		0.17	0.17
		Rs/KWH	
		0.57	1.12
	2. COAL (II nd GRADE)		
	Quantity	M.T.	
	Total Amount	425.775	657.835
	Average Rate	Rs.	
	(The Coal is used for manufacture of Lime only)	9,76,365	15,16,002
		Rs./MT	
		2,293	2,305
	3. OTHER / INTERNAL GENERATIONS		
	a) Fire Wood	M.T.	
	Total Cost	366.150	255.000
	Rate /Unit	Rs.	
		2,63,946	2,42,342
	b) Bagasse	Rs./MT	
	Purchased	720.89	950.36
	Produced & Utilised for Power Generation	M.T.	
	Total Cost	NIL	NIL
	Rate (Average)	M.T.	
		3,96,781	3,63,307
		Rs.	
		7,93,56,200	7,26,61,400
		Rs./MT	
		200	200
(II)	CONSUMPTION PER UNIT OF SUGAR PRODUCTION		
	Electricity	KWH/QTLS	
	COAL, (Iind GRADE)	18.86	19.95
	Fire Wood	M.T./QTLS	
	Bagasse	0.0002722	0.0004692
		M.T./QTLS	
		0.0002341	0.0001819
		M.T./QTLS	
		0.25	0.26

(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 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 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 12,08,000/-
iii) Total	Rs 12,08,000/-
iv) Total R & D expenses as a percentage of total turnover	0.06%

TECHONLOGY ABOSRPTION, ADOPTION AND INNOVATION :

R & D is involved in 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 : NIL**(D) FOREIGN EXCHANGE OUTGO : Rs. 21,24,833/-**

By Order of the Board of Directors,

S. K. SOMAIYA

Chairman & Managing Director.

PLACE : Mumbai

DATE : 3rd September, 2001

**AUDITORS' REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH, 2001**

We have audited the attached Balance sheet of THE GODAVARI SUGAR MILLS LIMITED as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that :

1. As required by the Manufacturing and Other Companies(Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - 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 account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - c) In our opinion, the Profit and Loss Account and Balance Sheet subject to;
 - i. *Note 1B (ii) regarding non-provision of leave encashment as per Accounting Standard - 15 and*
 - ii. *Note 1(G) regarding the valuation of closing stock of inventories which does not comply with the Accounting Standard - 2.*comply with the Accounting Standard referred to in sub section(3C) of Section 211 of Companies Act, 1956.
 - d) On the basis of the written representations received from the Directors, and taken on record by Board of Directors, we report that none of the said Directors is disqualified as on March 31, 2001 from being appointed as Directors in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to explanations given to us, the accounts give the information required by the Companies Act, 1956 and read together with other notes give a true and fair view in the case of Balance Sheet of the state of affairs of the Company and in case of the Profit and loss Account, of the profit of the Company for the year ended on 31st March, 2001.

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

G. P. Bhatt
(Partner)

PLACE : Mumbai
DATE : 3rd September, 2001

ANNEXURE TO AUDITORS' REPORT

We have audited the attached Balance sheet of THE GODAVARI SUGAR MILLS LIMITED as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that :

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. Physical verification of 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 has 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 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 these stocks is fair and proper and in accordance with normally accepted accounting principles on the same basis as in the previous year.
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.
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 size of the Company and nature of its business, for the purchase of Raw Materials, Stores, Plant and Machineries, Equipments and Other Assets and for 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 materials 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 though it had invited for deposits.
10. The Company has maintained reasonable records for the sale and disposal of by-products and scrap.
11. In our opinion the 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 of Provident Fund dues with 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, Customs Duty and Excise Duty outstanding for a period exceeding six months from the date they become 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) (o) of the Sick Industrial Companies (Special Provision) Act, 1985.

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

G. P. Bhatt
(Partner)

PLACE : Mumbai
DATE : 3rd September, 2001

BALANCE SHEET AS AT 31ST MARCH, 2001

	SCHEDULES		31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SOURCE OF FUNDS :				
SHAREHOLDERS' FUNDS :				
(a) Share Capital	1		1,525.00	1,450.00
(b) Reserves & Surplus	2		1,974.85	1,707.30
			<u>3,499.85</u>	<u>3,157.30</u>
LOANS :				
(a) Secured Loans	3		13,709.42	10,298.86
(b) Unsecured Loans	4		1,773.13	1,406.89
			<u>15,482.55</u>	<u>11,705.75</u>
TOTAL FUNDS EMPLOYED			<u>18,982.40</u>	<u>14,863.05</u>
APPLICATION OF FUNDS :				
FIXED ASSETS :				
(a) Gross Block	5	5,585.49		4,700.50
(b) Less : Depreciation		<u>1,723.34</u>		<u>1,450.23</u>
(c) Net Block			3,862.15	3,250.27
(d) Work in Progress			<u>3,360.73</u>	<u>375.15</u>
			<u>7,222.88</u>	<u>3,625.42</u>
INVESTMENTS	6		4.32	9.33
CURRENT ASSETS				
(a) Inventories	7	13,692.25		12,824.26
(b) Debtors	8	506.54		486.59
(c) Cash and Bank Balances	9	151.58		155.40
(d) Fixed Deposits	10	89.74		48.02
(e) Loans and Advances	11	<u>2,757.65</u>		<u>3,326.21</u>
		17,197.76		16,840.48
LESS : CURRENT LIABILITIES	12			
(a) Current Liabilities		4,407.20		4,534.64
(b) Provisions		<u>1,049.36</u>		<u>1,077.54</u>
		5,456.56		5,612.18
Net Current Assets			11,741.20	11,228.30
MISCELLANEOUS EXPENDITURE :				
Deferred Revenue Expenditure			14.00	-
TOTAL FUNDS DEPLOYED			<u>18,982.40</u>	<u>14,863.05</u>
CONTINGENT LIABILITIES	13			
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 & General Manager

N. S. Khetan
General Manager (F & A)

S. K. Somaiya Chairman & Managing Director

Samir Somaiya

Indubhai C. Patel } Directors

B. R. Barwale

P. M. Kavadia (Whole-time Director)

Place : Mumbai

Dated : 3rd September, 2001

Place : Mumbai

Dated : 3rd September, 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	SCHEDULES	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
INCOME :			
Sales	14	20,320.61	14,660.15
Other Income	15	274.28	537.93
Increase / (Decrease) in Stock	16	676.81	3,721.98
		<u>21,271.70</u>	<u>18,920.06</u>
EXPENDITURE :			
Sugar Cane Cost		13,565.88	12,005.29
Manufacturing and Other Expenses	17	3,321.26	3,064.50
Excise Duty & Sugar Development Cess		1,245.77	1,015.26
Interest & Financial Charges	18	1,773.23	1,325.99
Milk Purchased & Procurement Expenses		24.00	388.35
Depreciation	5	273.12	206.54
		<u>20,203.26</u>	<u>18,005.93</u>
PROFIT BEFORE TAX		1,068.44	914.13
Provision for Taxation		200.00	300.00
Net Profit for the Year		868.44	614.13
Less : Prior Period Expenses		701.10	100.17
Add : Prior Period Excess provision for taxation		300.00	-
		<u>467.34</u>	<u>513.96</u>
Balance Profit brought forward from last year		50.53	14.52
Profit available for Appropriations		<u>517.87</u>	<u>528.48</u>
APPROPRIATIONS :			
Proposed Dividend :			
a) On Preference Shares @12%		0.05	-
b) On Equity Shares @12.5%		181.25	160.32
Corporate Dividend Tax		18.49	17.63
General Reserve		200.00	300.00
Balance Carried to Balance Sheet		118.08	50.53
		<u>517.87</u>	<u>528.48</u>

COMPUTATION OF COMMISSION PAYABLE TO 19

MANAGING DIRECTOR / EXECUTIVE DIRECTORS

NOTES ON ACCOUNTS 20

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.
Chartered Accountants

S. K. Somaiya Chairman & Managing Director

Samir Somaiya

Indubhai C. Patel } Directors

B. R. Barwale

P. M. Kavadia (Whole-time Director)

G. P. Bhatt
Partner

S. R. Parikh
Secretary & General Manager

N. S. Khetan
General Manager (F & A)

Place : Mumbai
Dated : 3rd September, 2001

Place : Mumbai
Dated : 3rd September, 2001

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

Schedules annexed to and forming part of Balance Sheet as at 31st March, 2001 and Profit and Loss Account for the year ended 31st March, 2001.

31.03.2001
(Rs. in lacs)

31.03.2000
(Rs. in lacs)

SCHEDULE 1 - SHARE CAPITAL :

AUTHORISED :

2,50,00,000	Ordinary (Equity) Shares of Rs.10/- each	2,500.00	1,930.00
15,00,000	12 % Redeemable Preference Shares of Rs.100/- each	1,500.00	-
		<u>4,000.00</u>	<u>1,930.00</u>

ISSUED AND SUBSCRIBED CAPITAL :

1,45,00,000	Ordinary (Equity) Shares of Rs. 10/- each fully paid up. 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	1,450.00
75,000	12 % Redeemable Preference Shares of Rs.100/- each	75.00	-
		<u>1,525.00</u>	<u>1,450.00</u>

SCHEDULE 2 - RESERVES AND SURPLUS :

(A) GENERAL RESERVE :

As per last Balance Sheet	1,406.77	1,106.77
Add : Transferred from Profit during the year	200.00	300.00
	<u>1,606.77</u>	<u>1,406.77</u>

(B) SHARE PREMIUM RESERVE

As per last Balance Sheet	250.00	-
Received during the year	-	250.00
	<u>250.00</u>	<u>250.00</u>

(C) PROFIT AND LOSS ACCOUNT

118.08	50.53
<u>1,974.85</u>	<u>1,707.30</u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

31.03.2001
(Rs. in lacs)

31.03.2000
(Rs. in lacs)

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 alongwith Lenders of Co-generation Project 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	4,452.87	3,606.22
(ii)	Union Bank of India	4,612.85	3,951.89
(iii)	Andhra Bank	2,137.63	1,398.26
		11,203.35	8,956.37
(b) Term Loans :			
(i)	Industrial Development Bank of India (Secured by hypothecation by way of exclusive first charge on specific Equipments and Corporate Guarantee of Somaiya Organo-Chemicals Limited)	441.00	598.50
(ii)	SICOM Ltd. (Secured by mortgage of Lakshmiwadi Land and hypothecation by way of exclusive first charge of specific Assets)	329.27	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 of Fixed Assets of Company's unit at Sameerwadi (excluding Agricultural Assets) and fully guaranteed by a Director)	124.28	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 of Fixed Assets of Company's unit at Sameerwadi (excluding Agricultural Assets) and fully guaranteed by a Director)	132.31	115.79
(v)	Sugar Technology Mission (Secured by hypothecation by way of exclusive first charge on the Assets to be created under the ERP project and second charge on the stock of sugar, molasses and stores)	79.89	35.42
For Co-generation Project :			
(vi)	(a) Industrial Development Bank of India	1,000.00	-
	(b) Andhra Bank	399.32	-
	(Secured by way of first charge on Co-generation assets, First Pari Passu Charge with Consortium Bankers by way of Equitable Mortgage of Fixed Assets of the Company (excluding agricultural assets) and power receivables.)		
		2,506.07	1,292.49
(c)	Sugar Development Fund (Secured by a Bank guarantee)	-	50.00
		13,709.42	10,298.86

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	1,569.96	1,164.92
(c)	Hire Purchase Finance	183.17	221.97
		1,773.13	1,406.89

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

SCHEDULE 5 - FIXED ASSETS

PARTICULARS	Gross Block As on 1st April, 2000	Additions during the year	Deductions/ Adjustments during the year	Gross Block As on 31st March, 2001	Depreciation Written off upto 31st March, 2000	Depreciation Written off during the year	Deductions/ Adjustments of Depreciation 31st March, 2001	Total Depreciation upto 31st March, 2001	Net Depreciated Block as at 31st March, 2001	Net Depreciated Block as at 31st March, 2000
Factory & Other Land	277.45	-	-	277.45	-	-	-	-	277.45	277.45
Farm Land	10.10	-	-	10.10	-	-	-	-	10.10	10.10
Live Stock	1.06	-	-	1.06	0.25	-	-	0.25	0.81	0.81
Non Factory Building	459.11	-	-	459.11	74.37	7.48	-	81.85	377.26	384.74
Factory Building	107.15	47.96	-	155.10	66.93	4.26	-	71.19	83.92	40.22
Agricultural Machinery	12.94	0.41	-	13.35	7.33	0.62	-	7.94	5.41	5.61
Plant & Machinery	3,459.71	587.36	-	4,047.07	1,190.09	216.46	-	1,406.56	2,640.51	2,269.62
Furniture & Fixture	52.45	0.37	-	52.82	18.34	3.33	-	21.67	31.15	34.11
Office Equipments	59.83	6.58	-	66.41	17.53	3.56	-	21.09	45.32	42.30
Motor Vehicles	148.60	32.40	-	181.00	45.78	14.52	-	60.29	120.71	102.82
Computers	112.11	209.91	-	322.01	29.61	22.89	-	52.49	269.52	82.15
Grand Total	4,700.50	884.99	-	5,585.49	1,450.22	273.12	-	1,723.34	3,862.15	3,250.27
Previous Year	3,139.54	1,643.43	82.47	4,700.50	1,313.60	206.54	69.91	1,450.23	3,250.27	

(Rs. in lacs)

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

		31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SCHEDULE 6 - INVESTMENTS (At Cost)			
(A)	INVESTMENT IN SHARES OF SUBSIDIARY COMPANY :		
(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 of Padmanabh Agencies Ltd. for Rs.10/- each (unquoted)	0.02	0.02
		1.02	1.02
(B)	OTHER INVESTMENTS :		
(i)	National Defence Certificate deposited with Electricity Department, Bhopal	0.02	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
(v)	7200 Equity Shares of Bank of India (Market Value Rs.1.44 lacs)	3.24	3.24
		3.30	8.31
		4.32	9.33
SCHEDULE 7 - INVENTORIES :			
(i)	Stores, Chemicals and Spares (at cost as per inventories valued and certified by a Director)	755.02	557.69
	Dairy Stores (at cost as per inventories valued and certified by a Director)	-	1.29
	In Transit	-	4.86
		755.02	563.84
(ii)	Stock-in-trade (as per Inventories valued and certified by a Director)		
(a)	Sugar at Cost or Market Price whichever is lower	12,679.98	12,082.95
(b)	Sugar in Process at Cost	177.83	103.25
(c)	Molasses at Market Rate	40.47	31.19
(d)	Bagasses	17.47	25.25
(e)	Crop in Progress	0.91	0.68
(f)	Foodgrain	10.61	10.00
(g)	Scrap / Unused gunny bags	7.94	-
(h)	Dairy Products at Market price	2.02	7.10
		12,937.23	12,260.42
		13,692.25	12,824.26
SCHEDULE 8 - SUNDRY DEBTORS			
	Sundry Debtors (Unsecured and considered good except otherwise stated)		
(a)	Debts Outstanding for more than six months	190.49	217.91
(b)	Other Debts	316.05	268.68
		506.54	486.59
SCHEDULE 9 - CASH AND BANK BALANCES :			
(a)	Cash, Cheques and Drafts on hand and in transit (incl. Stamps on hand Rs. 28,213/-)	15.57	71.41
(b)	In Current Account with Scheduled Banks	135.88	83.02
(c)	In Current Account with Non-scheduled Bank : Bijapur District Central Co-op. Bank Ltd., Mahalingpur (Max. bal. during the year Rs.17,04,897/-; previous year Rs. 8,81,012/-)	0.08	0.92
(d)	Fixed Deposits with Scheduled Bank (Lodged with Excise Department, Bijapur)	0.05	0.05
		151.58	155.40
SCHEDULE 10 - FIXED DEPOSITS :			
	Fixed Deposits with Scheduled Banks (Under Lien for the Guarantees)	83.54	43.54
	Accrued Interest on above	6.20	4.48
		89.74	48.02

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SCHEDULE 11 - LOANS 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 the company Rs. 2,07,403 /-) (Max.debit bal.during the year Rs. 2,07,403 Amount in dispute Rs. 1,86,801/- towards due for Central Excise Duty)	1,011.24	1,836.06
Considered Doubtful	0.64	0.64
	<u>1,011.88</u>	<u>1,836.70</u>
Less : Provision for Doubtful Advances	<u>0.64</u>	<u>0.64</u>
	1,011.24	1,836.06
Padmanabh Agencies Ltd. - A Subsidiary Company	0.23	0.15
Advance Income Tax (includes Income Tax Deducted at Source)	1,595.17	1,290.20
Deposit with High Court & Others	94.21	121.29
Interest, etc. on Hire Purchase Finance	56.80	77.20
Levy Sugar Price Difference	-	1.31
	<u>1,746.41</u>	<u>1,490.00</u>
	2,757.65	3,326.21
SCHEDULE 12 - CURRENT LIABILITIES AND PROVISIONS :		
(A) CURRENT LIABILITIES :		
(i) Sundry Creditors	4,378.00	4,525.14
(ii) Due to Directors	29.20	9.35
(iii) Liability for Income Tax	-	0.15
	<u>4,407.20</u>	<u>4,534.64</u>
(B) PROVISIONS :		
(i) Dividend on Equity Shares	181.25	160.32
(ii) Dividend on Preference Shares	0.05	
(iii) Provision for Taxation	849.57	899.59
(iv) Provision for Dividend Tax	18.49	17.63
	<u>1,049.36</u>	<u>917.22</u>
	1,049.36	1,077.54
	5,456.56	5,612.18
SCHEDULE 13 - CONTINGENT LIABILITIES		
(Not Provided for) :		
(i) Uncalled Liability on Partly Paid 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 a Bangalore, for Levy Sugar Price Difference for the Season 1985-86.	17.37	17.37
(iii) Corporate guarantee given to GIIC for term loan sanctioned to The Kutch Salt and allied Industries Limited.,	<u>303.00</u>	<u>-</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2001

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SCHEDULE 14 - SALES :		
Sugar	19,812.60	13,892.56
Molasses	476.07	324.16
Sugar Cane	-	4.26
Dairy Product Sale	31.94	439.17
	<u>20,320.61</u>	<u>14,660.15</u>

SCHEDULE 15 - OTHER INCOME :

Sundry Receipts	185.14	49.60
Income from Immovable Property	0.63	1.05
Sundry Receipts being Value of Farm Produce etc.	13.27	11.81
Sundry Credit Balances Written Back	0.88	5.61
Excess Provision of Cane Price for 1998-99 - Written Back	-	406.53
Claims and Refund	21.87	0.33
Interest on Fixed Deposits and Others	52.42	41.03
Service 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	0.07	0.41
	<u>274.28</u>	<u>537.93</u>

SCHEDULE 16 - INCREASE IN STOCK :

Closing Stock :		
Sugar	12,679.98	12,082.95
Sugar-in-Process	177.83	103.25
Molasses	40.47	31.19
Bagasse	17.47	25.25
Crop in Progress	0.91	0.68
Food Grain	10.61	10.00
Scrap / Unused gunny bags	7.94	-
Dairy Products at Market price	2.02	7.10
	<u>12,937.23</u>	<u>12,260.42</u>
Less : Opening Stock :		
Sugar	12,082.95	8,292.04
Sugar-in-Process	103.25	109.81
Molasses	31.19	48.51
Bagasses	25.25	10.86
Standing Crop of Food Grain (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>
	<u>676.81</u>	<u>3,721.98</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2001

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SCHEDULE 17 - MANUFACTURING AND OTHER EXPENSES :		
MANUFACTURING EXPENSES :		
Power and Fuel	97.04	75.07
Packing, Forwarding and Storage	471.94	433.89
Stores, Chemicals and Spare Parts consumed	315.12	255.96
Lease Rent	7.84	18.42
Insurance Premium	57.39	36.64
Agricultural Development Expenses	20.39	20.16
Expenses on Scientific Research	12.00	12.12
Contribution to Scientific Research Institution	15.00	15.00
	996.72	867.26
REPAIRS AND MAINTENANCE :		
Plant and Machinery	352.51	404.90
Buildings	10.24	43.34
Others	13.76	37.72
	376.51	485.96
EMPLOYEES REMUNERATION AND BENEFITS :		
Salaries, Wages and Bonus	1,174.82	867.39
Contribution to Provident Fund & Other Fund	81.73	80.48
Welfare Expenses	56.68	90.93
Workmen Compensation	-	0.03
Group Gratuity Insurance Premium	20.58	40.00
	1,333.81	1,078.83
OFFICE AND ESTABLISHMENT EXPENSES :		
Rent	10.98	11.45
Rates and Taxes	32.84	60.19
Miscellaneous Expenses	241.93	318.19
Telephone Expenses	43.61	47.33
Travelling Expenses	77.04	67.00
Legal and Professional Charges	67.28	60.20
Guarantee & Cane Commission	-	2.24
Charity and Donation	33.94	17.29
Cost Audit Fees and Travelling Expenses	0.16	0.11
Sales Tax on HP	1.20	3.42
Loss on Sale of Assets	-	0.29
Sundry Debit Balance Written Off	-	2.87
	508.98	590.58
AUDITORS' REMUNERATION :		
Audit Fees / Tax Audit Fees	1.95	0.27
Auditors' Travelling Expenses	0.33	0.02
	2.28	0.29
DIRECTORS' REMUNERATION, FEES AND TRAVELLING EXPENSES :		
Remuneration	61.67	25.65
Fees	0.40	0.38
Travelling (including foreign travelling of Rs. 32.26 lacs)	40.89	15.55
	102.96	41.58
	3,321.26	3,064.50

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2001

	31.03.2001 (Rs. in lacs)	31.03.2000 (Rs. in lacs)
SCHEDULE 18 - INTEREST & FINANCIAL CHARGES :		
Cash Credit Account	1,431.08	1,168.38
Fixed Loans	229.98	73.25
Debentures	1.20	1.20
Other Loans	49.03	41.33
Hire Purchase Finance / Financial Charges	61.94	41.83
	<u>1,773.23</u>	<u>1,325.99</u>
SCHEDULE 19 - COMPUTATION OF MANAGING DIRECTOR'S & EXECUTIVE DIRECTORS' REMUNERATION		
Net Profit as per Profit and Loss Account	1,068.44	914.13
Add :		
i) Directors' Remuneration	61.67	25.65
ii) Depreciation	273.12	206.54
	<u>334.79</u>	<u>232.19</u>
	<u>1,403.23</u>	<u>1,146.32</u>
Less : Profit on Sale of Fixed Asset	-	6.65
Less : Depreciation	273.12	227.16
	<u>1,130.11</u>	<u>912.51</u>
Managing Director's Commission @ 3% (Previous Year Pro-rata for 10 months) on the Net Profit subject to maximum as per the provisions of the Company's Act, 1956	29.47	7.60
Executive Directors Commission @1% on the Net Profit to each.	22.60	18.24
As per Agreement maximum Commission eligible to Executive Directors	3.50	1.75

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) a) Fixed Assets are carried at cost of acquisition or construction.
b) Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees, costs of implementation/system integration services and incidental expenses related to acquisition.
- iv) Long term investment are carried at cost less provision, if any, for permanent diminution in value of such investment.

(B) Retirement Benefits :

- i) The Liability as on 31-3-2001 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs.3,52,83,169/- (in previous year Rs. 3,29,85,001/-). The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with Life Insurance Corporation of India.
- ii) 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.

(C) Depreciation :

Depreciation on Fixed Assets has been provided on S. L. M. as prescribed in Schedule XIV of the Companies Act, 1956.

(D) Foreign Currency Transactions :

Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

(E) Revenue Recognition :

- (i) Sales of goods are recognised on despatches to the customers and includes Excise Duty.
- (ii) Dividends are recognised when the right to receive them is established.

(F) Expenditure on Research and Development :

Research and Development costs of revenue nature are charged to the Profit & Loss Account when incurred. Expenditure of Capital nature is capitalised and depreciation provided thereon as per the schedule XIV of the company's act 1956.

(G) INVENTORIES :

- i) Finished goods and semi finished goods are valued at the lower of cost or market price except waste/scrap which is valued at net realisable value. Finished goods and process stock include cost of conversion which approximate the actual cost.
- 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) The valuation of Stores, Spares and Chemicals is changed from FIFO Method to Moving Average Method. Due to change in method, there is no significant impact in Valuation of Closing Stock.
 - iv) Excise Duty payable on finished goods lying in the factory as on 31.3.2001 is neither provided nor considered in valuation of closing stock of finished goods as on 31st March, 2001. This has no impact on the financial results.
- (H) DEFERRED REVENUE EXPENDITURE :
- Deferred Revenue Expenditure shall be written off to the Profit & Loss Account as determined by the management.
- (I) BORROWING COST :
- Borrowing Costs that are attributable to acquisition of or constructing of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily take substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
- (J) CAPITAL WORK IN PROGRESS :
- Directly identifiable pre-operative expenses of new projects under implementation of capital nature are carried forward under Capital Work-in-Progress, pending capitalisation.
- (K) Estimated amount of contract remaining to be executed on capital account and not provided for Rs. 61.01 crores
- (2) The small scale and ancillary undertakings to whom amounts outstanding for more than 30 days exceeded Rs. 1 lakh : Nil.
- (3) (i) Income Tax Assessments upto Accounting Year 1997-98 (Assessment Year 1998-99) have been completed and liability is paid.
- (ii) For the accounting year 1996-97 (Assessment Year 1997-98) there is disputed liability of Rs.472.33 lacs which is contested in Appeal and not provided for. However, payment is made of Rs. 422.33 lacs.
- (4) No Provision has been made in the Accounts for following Disputed Liabilities.
- i) 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.
 - ii) 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.
 - iii) 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.
 - iv) The Company has not made payment and / or provision of Rs. 25.53 lacs for Service Tax on transportation of Goods for the period from 16-7-1997 to 1-8-1998 (Restored by the Finance Act 2001 retrospectively) as the company is relying on Writ Petition No. 493 of 2000 of Kesoram Industries Ltd. which is pending for hearing.
- (5) Miscellaneous expenses include an amount of Rs. 2 lacs paid to a political party for souvenir advertisement.

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001

(6) Quantitative information in respect of goods manufactured :

Goods Manufactured	Opening Stock		Production Quantity		Quantity sent for reprocessing and loss due to Driage		Sales		Closing Stock	
	Quantity M. T.	Value Rs.	Quantity M. T.		Quantity M. T.		Quantity M. T.	Value Rs.	Quantity M. T.	Value Rs.
Sugar	1,04,418.200 (75,295.200)	1,20,82,94,819 (82,92,03,875)	1,56,732.000 (1,39,535.000)		1,067.200 (503.800)		1,52,770.900 (1,09,908.200)	1,98,12,59,852 (1,38,92,56,516)	1,07,326.010 (1,04,418.200)	1,26,79,98,05 (1,20,82,94,819)
Molasses	12,474.244 (19,406.194)	31,18,561 (48,51,549)	56,567.790 (45,945.870)		NIL NIL		58,945.170 (52,877.820)	4,76,07,434 (3,24,15,988)	10,096.864 (12,474.244)	40,47,304 (31,18,561)

Note : Figures in bracket pertain to previous year

Raw Materials Purchased and consumed :

	Current Year		Previous year	
	M.T.	Rs.	M.T.	Rs.
Sugar Cane Consumed	13,51,207	1,28,78,51,812	12,09,931	11,10,69,129
Stores and Spares Consumed :	Value Rs.	%	Value Rs	%
Imported	NIL	NIL	NIL	NIL
Indigenous	3,15,12,417	100%	2,55,95,306	100%
	3,15,12,417	100%	2,55,95,306	100%

C.I.F. Value Imports :

	Current Year	Previous Year
i) Raw Materials	NIL	NIL
ii) Stores and Spares	NIL	NIL
iii) Capital Goods	NIL	1,24,55,000/-
(7) Expenses incurred in Foreign Currency	21,24,833/-	1,41,97,111/-

(8) 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 & General Manager

N. S. Khetan
General Manager (F & A)

S. K. Somaiya Chairman & Managing Director

Samir Somaiya
Indubhai C. Patel } Directors

B. R. Barwale
P. M. Kavadia (Whole-time Director)

Place : Mumbai

Dated : 3rd September, 2001

Place : Mumbai

Dated : 3rd September, 2001

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional information pursuant to Part IV to the Company's Act, 1956

I. Registration Details

Registration No.

2945

State Code 11

Balance Sheet Date

31 03 2001

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

Public Issue

NIL

Right Issue

NIL

Bonus Shares

NIL

Private Placement

7,500

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

Total Liabilities

18,98,240

Total Assets

18,98,240

Sources of Funds

Paid-up Capital

1,52,500

Reserves & Surplus

1,97,485

Secured Loans

13,70,942

Unsecured Loans

1,77,313

Application of Funds

Net Fixed Assets

7,22,288

Investments

432

Net Current Assets

11,74,120

Misc. Expenditure

1,400

Accumulated Losses

NIL

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

Turnover & Other Income

21,27,170

Total Expenditure

20,20,326

+/- Profit/Loss Before Tax

+ 1,06,844

+/- Profit / Loss After Tax

+ 86,844

Earning per Share in Rs.

5.99

Dividend Rate %

12.50

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

Item Code No. (ITC Code)

1,701.11

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 & General Manager

N. S. Khetan
General Manager (F & A)

S. K. Somaiya

Chairman & Managing Director

Samir Somaiya

Indubhai C. Patel

Directors

B. R. Barwale

P. M. Kavadia

(Whole-time Director)

Place : Mumbai

Dated : 3rd September, 2001

Place : Mumbai

Dated : 3rd September, 2001

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO A SUBSIDIARY COMPANIES.**

2000-2001

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, 2001.
- 2) The Subsidiary Company earned a profit of Rs. 2,650/-. In view of carried forward loss the subsidiary Company has not made provision for taxation. After adjusting previous year's loss of Rs. 2,12,395/-, the balance loss comes to Rs. 2,09,745/-, 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, 2001.

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, 2001 was Rs. 23,350/-.

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.
Chartered Accountants

G. P. Bhatt
Partner

S. R. Parikh
Secretary & General Manager

N. S. Khetan
General Manager (F & A)

Place : Mumbai

Dated : 3rd September, 2001

S. K. Somaiya Chairman & Managing Director

Samir Somaiya

Indubhai C. Patel } Directors

B. R. Barwale

P. M. Kavadia (Whole-time Director)

Place : Mumbai

Dated : 3rd September, 2001

DIRECTORS' REPORT

The Shareholders,
Godavari Investment and Finance Corporation Limited
Mumbai.

Your Directors submit herewith their Forty-Sixth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2001.

The working of the Company for the year resulted in profit of Rs. 2,650/-. In view of carried forward loss provision for taxation is not made. After adjusting the prior year's loss of Rs.2,12,395/-, the balance loss comes to Rs. 2,09,745/-, which has been carried to the Balance sheet. In view of loss, the Directors do not recommend any dividend.

Directors :

Dr. S. K. Somaiya retires by rotation and being eligible, offers himself for re-appointment.

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.

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	}	Directors
R. VENKATARAMAN		

PLACE : Mumbai

DATE : 27th August, 2001

GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the Balance Sheet of Godavari Investment and Finance Corporation Limited as at 31st March, 2001 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 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.
3. The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with 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, 2001 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 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 explanation 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, 2001 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 (i) of Sub-section (i) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Y. S. MUZUMDAR & CO.
Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)

PLACE : Mumbai
DATE : 27th August, 2001

1. **SYSTEMS OF ACCOUNTING :**

The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis.

2. **INVESTMENT :**

Are valued at Cost.

For **Y. S. MUZUMDAR & CO.**
Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)

S. K. SOMAIYA

R. VENKATARAMAN

} Directors

PLACE : Mumbai

DATE : 27th August, 2001

31-03-2000	LIABILITIES	31-03-2001
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	1,400
439	Profit & Loss Account	2,650
439	Less : Transfer to Miscellaneous Expenditure per contra	2,650
		-
1,22,662	IV. CURRENT LIABILITIES AND PROVISIONS :	
21,043	(A) CURRENT LIABILITIES : Sundry Creditors	1,27,712
1,43,705	(B) Provision for Taxation	21,043
		1,48,755
2,45,105	TOTAL RUPEES :	2,50,155

Accompanying to our report of even date annexed

For **Y. S. MUZUMDAR & CO.**
Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)

PLACE : Mumbai
DATE : 27th August, 2001

FINANCE CORPORATION LIMITED

AS AT 31ST MARCH, 2001

31-03-2000	ASSETS	31-03-2001
Rupees		Rupees
		Rupees
	I. INVESTMENT (AT COST UNQUOTED)	
7,200	200 Fully paid up Equity Shares of Mamli Private Limited	7,200
	II. CURRENT ASSETS, LOANS AND ADVANCES :	
	(A) CASH AND BANK BALANCES :	
655	Cash on Hand	55
2,559	In Current Account with a Schedule Bank	10,859
<u>3,214</u>		<u>10,914</u>
	(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
800	(ii) Deposits	800
101	(iii) Advances recoverable in Cash or Kind	101
9,412	(iv) Advance Income Tax	9,412
7,645	(v) Income Tax deducted at source	7,645
<u>25,510</u>		<u>33,210</u>
	III. MISCELLANEOUS EXPENDITURE :	
	PROFIT & LOSS A/c.	
2,12,834	Loss as per last Balance sheet	2,12,395
439	Less : Balance of profit transferred per contra	2,650
<u>2,12,395</u>		<u>2,09,745</u>
<u>2,45,105</u>	TOTAL RUPEES :	<u>2,50,155</u>

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

S. K. SOMAIYA

R. VENKATARAMAN

} Directors

PLACE : Mumbai

DATE : 27th August, 2001

GODAVARI INVESTMENT AN

PROFIT AND LOSS ACCOUNT

31-03-2000			31-03-2001
Rupees			Rupees
500	To Salary		500
1,500	To Profession Tax		1,700
800	To Miscellaneous Expenses		600
500	To Office Rent		500
550	To Audit Fees		550
439	To Profit carried down		2,650
<u>4,289</u>	TOTAL RUPEES :		<u>6,500</u>
2,12,834	To Loss as per last Balance Sheet		2,12,395
<u>2,12,834</u>	TOTAL RUPEES :		<u>2,12,395</u>

Accompanying to our report of even date annexed

For **Y. S. MUZUMDAR & CO.**
Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)

PLACE : Mumbai
DATE : 27th August, 2001

FINANCE CORPORATION LIMITED**FOR THE YEAR ENDED 31ST MARCH, 2001**

31-03-2000			31-03-2001
Rupees			Rupees
-	By	Bad Debts recovered	6,500
4,289	By	Outstanding Liabilities written back	-
		TOTAL RUPEES :	6,500
439	By	Profit brought down	2,650
2,12,395	By	Loss carried to Balance Sheet	2,09,745
2,12,834	TOTAL RUPEES :		2,12,395

S. K. SOMAIYA**R. VENKATARAMAN**

} Directors

PLACE : Mumbai

DATE : 27th August, 2001

DIRECTORS' REPORT

The Shareholders,
Padmanabh Agencies Ltd.
Mumbai.

Your Directors submit herewith Third Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

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 for the current year and to fix their remuneration.

For and on behalf of the Board of Directors,

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

PLACE : Mumbai
DATE : 27th August, 2001

AUDITORS' REPORT TO THE SHAREHOLDERS

The Shareholders,
Padmanabh Agencies Ltd.
Mumbai.

We have audited the attached Balance Sheet of PADMANABH AGENCIES LTD. as at 31st March, 2001 annexed hereto and report that :

- 1) No report is annexed as required by the Manufacturing and other Companies (Auditors 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 Accounts.
 - 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, 2001.

For **Y. S. MUZUMDAR & CO.**
Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)

PLACE : Mumbai
DATE : 27th August, 2001

PADMANABH AGENCIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2001

31-03-2000	LIABILITIES	31-03-2001	31-03-2000	ASSETS	31-03-2001
Rupees		Rupees	Rupees		Rupees
	I. AUTHORISED CAPITAL :			I. CASH AND BANK BALANCES :	
10,00,000	1,00,000 Shares of Rs.10/- each	10,00,000	5,730	Cash At Bank	9,790
	II. SUBSCRIBED CAPITAL :			II. MISCELLANEOUS EXPENDITURE :	
1,720	172 Shares of Rs. 10/- each	1,720	11,490	Preliminary Expenses	16,068
	Fully paid up				
	III. CURRENT LIABILITIES AND PROVISIONS :				
15,000	Advance from The Godavari Sugar Mills Ltd.	23,350			
500	Outstanding Expenses	788	24,138		
17,220	TOTAL RUPEES :	25,858	17,220	TOTAL RUPEES :	25,858

Since Commercial Activity has not commenced during the year 2000-2001, 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)

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

PLACE : Mumbai
DATE : 27th August, 2001

PLACE : Mumbai
DATE : 27th August, 2001