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*Annual Report*

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THE GODAVARI SUGAR MILLS LIMITED

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2001-2002

**Bankers and Institutions**

Andhra Bank  
Bank of Baroda  
Bank of India  
Syndicate Bank  
Union Bank of India  
Industrial Development Bank of India  
Karnataka State Industrial Investment -  
& Development Corporation  
SICOM Ltd.  
State Bank of India  
Sugar Development Fund  
Sugar Technology Mission

**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 S. Somaiya  
*(Director-Technical)*

Shri Indubhai C. Patel

Dr. B. R. Barwale

Shri N. C. Sayta

Shri Kailash Pershad

Shri T. P. Narayanan  
*(Nominee of Industrial Development  
Bank of India)*

Dr. K. V. Raghavan

Shri Rooshikumar Pandya

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

Shri P. K. R. Nair  
*(Director-Works)*

Shri V. B. Bagal  
*(Director-Works)*

Shri R. L. Somani  
*Company Secretary*

## DIRECTORS' REPORT

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Dear Shareholders,

Your Directors have pleasure in presenting their Sixty Second Annual Report and the Audited Statements of Accounts of the Company for the year ended 31<sup>st</sup> March, 2002.

### **Amalgamation of Somaiya Organo-Chemicals Limited (SOCL) with The Godavari Sugar Mills Limited (GSML):**

Your Directors decided, subject to securing necessary approvals, to amalgamate Somaiya Organo-Chemicals Limited (SOCL) with the Company. The Hon'ble High Court of Judicature at Mumbai sanctioned the amalgamation of SOCL with the Company in August 2002. The amalgamation of SOCL with Company became effective from 16<sup>th</sup> September, 2002 and the Appointed Date is from 1<sup>st</sup> April, 2001.

It is well-known that in several advanced sugar producing countries, the concept of "Integrated Projects" in the field of Sugar Industry has recently developed and has taken roots. Such complexes start from sugar cane cultivation, and cover not merely the manufacture of sugar but activities connected with all by-products such as Bagasse, Molasses, Effluent upgradation, etc. and cover the manufacture of Paper, Ethanol, Chemical Products and Generation of Power. In keeping with these developments, your Directors decided restructuring of the Company's operations.

Molasses is a by-product of Sugar industry. It is used for manufacture of Rectified Spirit from which Organic Chemicals like Acetaldehyde, Acetic Acid, Ethyl Acetate and other products are manufactured. Consequent to the amalgamation, the Company will improve its capability to undertake diverse projects thereby contributing to enhancement of future business potential of the Company. The amalgamation has created a unique level of integration for the Company, spanning the entire value chain in sugar, power generation and chemical business. Your Company will have the ability to leverage on its large asset base, a diversified range of products and services and vast pool of intellectual capital, to enhance the shareholder's value.

## DIRECTORS' REPORT

### A. FINANCIAL RESULTS

		2001-2002 Rs. in lacs	2000-2001 Rs. in lacs
Gross Turnover		31,102.08	20,320.61
Gross Operating Profit		2,874.26	3,114.79
Less : Interest	2,128.75		1,773.23
Depreciation	515.59		273.12
Provision for Taxation	15.00		200.00
		2,659.34	2,246.35
Net Profit for the year		214.92	868.44
Less : Prior period Expenses	120.95		701.10
Add : Prior period Excess Provision for Taxation	68.52		300.00
		52.43	401.10
		162.49	467.34
Adding thereto : Balance Profit brought forward from last year		151.28	50.53
Profit available for Appropriation		313.77	517.87
<b>APPROPRIATIONS :</b>			
Proposed Dividend :			
a) On Preference Shares		-	0.05
b) On Equity Shares		-	181.25
Interim Dividend :			
a) On Preference Shares		33.07	-
b) On Equity Shares		200.76	-
Corporate Dividend Tax		23.85	18.49
General Reserve		10.00	200.00
Balance Carried to Balance Sheet		46.09	118.08
		313.77	517.87

The figures of current financial year include figures of Somaiya Organo Chemicals Ltd (SOCL) which was amalgamated with the Company from the appointed date i.e. 1<sup>st</sup> April, 2001. Hence, the figures for current financial year are not strictly comparable with those of previous financial year.



**B. Manufacturing Results :**

**Sugar Division**

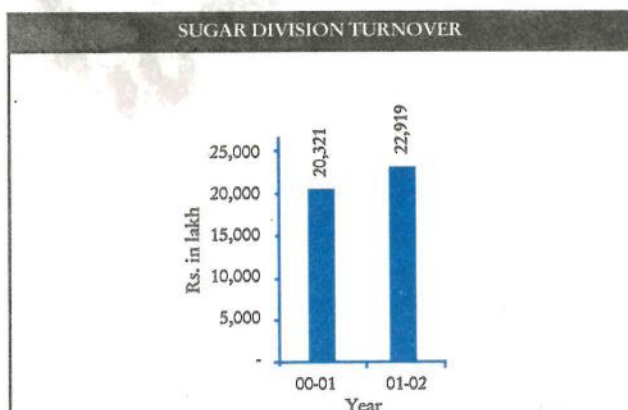
- i) The results for the year reflect working of two crushing sugar seasons i.e. part of 2000-2001 and part of 2001-2002. It covers the period from 1-4-2001 to 31-3-2002 the results whereof are produced below.

Period	Cane Crushed (M.T.)	Sugar Manu- factured (Qtls)
01-04-2001 to 18-06-2001	4,35,393	4,99,220
29-09-2001 to 31-03-2002	10,52,200	11,90,850
<b>Total</b>	<b>14,87,593</b>	<b>16,90,070</b>
<b>Previous Year</b>	<b>13,51,207</b>	<b>15,67,459</b>

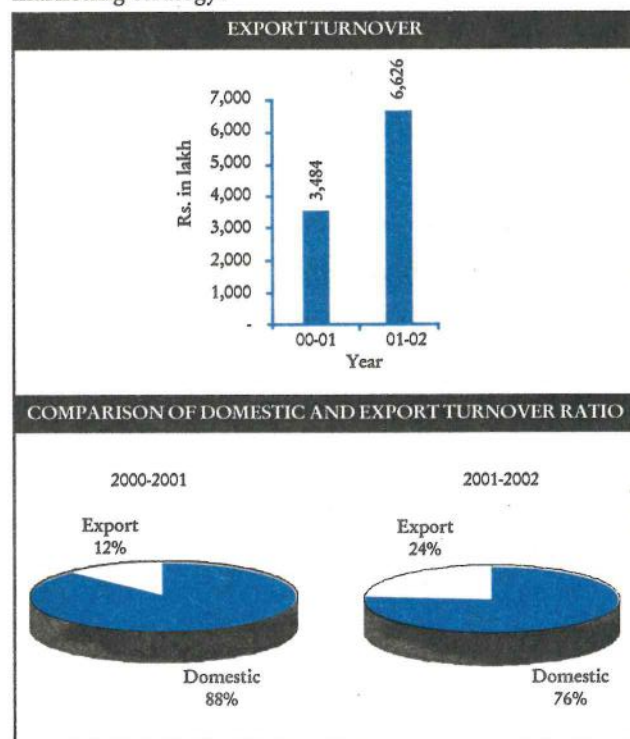
- ii) The final figures of crushing and production for crushing season 2001-2002 and comparative figures for 2000-2001 season are as under :

Season	2001-2002	2000-2001
Season ended on	21-04-2002	18-06-2001
Cane crushed (MT)	11,80,996	11,32,853
Sugar Manufactured (Qtls)	13,32,940	13,43,230
Recovery %	11.17	11.75

Your Company Turnover of the Sugar Division increased from Rs. 20,321 lacs for the previous year 2000-2001 to Rs. 22,919 lacs in the year ended March 31<sup>st</sup> 2002. This is because your company did substantial exports in light of the Government of India policy decanlising sugar exports.

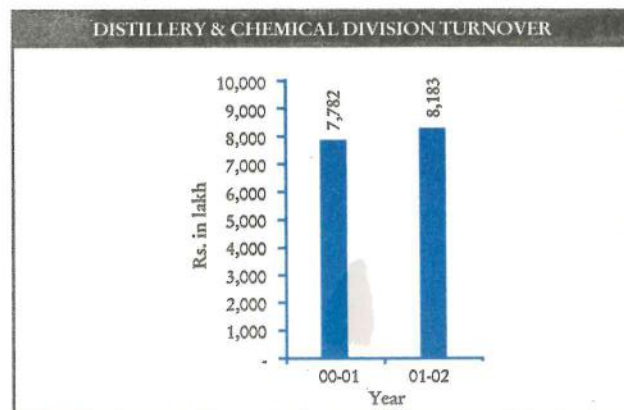


Export of sugar does not form a part of the 'Domestic Release Control Mechanism' of Government of India. Therefore with substantial exports your company can reduce inventory-carrying costs of sugar. Your company will concentrate on exporting sugar as a part of its marketing strategy.



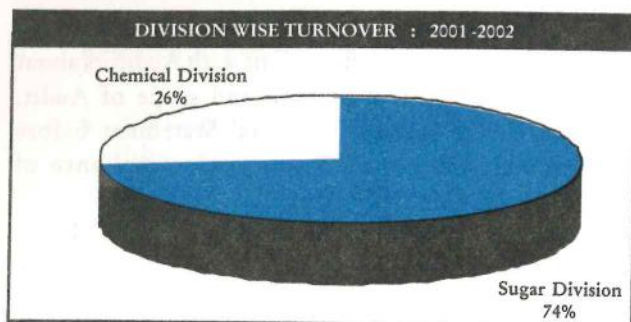
**Distillery & Chemical Division :**

The total turnover of the Distillery & Chemical Division increased from Rs. 7746 lacs for the previous year 2000-2001, prior to amalgamation, to Rs. 8183 lacs in the year ended March 31<sup>st</sup> 2002. This is mainly on account of increase in the capacity of production of Rectified Spirit at the Distillery Unit situated at Sameerwadi from 40 KL to 60 KL a day during the year which resulted in higher production and consequently higher sales to the extent of Rs. 398 lacs as compared to the previous year.



## DIRECTORS' REPORT

The prices of Molasses and Alcohol were considerably above reasonable levels during the entire year under review as compared to those in the previous years. This had an adverse impact on the profitability of this division. The prices of Acetic Acid and Ethyl Acetate remained more or less at subdued level during the major part of the year.



### C. Dividends :

The Board of Directors of your Company had on 23<sup>rd</sup> March, 2002, i.e. prior to the date of order of amalgamation (1<sup>st</sup> August, 2002) declared and paid an interim dividend @ 10% on the Equity Share Capital and pro rata 12% on Preference Share Capital of the Company for the year 2001-2002. Further on 23<sup>rd</sup> March, 2002 erstwhile SOCL had declared and paid an interim dividend @ 7% on the Equity Share Capital. The Board proposed the same to be treated as final dividend.

### D. Enhancement of Preference Share Capital :

Your Company made private placement of 10,25,000 - 12% Redeemable Preference Shares of Rs.100/- each at par, aggregating to Rs. 1025 lacs. The paid-up Preference Share Capital of the company after this issue now is Rs.1100 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 1 X 24 MW Plant. Finally it will be 72 MW, which will be amongst the large sugar based Co-generation Plants. 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 was awarded to M/s BSES Ltd.

Trial runs and all the stipulated tests with the EPC Contractor M/s BSES Ltd are in progress. The commissioning of the power plant in an integrated manner with the Sugar Plant will be achieved

during the forthcoming crushing season beginning from October, 2002. Thereafter the Co-Generation Plant will generate power on a consistent, sustainable and stable basis.

The Detailed Project Report for the second phase is under the process of finalisation which will be based on the ultimate crushing capacity of the sugar plant.

#### ii) "Modernisation" Plan for Sugar Factory :

The Company has received a loan of Rs. 940 lacs at a concessional rate of 6 % p.a. for the above from the Sugar Development Fund.

The benefits of the above "Modernisation Programme" will be available from season 2002-03 as under :

Increase in Recovery, Reduction in Stoppages, Reduction in steam consumption, Improvement in process efficiency, Increase in crushing capacity, Reduction in Stores consumption & Substantial saving of Power.

#### iii) Information Technology :

There is a premium on the accurate information of trends in any organisation that purchases material from various vendors, makes a number of products across various plants and delivers them to a number of customers. Your Company is no exception. Information Technology plays an important role in making the company competitive and is poised to play an even greater part in enhancing the efficiency of the supply chain. The company has successfully implemented Systems, Applications, Products in Data Processing (SAP) - an Enterprise wide resource planning software. The objective is to integrate manufacturing, financial and distribution activities across all locations. This is leading to lower inventory, improved customer service and online tracking of costs, which have standardized and resulted in discipline in the entire system.

### Distillery & Chemical Division

#### i) Extra Neutral Alcohol (ENA) :

In line with the trend to make multipurpose distilleries, catering to industrial, beverage & fuel grades, your company is in the process of setting up ENA plant of 40 KL per day capacity at Sameerwadi. Commissioning of the same and commercial production is scheduled shortly.



**ii) Distillery Revamping :**

The company is also planning to switchover to continuous fermentation from the batch process at its factory at Sakarwadi. This will result in increased recovery of alcohol from molasses.

**iii) Ethanol for Blending with Petrol :**

The Excise Commissioner, Karnataka has desired Distilleries in the state to take up programme to manufacture and supply Anhydrous alcohol for blending with Petrol in compliance with the Central Government's decision to use 5 % Ethanol for mixing with Petrol. The Company is taking necessary steps in this regard.

**F. Other Developments :**

**(i) Sugar Policy :**

Government of India, during the year under Report, further relaxed the levy / free ratio from 15 : 85 to 10 : 90 w.e.f. 1-3-2002.

**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 them on 13<sup>th</sup> April, 1999. Indian Sugar Mills Association (ISMA) had through some sugar factories challenged the same through an application. The Supreme Court has dismissed the said Application with the result that the prices determined and notified by the above revised notification dated 13<sup>th</sup> April, 1999 stand as before.

**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 for re-appointment in their new firm name M/s. Ambalal Thakkar & Associates.

**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 functioning consisting of the following three Directors, Shri Indubhai C. Patel (Chairman), Shri Samir S. Somaiya and Shri Kailash Pershad.

The terms of reference to the Audit Committee include periodical discussions with Auditors about Internal Control System, and scope of Audit, review of Annual Financial Statement before submission to the Board, and compliance of Internal Control System.

**K. Remuneration Committee :**

A Remuneration Committee was constituted by the Board on 8<sup>th</sup> April, 2002, to evaluate compensation and benefits for Executive Directors. The Committee comprises of three non-executive independent directors viz: Shri N. C. Sayta (Chairman), Shri Indubhai C. Patel and Shri T. P. Narayanan.

The Committee met once on 28<sup>th</sup> September, 2002 to review the:

- a) Revision in remuneration payable to Dr. S. K. Somaiya, Managing Director, with effect from 1<sup>st</sup> June, 2002, subject to the approval of the Shareholders.
- b) Remuneration payable to Shri Samir S. Somaiya, Director (Technical), Shri P. M. Kavadia, Whole-time Director and Shri P. K. R. Nair, Director-Works, subject to the approval of the Shareholders.

**L. Directors' Responsibility Statement :**

Pursuant to section 217 (2AA) 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 under review.
- (iii) That the Directors have 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.

**M. Research & Development :**

- i) The Company has developed a process to make Ethyl Lactate from molasses. Ethyl Lactate is a non-toxic and biodegradable Eco-friendly solvent, which will replace existing toxic solvents. The Company has filed an Indian patent for this process.
- ii) Distillery waste in the form of 'spent wash' is one of the most complex, troublesome and strongest industrial organic effluents. Intensive treatment of distillery waste-water has become imperative because of strict water quality legislation and decrease in land availability. The company is working on, "Bioremediation and Decolorisation of Distillery Spent Wash."
- iii) The company has also used biotechnology to come with innovative microbiological pH control system for its water treatment. The same will be tried at plant level.
- iv) Recognising the need of water conservation the company is working on the reuse of treated sugar waste water as diluent water in its distillery, this will decrease water consumption at distillery by  $1/3^{rd}$ , about 400 cubic meter per day.
- v) The company also sponsors projects at KIAAR. The KIAAR this year has developed a tissue culture and bio pesticide at laboratory. Having access to good quality tissue culture plantlets would improve the biological health and disease resistance of the sugar cane in the area. Likewise the use of pesticide are an environment friendly way to combat pests such as early shoot borer, that attack the sugar cane in its early stage.

**N. Fixed Deposits :**

Deposits of Rs. 2.24 Lacs, which became due for renewal/payment on or before 31<sup>st</sup> March, 2002 were not claimed by the depositors. The said deposits have since been renewed / paid.

**O. Voluntary Retirement Scheme :**

With the twin objectives of enhancing the efficiency of the operations and becoming cost effective, the Distillery & Chemical Division of the Company offered VRS to the employees of the factory located at Sakarwadi . VRS was kept open from 5<sup>th</sup> July, 2002 to 15<sup>th</sup> August, 2002. Total 83 employees opted for the same.

**P. Directors :**

Dr K.V. Raghavan, Shri Rooshikumar Pandya and Shri P.K.R Nair have been appointed as Additional Directors during the year. The Company has received Notice from a member under Section 257 of the Companies Act, 1956 proposing them for the office of Directors of the Company.

Shri Samir S. Somaiya, Dr B.V. Bhoota, Shri P. M. Kavadia retire from the Board by rotation. Shri Samir S. Somaiya, Shri P. M. Kavadia have offered themselves for re-appointment.

Bank of India and SICOM Ltd. have withdrawn their Nominee Directors Shri H.J. Mehta and Shri P.S. Ramachandran (of erstwhile SOCL) respectively from the Board of the Company.

The Directors place on record their appreciation for the valuable services rendered by Dr B. V. Bhoota, Shri H.J. Mehta and Shri P.S. Ramachandran.

**Q. 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 to the Directors' Report.

**R. 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 forming part of this report.



## DIRECTORS' REPORT

### S. People & the Community :

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

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

As a part of our corporate values, we believe in supporting and making contribution to the growth and development of the rural sector in India.

In view of the above, Consolidated Audited Statement of Accounts of Subsidiary Companies are not provided. However Statement relating to Subsidiary Companies i.e. Godavari Investment & Finance Corporation Limited and Padmanabh Agencies Limited pursuant to Section 212 of the Companies Act, 1956 are attached to the Balance Sheet.

By Order of the Board of Directors,

### T. Industrial Relations :

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

**S. K. SOMAIYA**  
Chairman & Managing Director.

PLACE : Mumbai  
DATE : 28<sup>th</sup> September, 2002.

### U. 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, State Bank of India, Bank of Baroda, Syndicate Bank and the Financial Institutions viz. : Sugar Development Fund, Sugar Technology Mission, I.D.B.I., SICOM Ltd., ICICI Ltd., Unit Trust of India, Karnataka State Industrial Investment and Development Corporation Ltd., as well as the Karnataka & Maharashtra Government, customers, suppliers, labour and the staff of the company.

### V. Subsidiary Companies u/s. 212 of the Companies Act :

The Company's Investment in the Subsidiary Companies is insignificant. During the year under review, none of the subsidiary companies had undertaken any operations, and the Balance Sheet exposure is immaterial. As per para 4.3 of the Accounting Standard (AS-21) "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India, are intended to apply only on material items.



## 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 NOT LESS THAN RS. 24 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	38,12,336/-	Contractual	B.Sc. (Hons), LL.B., D.Sc. (honoris causa)	01-06-1999	74 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. 2,00,000/- P.M.**

\*\*\* NIL \*\*\*

NOTES : Remuneration received as shown in the statement includes salary, commisssion, house rent allowance or value for perquisites for accommodation and other allowances like contribution to provident fund and 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 : 28<sup>th</sup> September, 2002.

# ANNEXURE "B" TO THE DIRECTORS' REPORT

## Sugar Division :

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 31<sup>st</sup> March 2002.

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 fuel economy.

#### FORM "A"

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

		Current Year	Previous Year	
(I)	POWER AND FUEL CONSUMPTION :			
	1. ELECTRICITY			
	(a) Purchased			
	Units	KWH	2,69,347	3,85,692
	Total Amount	Rs.	16,66,438	19,86,103
	Rate	Rs/KWH	6.19	5.15
	(b) Own Generation			
	i) Through Diesel Generator			
	Units	KWH	4,69,470	6,46,841
	Units per Litre of Diesel Oil	KWH/Ltr.	3.33	3.33
	Cost per Unit	Rs/KWH	5.70	5.92
	ii) Through Steam Turbine Generator			
	Units	KWH	3,16,78,026	2,94,19,055
	Units per K. G. of Bagasse	KWH	0.17	0.17
	Cost per Unit	Rs/KWH	1.10	0.57
	2. COAL (II nd GRADE)			
	Quantity	M.T.	NIL	425.775
	Total Amount	Rs.	NIL	9,76,365
	Average Rate	Rs./MT	NIL	2,293
	(The Coal is used for manufacture of Lime only)			
	3. OTHER / INTERNAL GENERATIONS			
	a) Fire Wood	M.T.	901.370	366.150
	Total Cost	Rs.	10,80,763	2,63,946
	Rate /Unit	Rs./MT	1,199.02	720.89
	b) Bagasse			
	Purchased	M.T.	NIL	NIL
	Produced & Utilised for Power Generation	M.T.	1,74,902	3,96,781
	Total Cost	Rs.	3,49,80,400	7,93,56,200
	Rate (Average)	Rs./MT	200	200
(II)	CONSUMPTION PER UNIT OF SUGAR PRODUCTION			
	Electricity	KWH/QTLS	18.81	18.86
	Coal (IInd Grade)	M.T./QTLS	NIL	0.0002722
	Fire Wood	M.T./QTLS	0.0005352	0.0002341
	Bagasse	M.T./QTLS	0.10	0.25

# ANNEXURE "B" TO THE DIRECTORS' REPORT

## Distillery & Chemical Division :

### A) CONSERVATION OF ENERGY:-

- (a) Energy Conservation measures taken:-  
Methane gas recovery plant from spent wash of Distillery- working satisfactory.
- (b) Additional investment proposals, if any, being implemented for reduction in consumption of energy:  
Coal fired FBC Boiler having high thermal efficiency was commissioned during July, 2001. Due to this steam gen. /ton of coal was increased by 20%.
- (c) 400 TR Thermax absorption chiller was also commissioned during January, 2002, which ensured normal operation of all the plants even during summer time.
- (d) D.G. Utilisation reduced nearly by 70% due to proper planning & distribution of power with Production planning.
- (e) Total energy consumption and energy consumption per unit of production as per Form "A" given hereunder.

### FORM A

Disclosure of particulars with respect to Conservation of Energy

For Chemical Division		For Distillery Division	
Current Year	*Previous Year	Current Year	*Previous Year

### A) POWER & FUEL CONSUMPTION:

#### 1 ELECTRICITY :-

##### (a) PURCHASED :

Unit	KWH	1,05,44,671	1,07,97,887	3,41,502	6,19,152
Total Amount	Rs.	4,40,23,962	4,58,39,509	18,28,407	27,48,232
Rate	Rs./KWH	4.17	4.25	5.35	4.44

##### (b) OWN GENERATION :

##### i) Through Diesel Generator ( Kirloskar D.G.Set)

Unit	KWH	7,38,764	28,03,459	4,79,204	32,696
Diesel Consumption.	Ltrs.	2,35,857	8,69,630	1,35,707	9,159
Unit per litre of diesel oil	KWH	3.13	3.22	3.53	3.57
Cost per Unit.	Rs./KWH	6.20	5.95	5.59	5.76

##### ii) Through Steam Engine (BM Engine & Turbine)

Unit per K.G.	KWH	34,68,448	40,26,300	9,03,412	2,75,556
Cost per unit.	Rs./KWH				

After generation of power, the steam is consumed fully in the process. So, there is no appreciable cost for power generation. In practice, we get power as a by-product with nominal / low cost per unit.

#### 2 COAL (B/C/D GRADE)

Coal consumed	M.T.	22,829	33,015	681	1,132
Total Cost	Rs.	4,66,89,209	6,50,37,177	16,40,382	25,40,459
Average Rate	Rs./MT	2,045	1,970	2,409	2,244
Bagasse consumed	MT	NIL	NIL	8,768	NIL
Total Cost	Rs.	NIL	NIL	65,81,375	NIL
Average Rate	Rs./MT	NIL	NIL	751	NIL
Firewood consumed	MT	NIL	NIL	141	NIL
Total Cost	Rs.	NIL	NIL	1,81,157	NIL
Average Rate	Rs./MT	NIL	NIL	1,284	NIL
Biogas consumed	M3	1,08,43,898	1,16,02,651	38,50,556	29,14,688
Total Steam generation	M.T.	1,59,364	1,75,104	34,310	25,387
Steam generation per MT of coal.	M.T.	4.56	3.81	3.58	5.00



# ANNEXURE "B" TO THE DIRECTORS' REPORT

		For Chemical Division		For Distillery Division	
		Current Year	*Previous Year	Current Year	*Previous Year
B) CONSUMPTION PER UNIT OF PRODUCTION :					
i) ALCOHOL					
Production	K.L.	24,071	27,614	13,187	9,840
Electricity	KWH	48,68,121	65,22,229	15,82,869	8,67,238
Rate	KWH/KL	202.24	635.89	120.03	88.13
Coal	M.T.	2,272	7,069	681	1,132
Bagasse	M.T.	NIL	NIL	8,768	NIL
Firewood	M.T.	NIL	NIL	141	NIL
Biogas (Equ. Coal = 12101)	M3	1,08,43,898	1,16,02,651	38,50,556	29,14,688
Rate	Coal	MT/KL	0.60	0.72	0.44
	Steam	MT/KL	2.72	2.76	2.58
ii) ACETALDEHYDE					
Production	M.T.	16,245	16,882	NIL	NIL
Electricity	KWH	28,02,858	33,49,253	NIL	NIL
Rate	KWH/MT	172.54	198.39	NIL	NIL
Coal	M.T.	7,061	9,297	NIL	NIL
Rate	Coal	MT/MT	0.43	0.55	NIL
	Steam.	MT/MT	1.98	2.10	NIL
iii) ACETIC ACID					
Production	M.T.	15,454	18,743	NIL	NIL
Electricity	KWH	45,73,084	59,93,400	NIL	NIL
Rate	KWH/MT	295.92	319.77	NIL	NIL
Coal	M.T.	5,234	6,593	NIL	NIL
Rate	Coal	MT/MT	0.34	0.35	NIL
	Steam.	MT/MT	1.54	1.34	NIL
iv) ETHYL ACETATE					
Production	M.T.	11,485	11,423	NIL	NIL
Electricity	KWH	25,07,820	17,62,765	NIL	NIL
Rate	KWH/MT	218.36	154.32	NIL	NIL
Coal	M.T.	8,263	10,055	NIL	NIL
Rate	Coal	MT/MT	0.72	0.88	NIL
	Steam.	MT/MT	3.28	3.35	NIL
v) Bio-Earth Compost (Bhumilabh)					
Production	M.T.	NIL	NIL	16,400	9,117
Electricity	KWH	NIL	NIL	77,572	60,166
Rate	KWH/MT	NIL	NIL	4.73	6.60

Note : \* Prior to Amalgamation

**(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 &amp; 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 identified 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, syrup clarification and filtrate clarification.

## 2) Benefits derived as a result of the above R &amp; D :

R & D activities helped in process improvement and quality of the product. Products are developed and commercialised. 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 and new product development. The Co-generation project will be installed to explore about 24 MW power. Development of products based on bio-technology will be taken up. More work in the area of new derivatives of Ethanol and Acetaldehyde will be taken up.

## 4) Expenditure :

	Rs. in Lacs
i) Capital	130.02
ii) Recurring	15.40
iii) Total	145.42
iv) Total R & D expenses as a percentage of total turnover	0.47%

**TECHONLOGY ABSORPTION, 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 high capacity energy efficient machines enabled higher crushing rate and total crush with higher sugar recovery and better quality sugar.
- 2) We have not imported any technology.

	Rs. in Lacs
(C) FOREIGN EXCHANGE EARNINGS	6626.24
(D) FOREIGN EXCHANGE OUTGO	335.84

By Order of the Board of Directors,

**S. K. SOMAIYA**  
Chairman & Managing Director.

PLACE : Mumbai  
DATE : 28<sup>th</sup> September, 2002.



We have audited the attached Balance Sheet of THE GODAVARI SUGAR MILLS LIMITED as at 31<sup>st</sup> March, 2002 and the Profit and Loss Account for the year ended on that date, annexed hereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Central Government of India in terms section 227(4A) of the Companies Act, 1956, we annex hereto a statements on the matters specified in paragraph 4 and 5 of the said order to the extent applicable and based on such checks as we considered appropriate.

Further to our comments in the Annexure, referred to in paragraph 1 above, we report that:

- a) We have obtained all the information and explanations, which to the best our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- d) In our opinion and to the best of our information, the Balance Sheet and the Profit and Loss Account subject to:
  1. Note 1 B(ii) regarding non-provision of Leave Encashment Salary as per Accounting Standard - 15.
  2. Note 1 G(ii) regarding the valuation of closing stock of inventories which does not comply with the Accounting Standard - 2

comply with Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

- e) As per the information and explanation given to us none of the Directors of the Company is disqualified from being appointed as a Director under Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) 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 read together with the other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:-
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2002, and
  - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For AMBALAL THAKKAR & Co.  
Chartered Accountants

G. P. Bhatt  
(Partner)

PLACE : Mumbai  
DATE : 28th September, 2002.



## ANNEXURE TO AUDITORS' REPORT

We have audited the attached Balance Sheet of THE GODAVARI SUGAR MILLS LTD as at 31<sup>st</sup> March, 2002 and also the Profit & 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. None of the fixed assets have 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 material and no material discrepancies have been noticed on such physical verification as compared to book records. The procedure 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 taken loans from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
5. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Advances in the nature of loan are being recovered as stipulated.
6. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, plant and machinery, equipment and other assets and for sale of goods.
7. In our opinion and according to the information and explanation 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 material or services or the prices at which transaction for similar goods, material 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. In respect of deposits accepted from public and loans from other parties, the company has complied with the provisions of section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 framed thereunder.
10. In our opinion, reasonable records have been maintained by the Company for sale and disposal of realizable 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) of the Companies Act, 1956 have been maintained by the Company but no detailed examination of such records and Accounts has 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 explanation 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 clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.

For AMBALAL THAKKAR & Co.  
Chartered Accountants

G. P. Bhatt  
(Partner)

PLACE : Mumbai  
DATE : 28th September, 2002.

# BALANCE SHEET AS AT 31ST MARCH, 2002

SCHEDULES		31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)	
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS :				
(a)	Share Capital	1	2,948.25	1,525.00
(b)	Reserves & Surplus	2	3,674.55	1,974.85
			<u>6,622.80</u>	<u>3,499.85</u>
LOANS :				
(a)	Secured Loans	3	19,986.21	13,709.42
(b)	Unsecured Loans	4	3,905.14	1,773.13
			<u>23,891.35</u>	<u>15,482.55</u>
			<u>30,514.15</u>	<u>18,982.40</u>
TOTAL FUNDS EMPLOYED				
APPLICATION OF FUNDS :				
FIXED ASSETS :				
(a)	Gross Block	5	11,341.97	5,585.49
(b)	Less : Depreciation		<u>3,634.05</u>	<u>1,723.34</u>
(c)	Net Block		7,707.92	3,862.15
(d)	Work in Progress		8,719.69	3,360.73
			<u>16,427.61</u>	<u>7,222.88</u>
INVESTMENTS		6	11.86	4.32
CURRENT ASSETS, LOANS & ADVANCES				
(a)	Inventories	7	14,484.17	13,692.25
(b)	Debtors	8	1,550.22	506.54
(c)	Cash / Bank Balances	9	1,094.22	241.32
(d)	Loans and Advances	10	3,481.19	2,757.65
			<u>20,609.80</u>	<u>17,197.76</u>
LESS : CURRENT LIABILITIES & PROVISIONS				
(a)	Current Liabilities		5,707.69	4,407.20
(b)	Provisions		864.39	1,049.36
			<u>6,572.08</u>	<u>5,456.56</u>
Net Current Assets			14,037.72	11,741.20
MISCELLANEOUS EXPENDITURE :				
Deferred Revenue Expenditure			36.96	14.00
TOTAL FUNDS DEPLOYED			<u>30,514.15</u>	<u>18,982.40</u>
NOTES ON ACCOUNTS		19		

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.  
Chartered Accountants

G. P. Bhatt  
Partner

R. L. Somani  
Company Secretary

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

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya  
Indubhai C. Patel  
Kailash Pershad } Directors

P. M. Kavadia (Whole-time Director)

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002**

	SCHEDULES	31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
<b>INCOME :</b>			
Sales	12	31,102.08	20,320.61
Other Income	13	277.70	274.28
Increase / (Decrease) in Stock	14	(382.82)	676.81
		<u>30,996.96</u>	<u>21,271.70</u>
<b>EXPENDITURE :</b>			
Raw Material Cost	15	18,981.08	13,589.88
Manufacturing and Other Expenses	16	6,594.09	3,321.26
Excise Duty & Sugar Development Cess		2,547.53	1,245.77
Interest & Financial Charges	17	2,128.75	1,773.23
Depreciation	5	515.59	273.12
		<u>30,767.04</u>	<u>20,203.26</u>
<b>PROFIT BEFORE TAX</b>		229.92	1,068.44
Provision for Taxation		15.00	200.00
Net Profit for the Year		214.92	868.44
Less : Prior Period Expenses		120.95	701.10
Add : Prior Period Excess provision for taxation		68.52	300.00
		<u>162.49</u>	<u>467.34</u>
Add : Balance Profit brought forward from last year (includes Rs 33.20 lacs of erstwhile SOCL in current year)		151.28	50.53
<b>Profit available for Appropriation</b>		<u>313.77</u>	<u>517.87</u>
<b>APPROPRIATIONS :</b>			
Proposed Dividend :			
a) On Preference Shares		-	0.05
b) On Equity Shares		-	181.25
Interim Dividend :			
a) On Preference Shares		33.07	-
b) On Equity Shares		200.76	-
Corporate Dividend Tax		23.85	18.49
General Reserve		10.00	200.00
Balance Carried to Balance Sheet		46.09	118.08
		<u>313.77</u>	<u>517.87</u>
<b>COMPUTATION OF COMMISSION PAYABLE TO MANAGING DIRECTOR / EXECUTIVE DIRECTORS</b>	18		
<b>NOTES ON ACCOUNTS</b>	19		

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.  
Chartered Accountants

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya  
Indubhai C. Patel  
Kailash Pershad } Directors

P. M. Kavadia (Whole-time Director)

G. P. Bhatt  
Partner

R. L. Somani  
Company Secretary

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

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.

# SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2002

Schedules annexed to and forming part of Balance Sheet as at 31st March, 2002 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2002.

## SCHEDULE 1 - SHARE CAPITAL :

### AUTHORISED :

		31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
2,50,00,000 Ordinary (Equity) Shares of Rs.10/- each	2,500.00		2,500.00
15,00,000 Redeemable Preference Shares of Rs.100/- each	1,500.00		1,500.00
		4,000.00	4,000.00

### ISSUED AND SUBSCRIBED CAPITAL :

<b>Equity Share Capital :</b>			
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
<b>Share Capital Suspense Account :</b>			
39,82,500 Equity Shares of Rs 10/- each to be issued to the Shareholders of the erstwhile Somaiya Organo-Chemicals Limited on Amalgamation as per the Scheme sanctioned by Mumbai High Court.	398.25		-
		1,848.25	1,450.00
<b>12% Reeemable Preference Share Capital :</b>			
75,000 Shares of Rs 100/- each	75.00		75.00
10,25,000 Add : Shares issued & fully paid up during the year	1,025.00		-
		1,100.00	75.00
		2,948.25	1,525.00

## SCHEDULE 2 - RESERVES AND SURPLUS :

### (a) General Reserve :

As per last Balance Sheet		1,606.77	1,406.77
Add : Addition on Amalgamation	1,107.14		-
Add : Transferred from Debenture Redemption Reserve	50.00		-
Add : Transferred from Profit during the year	10.00		200.00
		1,167.14	200.00
		2,773.91	1,606.77

### (b) Debenture Redemption Reserve :

Addition on Amalgamation	50.00		-
Less : Transferred to General Reserve	50.00		-

### (c) Share Premium Reserve :

As per last Balance Sheet	250.00		250.00
Add : Addition on Amalgamation	40.00		-

### (d) Grant-USAID :

As per last Balance Sheet	-	290.00	250.00
Received during the year	166.30		-

### (e) Capital Reserve :

As per last Balance Sheet	-	166.30	-
Add : Addition on Amalgamation	398.25		-

### (f) Profit And Loss Account :

	398.25		-
	46.09		118.08
	3,674.55		1,974.85



# SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2002

	31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
<b>SCHEDULE 3 - SECURED LOANS :</b>		
<b>A Sugar Division</b>		
<b>From Banks :</b>		
<b>(a) Cash Credit Account with :</b>		
(i) Bank of India	4,863.99	4,452.87
(ii) Union Bank of India	4,692.66	4,612.85
(iii) Andhra Bank	2,335.43	2,137.63
	<u>11,892.08</u>	<u>11,203.35</u>
(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.)		
<b>(b) Term Loans :</b>		
(i) From Industrial Development Bank of India (Secured by hypothecation by way of exclusive first charge on specific Equipments.)	315.00	441.00
(ii) From State Industrial Investment Corporation of Maharashtra Ltd. (Secured by mortgage of Lakshmiwadi Land and hypothecation by way of exclusive first charge of specific Assets)	248.11	329.27
(iii) From 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)	78.26	124.28
(iv) From 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)	99.01	132.31
(v) From 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)	102.00	79.89
(vi) From - Union Bank of India - STL, Mumbai	89.51	-
(vii) From Sugar Development Fund (Second charge on Sugar Block of Fixed Assets of Company's unit at Sameerwadi)	470.00	-
	<u>13,293.97</u>	<u>12,310.10</u>
<b>B Co-generation Division</b>		
<b>(a) Term Loans :</b>		
(i) Industrial Development Bank of India	2,500.00	1,000.00
(ii) Andhra Bank	1,391.92	399.32
(iii) State Bank of India	933.89	-
(Secured by way of first charge on Co-generation Assets and power receivables and First Pari Passu charge alongwith Consortium Bankers by way of Equitable Mortgage on Block of Fixed Assets of Company's unit at Sameerwadi (excluding Agricultural Assets))	<u>4,825.81</u>	<u>1,399.32</u>
<b>CARRIED OVER</b>	<u>18,119.78</u>	<u>13,709.42</u>

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2002**

		31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
	<b>BROUGHT FORWARD</b>	<b>18,119.78</b>	<b>13,709.42</b>
<b>C Distillery &amp; Chemical Division</b>			
From Banks :			
(a) Cash Credit Account with :			
(i) Bank of Baroda	897.58	-	-
(ii) Syndicate Bank	178.04	-	-
(iii) Bank of Baroda Packing Credit Account	35.00	-	-
(iv) Bank of Baroda Bill Discounting	3.03	-	-
(Secured by First Charge by hypothecation of Raw Materials, Stock in Process, Finished goods, Chemicals, Stores, Spares & Collateral security of Book Debts, Equitable Mortgage of Fixed Assets hypothecation on movable Machineries both present & future at Sakarwadi and Second Charge on Pari Passu basis by way of Equitable Mortgage on the Fixed Assets of Sameerwadi Unit & Second Charge on the Fixed Assets acquired under Foreign Currency Loan from IDBI.)		1,113.65	-
(b) Debentures :			
(i) 15,000 6% Non-Convertible Debentures of Rs.100/- each fully paid-up redeemable at the Company's option at any time after expiry of twenty years from the date of issue (issued in 1970)	15.00	-	-
(ii) 5,000 8.5% Non-Convertible Debentures of Rs.100/- each fully paid-up redeemable after twenty years and before twenty-five years from the date of issue. (issued in 1973)	5.00	-	-
(iii) Interest on debentures (Secured by negative lien on Fixed Assets of the Company's Sakarwadi Unit)	1.05	-	-
		21.05	-
(c) Term Loans :			
(i) Foreign Currency Loan from Industrial Development Bank of India (Secured by hypothecation by way of First Charge on the Specific Equipments, First Pari-Passu Charge with KSIIDC on the Fixed Assets at Sameerwadi, Second Charge on the Assets at Sakarwadi and Second Charge on the current Assets of the Company.)		277.57	-
(ii) From CITI Bank (Secured by hypothecation of Flat at Giriraj.)		1.10	-
(iii) From State Industrial Investment Corporation of Maharashtra Ltd. (Secured by mortgage of specific Sakarwadi land and hypothecation by way of first charge of specific assets)		435.00	-
(iv) From KSIIDC (Secured by Pari Passu hypothecation of movable Plant & hypothecation by way of First Charge on the Specific Equipments, First Pari Passu Charge with IDBI on the Fixed Assets at Sameerwadi.)		8.00	-
(v) Interest Accrued but not due		10.06	-
		1,866.43	-
		19,986.21	13,709.42
<b>SCHEDULE 4 - UNSECURED LOANS :</b>			
<b>A Sugar Division</b>			
(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	1,283.13	1,569.96	
(c) Hire Purchase Finance	83.93	183.17	
(d) Gandhidham Mercantile Co-operative Bank Ltd (against third party Fixed Deposits)	496.73	-	
		1,883.79	1,773.13
<b>B Distillery &amp; Chemical Division</b>			
(a) Hire Purchase Finance	116.97	-	
(b) Public Deposits	38.89	-	
(c) Public Loans ( Guaranteed by a Director )	0.05	-	
(d) Interest Free Sales Tax Loan from SICOM	256.50	-	
(e) Inter Corporate Deposits	1,285.63	-	
(f) ICICI Ltd.	135.00	-	
(g) Others	178.08	-	
(h) Interest Accrued but not due	10.23	-	
		2,021.35	-
		3,905.14	1,773.13



# SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2002

## SCHEDULE 5 - FIXED ASSETS :

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As At 1-04-2001	Additions during the year	Deductions/ Adjustments during the year	As At 31-03-2002	Upto 31-03-2001	During the year	Deductions/ Adjustments of Depreciation	Upto 31-03-2002	As At 31-03-2002	As At 31-03-2001
<b>Sugar Division :</b>										
Factory & Other Land	277.45	0.25	-	277.70	-	-	-	-	277.70	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	75.42	21.28	513.25	81.85	7.87	2.24	87.48	425.77	377.26
Factory Building	155.10	66.19	-	221.29	71.19	5.24	-	76.43	144.86	83.91
Agricultural Machinery	13.35	0.10	-	13.45	7.94	0.64	-	8.58	4.87	5.41
Plant &Machinery	4,047.07	651.29	-	4,698.36	1,406.56	207.74	-	1,614.30	3,084.06	2,640.51
Furniture &Fixtures	52.82	18.02	-	70.84	21.67	3.90	-	25.57	45.27	31.15
Office Equipments	66.42	22.64	-	89.06	21.10	4.49	-	25.59	63.47	45.32
Motor Vehicles	181.00	52.35	5.92	227.43	60.29	18.28	1.92	76.65	150.78	120.71
Computers	322.01	89.99	-	412.00	52.49	58.55	-	111.04	300.96	269.52
<b>TOTAL ( A )</b>	<b>5,585.49</b>	<b>976.25</b>	<b>27.20</b>	<b>6,534.54</b>	<b>1,723.34</b>	<b>306.71</b>	<b>4.16</b>	<b>2,025.89</b>	<b>4,508.65</b>	<b>3,862.15</b>
<b>Capital Work-in-progress</b>										
Sugar Division									55.15	69.64
Co-generation Division									7,417.54	3,291.09
<b>TOTAL ( B )</b>									<b>7,472.69</b>	<b>3,360.73</b>
<b>Distillery &amp; Chemical Division :</b>										
Factory & Other Land	249.71	-	9.10	240.61	-	-	-	-	240.61	-
Non Factory Building	66.71	8.86	-	75.57	8.91	1.15	-	10.06	65.51	-
Factory Building	99.37	-	-	99.37	31.90	2.97	-	34.87	64.50	-
Plant & Machinery	3,722.63	302.59	-	4,025.22	1,298.35	169.19	-	1,467.54	2,557.68	-
Furniture & Fixtures	20.16	49.32	-	69.48	11.31	2.45	-	13.76	55.72	-
Office Equipments	24.59	18.66	-	43.25	4.90	1.94	-	6.84	36.41	-
Motor Vehicles	108.69	13.47	2.48	119.68	32.43	10.35	2.47	40.31	79.37	-
Computers	115.76	18.94	0.45	134.25	14.20	20.83	0.25	34.78	99.47	-
<b>TOTAL ( C )</b>	<b>4,407.62</b>	<b>411.84</b>	<b>12.03</b>	<b>4,807.43</b>	<b>1,402.00</b>	<b>208.88</b>	<b>2.72</b>	<b>1,608.16</b>	<b>3,199.27</b>	<b>-</b>
<b>Capital Work-in-progress (D)</b>									<b>1,247.00</b>	<b>-</b>
<b>TOTAL ( A + C )</b>	<b>9,993.11</b>	<b>1,388.09</b>	<b>39.23</b>	<b>11,341.97</b>	<b>3,125.34</b>	<b>515.59</b>	<b>6.88</b>	<b>3,634.05</b>	<b>7,707.92</b>	<b>3,862.15</b>
<b>Previous Year 2000-2001</b>	<b>4,700.50</b>	<b>884.99</b>	<b>-</b>	<b>5,585.49</b>	<b>1,450.22</b>	<b>273.12</b>	<b>-</b>	<b>1,723.34</b>	<b>3,862.15</b>	<b>-</b>
<b>Capital Work-in-progress (B + D)</b>									<b>8,719.69</b>	<b>3,360.73</b>

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2002**

		31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
<b>SCHEDULE 6 - INVESTMENTS (At Cost) :</b>			
<b>Sugar Division</b>			
<b>(a) INVESTMENT IN SHARES OF SUBSIDIARY COMPANY :</b>			
(i) 2,000 Partly Paid-up Ordinary (Equity) Shares of Godavari Investment and Finance Corporation Limited of Rs.100/- each Rs.50/- paid up per Share (unquoted)	1.00		1.00
(ii) 172 Fully Paid-up of Padmanabh Agencies Ltd. for Rs.10/- each (unquoted)	0.02		0.02
	1.02		1.02
<b>(b) OTHER INVESTMENTS :</b>			
(i) National Defence Certificate deposited with Electricity Department, Bhopal	0.02		0.02
(ii) National Savings Certificates deposited with Excise Commissioner, U.P. & 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 Mahalingpur Urban Bank Shares	0.01		-
(v) 7,200 Equity Shares of Bank of India (Market Value Rs.1.81 lacs)	3.24		3.24
	3.31		3.30
		4.33	4.32
<b>Distillery &amp; Chemical Division</b>			
(i) 1,500 Equity Shares of Rs.100/- each of Oriental Power Cables Ltd. fully paid-up.	1.50		-
(ii) 500 Equity Shares of Rs.10/- each of Kutch Salt & Allied Industries Ltd. fully paid-up.	0.01		-
(iii) 450 Equity Shares of Rs.100/- each of Somaiya Organics (India) Ltd. fully paid-up.	0.45		-
(iv) 4% 1967 Maharashtra State Loan (Face Value Rs.1000/-) Deposited with Excise Department	0.01		-
(v) 210 Equity Shares of Rs.100/- each of The Book Centre Ltd. fully paid-up.	0.21		-
(vi) 80 Shares of Rs.25/- each of Raghuvanshi Co-operative Bank Ltd.	0.02		-
(vii) Kisan Vikas Patra	0.15		-
(viii) 5000 Equity Share of Rs.10/- each at a Premium of Rs. 75/- per share of Bank of Baroda fully paid	4.25		-
(ix) 5 Shares of Rs. 100/- each of Basant Co-op. HSG. Scry. (RS. 500/-) & Share Application Money with Nilkanth Valley ( RS. 500/-)	0.01		-
(x) 100 Shares of Rs.10/- each of Mahalingpur Urban Co-op Bank Ltd.	0.01		-
	Cost	Market Value	
	Rs.	Rs.	
Aggregate Quoted Investment	4.70	2.74	
Aggregate Unquoted Investment	1.92	-	
	6.62	2.74	
Immovable Property (including value of land Rs.1,65,000/- for which Agreement for sale has been executed)	2.40		-
	9.02		-
Less: Provision-for diminution in investment	1.49		-
		7.53	-
		11.86	4.32

# SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2002

31.03.2002  
(Rs. in lacs)

31.03.2001  
(Rs. in lacs)

## SCHEDULE 7 - INVENTORIES :

### Sugar Division

(i) Stores, Chemicals and Spares (as per inventories valued and certified by a Director)	1,003.79	755.02
(ii) Stock-in-trade (as per inventories valued and certified by a Director)		
(a) Sugar at Cost or Market Price whichever is lower	11,978.87	12,679.98
(b) Sugar in Process at Cost	214.26	177.83
(c) Molasses at Market Rate	150.32	40.47
(d) Bagasses	16.25	17.47
(e) Crop in Progress	-	0.91
(f) Foodgrain	9.69	10.61
(g) Scrap / Unused gunny bags	21.07	7.94
(h) Dairy Products at Market price	-	2.02
	<u>12,390.46</u>	<u>12,937.23</u>
	13,394.25	13,692.25

### Distillery & Chemical Division

(i) Stores, Chemicals and Spares (as per inventories valued and certified by a Director)	387.20	-
(ii) Stock-in-trade (as per Inventories valued and certified by a Director)	522.15	-
(iii) Raw Materials (as per Inventories valued and certified by a Director)	180.57	-
	<u>1,089.92</u>	<u>-</u>
	<u>14,484.17</u>	<u>13,692.25</u>

## SCHEDULE 8 - SUNDRY DEBTORS :

(Unsecured and considered good except otherwise stated)

(a) Debts Outstanding for more than six months	211.60	190.49
(b) Other Debts	1,338.62	316.05
	<u>1,550.22</u>	<u>506.54</u>

## SCHEDULE 9 - CASH AND BANK BALANCES :

(a) Cash, Cheques and Drafts on hand and in transit	557.98	15.57
(b) In Current Account with Scheduled Banks	248.06	135.88
(c) In Current Account with Non-scheduled Bank: Bijapur District Central Co-op. Bank Ltd., Mahalingpur (Max. bal. during the year Rs. 23,12,998/-; previous year Rs. 17,04,897/-)	0.78	0.08
(d) Fixed Deposits with Scheduled Bank (Lodged with Excise Department, Bijapur)	0.05	0.05
(e) Fixed Deposits with Banks	287.35	89.74
	<u>1,094.22</u>	<u>241.32</u>



# SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2002

	31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
<b>SCHEDULE 10 - LOANS AND ADVANCES :</b>		
(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. 3,57,403 /-) (Max.debit bal.during the year Rs. 2,27,403/- Amount in dispute Rs.86,801/- towards due for Central Excise Duty)	1,493.63	1,011.24
Considered Doubtful	-	0.64
	1,493.63	1,011.88
Less : Provision for Doubtful Advances	-	0.64
	1,493.63	1,011.24
Advances to subsidiary companies	1.55	0.23
Advance Income Tax (includes Income Tax Deducted at Source)	1,764.89	1,595.17
Deposit with High Court & Others	170.99	94.21
Interest, etc. on Hire Purchase Finance	50.13	56.80
	1,987.56	1,746.41
	3,481.19	2,757.65
<b>SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS :</b>		
<b>(A) CURRENT LIABILITIES :</b>		
(i) Sundry Creditors	5,693.34	4,378.00
(ii) Due to Directors	14.35	29.20
	5,707.69	4,407.20
<b>(B) PROVISIONS :</b>		
(i) Dividend on Equity Shares	-	181.25
(ii) Dividend on Preference Shares	-	0.05
(iii) Provision for Taxation	840.54	849.57
(iv) Provision for Dividend Tax	23.85	18.49
	864.39	1,049.36
	6,572.08	5,456.56

# SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2002

	31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
<b>SCHEDULE 12 - SALES :</b>		
Sugar	22,255.86	19,812.60
Chemicals	6,052.84	-
Industrial Alcohol	2,130.29	-
Molasses	663.09	476.07
( Includes Inter Unit Transaction of Rs 343.38 lacs net of excise duty )		
Dairy Product Sale	-	31.94
	<u>31,102.08</u>	<u>20,320.61</u>
<b>SCHEDULE 13 - OTHER INCOME :</b>		
Sundry Receipts	189.31	185.14
(Includes Inter Unit Transaction of Rs 32.56 lacs net of taxes )		
Income from Immovable Property	0.82	0.63
Sundry Receipts being Value of Farm Produce etc.	15.35	13.27
Sundry Credit Balances Written Back	15.64	0.88
Claims and Refund	1.38	21.87
Interest on Fixed Deposits and Others	48.27	52.42
Profit on Sale of Assets	6.59	-
Dividend	0.34	0.07
	<u>277.70</u>	<u>274.28</u>
<b>SCHEDULE 14 - INCREASE IN STOCK :</b>		
<b>Closing Stock :</b>		
Sugar Division	12,390.46	12,937.23
Distillery & Chemical Division	522.15	-
<b>Less : Opening Stock :</b>	12,912.61	12,937.23
Sugar Division	12,937.23	12,260.42
Distillery & Chemical Division	358.20	-
	<u>13,295.43</u>	<u>12,260.42</u>
	<u>(382.82)</u>	<u>676.81</u>
<b>SCHEDULE 15 - RAW MATERIALS CONSUMED :</b>		
<b>Sugar Division</b>		
Sugar-Cane Cost	15,118.48	13,589.88
<b>Distillery &amp; Chemical Division</b>		
Molasses		
( Includes Inter Unit Transaction of Rs 343.38 lacs net of excise duty )	2,796.59	-
Spirit	924.46	-
Chemicals	141.55	-
( Includes Inter Unit Transaction of Rs 16.80 lacs net of taxes)		
	<u>3,862.60</u>	<u>-</u>
	<u>18,981.08</u>	<u>13,589.88</u>

**SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2002**

	31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
<b>SCHEDULE 16 - MANUFACTURING AND OTHER EXPENSES :</b>		
<b>MANUFACTURING EXPENSES :</b>		
Power and Fuel	1,293.94	97.04
( Includes Inter Unit Transaction of Rs 15.76 lacs net of taxes )		
Packing, Forwarding and Storage	557.82	471.94
Stores, Chemicals and Spare Parts consumed	698.45	315.12
Lease Rent	4.14	7.84
Insurance Premium	101.58	57.39
Agricultural Development Expenses	20.88	20.39
Excise Establishment Charges	20.51	-
Expenses on Scientific Research	15.40	12.00
Contribution to Scientific Research Institution	15.00	15.00
	<b>2,727.72</b>	<b>996.72</b>
<b>REPAIRS AND MAINTENANCE :</b>		
Plant and Machinery	498.85	352.51
Buildings	15.14	10.24
Others	40.40	13.76
	<b>554.39</b>	<b>376.51</b>
<b>EMPLOYEES REMUNERATION AND BENEFITS :</b>		
Salaries, Wages and Bonus	1,875.16	1,174.82
Contribution to Provident Fund & Other Fund	144.43	81.73
Welfare Expenses	112.76	56.68
Group Gratuity Insurance Premium	47.68	20.58
	<b>2,180.03</b>	<b>1,333.81</b>
<b>OFFICE AND ESTABLISHMENT EXPENSES :</b>		
Rent	14.11	10.98
Rates and Taxes	156.16	32.84
Miscellaneous Expenses	449.62	241.93
Telephone Expenses	68.53	43.61
Travelling Expenses	103.56	77.04
Legal and Professional Charges	78.26	67.28
Charity and Donation	141.06	33.94
Cost Audit Fees and Travelling Expenses	0.34	0.16
Sale Tax on HP	1.18	1.20
	<b>1,012.82</b>	<b>508.98</b>
<b>AUDITORS' REMUNERATION :</b>		
Audit Fees / Tax Audit Fees	3.21	1.95
Auditors' Travelling Expenses	0.27	0.33
	<b>3.48</b>	<b>2.28</b>
<b>DIRECTORS' REMUNERATION, FEES AND TRAVELLING EXPENSES :</b>		
Remuneration	65.69	61.67
Fees	0.66	0.40
Travelling (including foreign travelling of Rs.34.64 lacs)	49.30	40.89
	<b>115.65</b>	<b>102.96</b>
	<b>6,594.09</b>	<b>3,321.26</b>



# SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2002

	31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
<b>SCHEDULE 17 - INTEREST &amp; FINANCIAL CHARGES :</b>		
Cash Credit Account	1,614.29	1,431.08
Fixed Loans	160.59	229.98
Debentures	9.70	1.20
Other Loans	152.28	49.03
Hire Purchase Finance / Financial Charges	191.89	61.94
	<u>2,128.75</u>	<u>1,773.23</u>

## SCHEDULE 18 - COMPUTATION OF EXECUTIVE DIRECTORS' REMUNERATION :

Net Profit as per Profit and Loss Account		229.92	1,068.44
Add :			
i) Executve Directors' Remuneration	65.69		61.67
ii) Depreciation	515.59		273.12
		<u>581.28</u>	<u>334.79</u>
		811.20	1,403.23
Less:			
i) Profit on Sale of Fixed Asset	6.59		-
ii) Depreciation to the extent specified in Section 350 of Companies Act, 1956	515.59		273.12
		<u>522.18</u>	<u>273.12</u>
		289.02	1,130.11
Managing Director's Commission @3% on the Net Profit subject to maximum as per the provisions of the Companies Act, 1956		<u>8.18</u>	<u>29.47</u>
Executive Directors Commission @1% on the Net Profit.		<u>8.18</u>	<u>22.60</u>
As per Agreement maximum Commission eligible to Execuitive Directors		6.17	3.50
Total commission payable		<u>14.35</u>	<u>32.97</u>

**SCHEDULE 19**

**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 cost includes licence fees, cost of implementation/system integration services & incidental expenses related to acquisition. In other cases it is amortised over a period of 10 years.
- iv) Long Term Investments are carried at cost less provision, if any, for permanent diminution in value of such investments.

**(B) Retirement Benefits :**

- i) The Liability as on 31-3-2002 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs. 5,48,39,519/-. (Rs.3,52,83,169/- of previous year). 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 1st April, 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 :**

- i) Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- ii) Fluctuation in foreign currencies Rs 16.37 lacs in respect of outstanding foreign currency loans is capitalised to respective class of assets.

**(E) Revenue Recognition :**

- i) Sales of goods are recognised on despatches to the customers & includes Excise Duty.
- ii) Dividends are recognised when the right to receive them is established.
- iii) Credit on account of Custom Duty & other benefits which are due to be received with a reasonable certainty, are accrued upon completion of exports.

**(F) Expenditure on Research & Development :**

- i) Cost of revenue nature are charged to the profit & loss account when incurred.
- ii) Expenses of capital nature is Capitalised and depreciation provided thereon as per schedule IV of the Companies Act, 1956.

**(G) Inventories :**

- i) Finished stock and process stock are valued at cost or market price whichever is lower, except waste/scrap which is valued at net realisable value. It includes cost of conversion & other costs incurred in bringing the same to their present location & condition. Cost is determined on standard cost basis which approximate 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) Stores, Spares and Chemicals are valued at cost which includes cost incurred for bringing the goods to present location & condition. Cost is arrived at on moving average basis.
- iv) Excise Duty payable on finished goods lying in the factory as on 31.03.2002 is neither provided nor considered in valuation of closing stock of finished goods as on 31st March, 2002. This has no impact on the financial results for the year.

**(H) Deferred Revenue Expenditure :**

Deferred Revenue Expenditure is 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 takes substantial period of time to get ready for intended use. All other borrowing cost 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. 2382.65 Lacs.

2) AMALGAMATION OF SOCL WITH THE COMPANY :

- i) Pursuant to the Scheme of amalgamation of the erstwhile SOCL with the company as approved by the Honourable High Court of Mumbai the assets and liabilities of the erstwhile SOCL were transferred to and vested in the company with effect from 1<sup>st</sup> April, 2001. The Scheme has, accordingly, been given effect to in these accounts.
- ii) Erstwhile SOCL was primarily engaged in the business of manufacturing alcohol and alcohol based chemicals.
- iii) The amalgamation has been accounted for under the " Pooling of Interest Method" as prescribed by Accounting Standard (AS 14) on " Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly the assets and liabilities and the balance in Profit and Loss Account and the Reserves of erstwhile SOCL have been taken over at their book values. As per Accounting Standard (AS 14) on " Accounting for Amalgamations", the identity of the Reserves of the transferor company is preserved and they appear in the financial statements of the transferee company in the same form in which they appear in the financial statements of the transferor company. Accordingly, Reserves of erstwhile SOCL have been shown as additions during the year under the respective headings in the schedule of Reserves and Surplus.
- iv) In accordance with the Scheme of Amalgamation, the shareholders of erstwhile SOCL are entitled to 1 (one) Equity Share of the Company for every 2 (two) Equity Shares held in erstwhile SOCL. Pending allotment of shares to the shareholders of erstwhile SOCL, an amount of Rs. 398.25 lacs (39,82,500 Equity Shares of Rs. 10/- each) is shown under Share Capital Suspense Account and balance Equity Capital of Rs. 398.25 lacs of erstwhile SOCL is shown under Capital Reserve Account as on 31<sup>st</sup> March, 2002.

3) SMALL SCALE & ANCILLARY INDUSTRIES :

Amounts due to Small Scale and/or Ancillary industrial suppliers on account of principal and/or interest as at the close of the year exceeding Rs. One lac for more than thirty days are as under:

Satish Steel Works, Airochem Engineering Company, The Book Centre Limited, V Plast, Madhukar Industries & Suvion Equipments Pvt. Ltd. This disclosure is based on the information available 'with the Company'.

- 4) a) Income Tax Assessment upto Accounting Year 1998-99 ( Assessment Year 1999-00) have been completed and liability is paid. In case of erstwhile SOCL the income tax assessment is completed upto Accounting Year 1998-99 (Assessment Year 1999-00). However against the Income tax demand of Rs. 4.48 lacs pertaining to Accounting Year 1997-98 (Assessment Year 1998-99) SOCL has filed an appeal before the Appellate authorities.
- b) There is no Income Tax Liability under the provisions of Section 115JB of the Income Tax Act, 1961, as the Company is entitled to set off credit available u/s 115JAA. However the Company has made provision of Income Tax.

5) No Provision has been made in the Accounts for the 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 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 16-07-1997 to 01-08-1998 (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.



# NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002

## 6 (a) Quantitative information in respect of goods manufactured :

### SUGAR DIVISION :

Name of the Factory : Sameerwadi Unit  
 Licensed Capacity : 6,440 M. T.  
 Installed utilised Capacity  
 as certified by the Factory Manager : 6,500 M. T.

Goods Manufactured	Opening Stock		Production Quantity M.T.	Quantity sent for reprocessing & loss due to Drriage & Damaged Ex-sugar M.T.	Scrapping Sugar Sent for Reprocess M.T.	Damage Sugar taken back in the System M.T.	Sales		Closing Stock	
	Quantity M.T.	Value Rs.					Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
Sugar	1,07,326.010	12,679.98	1,69,007.000	3,017.900	13.910	20.000	1,73,491.350	21,632.17	99,829.850	11,978.87
	1,04,418.200	12,082.95	1,56,745.907	1,067.200	-	-	1,52,770.900	19,812.60	1,07,326.010	12,679.98
Molasses	10,096.864	40.47	63,330.000	-	-	-	58,394.650	371.11	15,032.214	150.32
	12,474.244	31.19	56,567.790	-	-	-	58,945.170	476.07	10,096.864	40.47

Note: Figures shown below the line are of Previous Year.

## (b) Raw Materials Purchased and Consumed :

	Current Year		Previous Year	
	M. T.	Rs.	M. T.	Rs.
Sugar Cane Consumed	1,487,593	14,234.85	1,351,207	12,562.61
Stores and Spares Consumed				
Imported	Value Rs.	%	Value Rs.	%
Indigenous	-	-	-	-
	551.14	100%	315.12	100%
TOTAL	551.14	100%	315.12	100%

## (c) C.I.F. Value of Imports (in Rs.) :

	Current Year	Previous Year
i) Raw Materials	-	-
ii) Stores and Spares	-	-
iii) Capital Goods	23.55	-
(d) Earning in Foreign Currency :	6,206.27	-
(e) Expenses incurred in Foreign Currency :	179.88	21.25

# NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002

## (a) Quantitative information in respect of goods manufactured : DISTILLERY & CHEMICAL DIVISION :

Goods Manufactured	Unit	Licensed Capacity (Annual)	Installed Capacity (Annual) (As Certified by Director, (Works))
<b>AT SAKARWADI :</b>			
Rectified Spirit	H.L.	450,000	300,000
Acetaldehyde	M.T.	23,000	18,000
Acetic Acid	M.T.	25,000	20,000
Ethyl Acetate	M.T.	18,000	12,000
Other Acetates	M.T.	1,800	1,800
<b>AT SAMEERWADI :</b>			
Rectified Spirit	H.L.	180,000	180,000

Goods Manufactured	Unit	Opening Stock		Production (Excluding Normal Loss) Quantity	Sales		Closing Stock	
		Quantity	Value (Rs.in lacs)		Quantity	Value (Rs.in lacs)	Quantity	Value (Rs.in lacs)
<b>(i) AT SAKARWADI :</b>								
Rectified Spirit	H.L.	1,683.56	15.98	240,712.85	-	-	2144.133	21.92
Acetaldehyde	M.T.	12185.54	97.48	276136.74	-	-	1,683.56	15.98
		17.42	3.17	16245.141	3271.83	641.69	40.89	7.79
Acetic Acid	M.T.	67.063	14.08	16881.719	1046.87	207.73	17.42	3.17
		399.478	73.31	15439.19	7691.94	1448.15	65.46	12.78
Ethyl Acetate	M.T.	67.698	13.54	18743.37	10360.52	2053.49	399.478	73.31
		325.83	80.54	11,483.49	11,507.69	3030.95	301.63	76.70
Other Acetates	M.T.	226.09	63.31	11422.90	11323.16	3104.47	325.83	80.54
		R & D Work in Hand	-	-	-	-	-	-
<b>(ii) AT SAMEERWADI :</b>								
Rectified Spirit	H.L.	7,311.96	65.81	131867.784	131465.568	1574.72	7714.18	82.93
		1,330.46	18.32	98401	92419.50	1176.39	7,311.96	65.81
Bio-Earth	M.T.	10,424.79	54.30	15,371.17	14268.705	94.33	11527.25	115.34
		11285.31	112.85	9117.08	9977.60	83.54	10424.79	54.30

- Notes : 1. Acetaldehyde is intermediary product for the manufacture of Acetic Acid.  
2. Figures shown below the line are of Previous Year (Prior to amalgamation).  
3. The Sales figures in value are shown net of Central Excise Duties.

## b) Consumption of Raw Materials :

	Unit	Current Year		Previous Year	
		Quantity	Amount (Rs.in lacs)	Quantity	Amount (Rs.in lacs)
Molasses	M.T.	1,58,873.18	2,796.59	1,65,239.20	1,958.05
Rectified Spirit (Own Manufactured)	H.L.	2,40,252.28	-	2,86,638.72	-
Special Denatured Spirit	H.L.	76,491.53	837.86	48,899.44	539.96
Rectified Spirit Purchased	H.L.	9,200.00	86.60	3,000.00	30.24
Acetaldehyde (Own Manufactured)	M.T.	12,949.84	-	15,884.48	-
Acetic Acid (Own Manufactured)	M.T.	8,081.26	-	8,051.07	-
Acetic Acid Purchasd	M.T.	199.35	35.05	164.28	36.07
Others		-	106.50	-	60.04
Total			3,862.60		2,624.36
c) C.I.F. Value of Imports (Alcohol) :					
	M.T.	-	-	-	-
d) Value of Raw Materials Consumed :					
		Amount (Rs.in lacs)	%	Amount (Rs.in lacs)	%
i) Indigenous		3,827.55	99%	2,624.36	100%
ii) Imported (Chemicals including deem)		35.05	1%	-	-
Total		3,862.60		2,624.36	
e) Value of Stores and Spare Parts Consumed :					
i) Indigenous		147.31	100%	184.28	100%
ii) Imported		-	-	-	-
Total		147.31		184.28	
f) Earning in Foreign Currency :					
		419.97	-	1,158.90	-
g) Expenditure in Foreign Currency :					
i) For Capital Goods					
a) Research & Development		-	-	-	-
b) Other (including installment on Foreign Currency Loans equivalent to Indian Rs. 89.95 lacs (previous year Rs. 78.25 lacs))		113.50	-	78.25	-
ii) Other expenses (including interest on Foreign Currency Loans equivalent to Indian Rs. 19.51 lacs (previous year Rs. 22.38 lacs))		42.46	-	30.96	-
Total		155.96	-	109.21	-



## 7) Particulars of Segment information as required by Accounting Standard (AS-17) "Segment Reporting" :

(Rs.in lacs)

	Sugar Division	Distillery & Chemical Division	Total
<b>A) Revenue :</b>			
External Sales Revenue	22,575.57	8,183.13	30,758.70
Inter Segment Sales	343.38	-	343.38
Other Income	230.45	47.25	277.70
<b>B) Result :</b>			
Operating Profit	2,045.46	313.21	2,358.67
Interest Expenses	-	-	2,128.75
<b>C) Other Informations :</b>			
Share Capital Employed	5,826.30	398.25	6,224.55
Segment Assets	17,808.39	2,801.41	20,609.80
Segment Liabilities	26,037.73	4,425.70	30,463.43
Other Unallocable Corporate Assets	-	-	11.86
Capital Assets including CWIP	11,981.34	4,446.27	16,427.61
Total	11,981.34	4,446.27	16,427.61
<b>D) Depreciation :</b>			
Segment Depreciation	245.82	194.38	440.20
Unallocated Depreciation	-	-	75.39
<b>E) Non Cash Expenses other than Depreciation :</b>	5.26	8.58	13.84

## 8) Related party disclosures as required by AS-18, "Related Party Disclosure" are given below :

**CATEGORY : I**
**Subsidiaries of the company :**

Godavari Investment &amp; Finance Corporation Ltd. and Padmanabh Agencies Ltd.

**CATEGORY : II**
**Key Management Personnel :**

Dr. S.K.Somaiya, Mr. Samir S. Somaiya, Mr. P.K.R. Nair, Mr. V.B. Bagal, Mr. K. S. Prasad and Mr. P. M. Kavadia.

**CATEGORY : III**
**Relative of Key Management Personnel/Others :**

Maya S. Somaiya and Kutch Salt &amp; Allied Industries Ltd.

## Details of transactions with the related parties during the year :

(Rs.in lacs)

	Category I	Category II	Category III
1 Remuneration	-	65.72	-
2 Interest	-	1.76	4.66
3 Purchases	-	-	0.99
4 Loans & Advances	1.55	-	1.95
5 Unsecured Loans	-	15.88	57.44
6 Trade & other creditors	-	14.35	-

9) Calculation of Earning Per Share (EPS) – Accounting Standard (AS-20) :

		31.03.2002 (Rs. in lacs)	31.03.2001 (Rs. in lacs)
Profit after tax as per Profit and Loss Account	162.49		467.34
Less : Preference Dividend	<u>36.44</u>	126.05	<u>0.06</u> 467.28
No of Equity shares of Rs. 10/- during the year		1,84,82,500	1,45,00,000
Basic / Diluted earning per share		<u>0.68</u>	<u>3.22</u>

10) CONTINGENT LIABILITIES (Not Provided for) :

	Current Year Amount (Rs. In lacs)	Previous Year Amount (Rs. In lacs)
a) Uncalled Liability on Partly Paid Shares held as Investment in Godavari Investment and Finance Corporation Ltd., a Subsidiary Company.	1.00	1.00
b) 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
c) In respect of Counter Guarantee given by the Company in favour of Bank of Baroda in lieu of guarantee given.	30.00	-
d) Corporate guarantee given to GIIC for term loan sanctioned to The Kutch Salt & Allied Ind. Ltd.	-	303.00

11) 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

R. L. Somani  
Company Secretary

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

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya  
Indubhai C. Patel  
Kailash Pershad } Directors

P. M. Kavadia (Whole-time Director)

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.

# 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 2002

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

Public Issue	Right Issue
<span style="border: 1px solid black; padding: 2px;">NIL</span>	<span style="border: 1px solid black; padding: 2px;">NIL</span>
Bonus Shares	Private Placement
<span style="border: 1px solid black; padding: 2px;">NIL</span>	<span style="border: 1px solid black; padding: 2px;">1,02,500</span>

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

	Total Liabilities	Total Assets
	<span style="border: 1px solid black; padding: 2px;">30,51,415</span>	<span style="border: 1px solid black; padding: 2px;">30,51,415</span>
Sources of Funds	Paid-up Capital	Reserves & Surplus
	<span style="border: 1px solid black; padding: 2px;">2,94,825</span>	<span style="border: 1px solid black; padding: 2px;">3,67,455</span>
	Secured Loans	Unsecured Loans
	<span style="border: 1px solid black; padding: 2px;">19,98,621</span>	<span style="border: 1px solid black; padding: 2px;">3,90,514</span>
Application of Funds	Net Fixed Assets	Investments
	<span style="border: 1px solid black; padding: 2px;">16,42,761</span>	<span style="border: 1px solid black; padding: 2px;">1,186</span>
	Net Current Assets	Misc. Expenditure
	<span style="border: 1px solid black; padding: 2px;">14,03,772</span>	<span style="border: 1px solid black; padding: 2px;">3,696</span>

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

Turnover & Other Income	Total Expenditure
<span style="border: 1px solid black; padding: 2px;">30,99,696</span>	<span style="border: 1px solid black; padding: 2px;">30,76,704</span>
+/- Profit/Loss Before Tax	+/- Profit / Loss After Tax
<span style="border: 1px solid black; padding: 2px;">+</span> <span style="border: 1px solid black; padding: 2px;">22992</span>	<span style="border: 1px solid black; padding: 2px;">+</span> <span style="border: 1px solid black; padding: 2px;">16249</span>
Earning per Share in Rs.	Dividend Rate %
<span style="border: 1px solid black; padding: 2px;">0.68</span>	<span style="border: 1px solid black; padding: 2px;">10.86</span>

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

Item Code No. (ITC Code)	<span style="border: 1px solid black; padding: 2px;">1,701.11</span>
Product Description	<span style="border: 1px solid black; padding: 2px;">SUGAR</span>
Item Code No. (ITC Code)	<span style="border: 1px solid black; padding: 2px;">2915.10</span>
Product Description	<span style="border: 1px solid black; padding: 2px;">ACETIC ACID</span>
Item Code No. (ITC Code)	<span style="border: 1px solid black; padding: 2px;">2915.90</span>
Product Description	<span style="border: 1px solid black; padding: 2px;">ETHYL ACETATE</span>

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.  
Chartered Accountants

G. P. Bhatt  
Partner

R. L. Somani  
Company Secretary

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

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya  
Indubhai C. Patel  
Kailash Pershad } Directors

P. M. Kavadia (Whole-time Director)

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.



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

2001-2002

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 31<sup>st</sup> March, 2002.
- 2) The Subsidiary Company made a loss of Rs. 50/-. In view of carried forward loss the subsidiary Company has not made provision for taxation. After adjusting previous year's loss of Rs. 209,745/-, the balance loss comes to Rs. 2,09,795/-, 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 31<sup>st</sup> March, 2002.
- 4) The advance to the Subsidiary Company as on 31<sup>st</sup> March, 2002 was Rs. 1,25,937/-.

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 31<sup>st</sup> March, 2002 was Rs. 29,850/-.

Accompanying to our Report of even date annexed

For AMBALAL THAKKAR & CO.  
Chartered Accountants

G. P. Bhatt  
Partner

R. L. Somani  
Company Secretary

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

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.

S. K. Somaiya      Chairman & Managing Director

Samir S. Somaiya  
Indubhai C. Patel  
Kailash Pershad      } Directors

P. M. Kavadia      (Whole-time Director)

Place : Mumbai  
Dated : 28<sup>th</sup> September, 2002.

## DIRECTORS' REPORT

The Shareholders,  
Godavari Investment and Finance Corporation Ltd.,  
Mumbai.

Your Directors submit herewith their Forty Seven Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2002.

The working of the Company for the year resulted in Loss of Rs.50/-. After adjusting the prior years' Loss of Rs.2, 09,745/-, the balance loss comes to Rs.2,09,795/-, which has been carried to the Balance Sheet. In view of loss, the Directors do not recommend any dividend.

### 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.

### DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 of the Companies Act, 1956 the Directors hereby confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) the Directors have selected such accounting policies and applied the consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year of the Financial year and of the profit of the Company for the year.
- iii) the Directors have 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 to the best of their knowledge and ability.
- iv) the Directors have prepared the annual accounts on a going concern basis.

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

For and on behalf of the Board of Directors,

R. VENKATARAMAN

J. R. SHUKLA

} Directors

PLACE : Mumbai

DATE : 27<sup>th</sup> August, 2002.



We have audited the Balance Sheet of Godavari Investment and Finance Corporation Limited as at 31<sup>st</sup> March, 2002 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.
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 31<sup>st</sup> March, 2002 and
  - b) In the case of the Profit and Loss Account, of the Loss 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. There is no Stock of Stores and therefore Clauses Nos. III, IV, V, VI, X, XI, XII and XIV, are not applicable.
3. Clause No. VII is not applicable as the Company has not taken any loans, Secured or Unsecured, from the Companies Firm or other parties' listed Under Section 301 or Section 370 (1B) of the Companies Act, 1956, during the year.
4. Clause No. VIII is not applicable as the Company has not granted any loans, secured or unsecured, to companies, Firms or other Parties' listed Under Section 301 or Section 370 (1B) of the Companies Act, 1956, during the year.
5. In our opinion, the Parties to whom Loans or advances in the nature of Loans are given are regular

in repayment of loan amounts and Interest Payment. However, no stipulation has been provided for repayment of loan amount and Interest.

6. In our opinion and in accordance with the information and explanations given to us there is adequate Internal Control procedure commensurate with the size of the Company and the nature of its business and the quantum of Purchase of Stores.
7. Provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Act, 1956 are not applicable as the Company has not invited any Deposits from the Public.
8. As the Company does not have paid-up Capital exceeding Rs. 25 Lacs or average annual turnover exceeding Rs. 2 Crores for a period of three Consecutive financial years proceeding the relevant financial year, Provision regarding Internal Audit system are not applicable.
9. Maintenance of Cost records has not been prescribed U/S 209(1) (d) of the Companies Act, 1956 to the Company.
10. In our opinion, there are no undisputed amounts payable in respect, of Income-tax, Wealth-tax, Custom Duty and excise duty outstanding as on 31.3.2002 for a period of more than six months from the date they became payable.
11. In our opinion, no personal expenses of employees or Directors have been charged to revenue account.
12. The Company is not a Sick Industrial Company within the meaning of Clause (c) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
13. As regards service activities, Clause 4 B (ii) to 4 B (iv) are not applicable to the Company.

For Y. S. MUZUMDAR & CO.  
Chartered Accountants

Y. S. MUZUMDAR  
(Proprietor)

PLACE : Mumbai  
DATE : 27<sup>th</sup> August, 2002.



## I. ACCOUNTING CONCEPT

Financial Statements are drawn using the historical cost convention, adopting the accrual bases. Accounting policies not referred to otherwise, are in consistent with generally accepted accounting principle.

## II. INVESTMENTS

Investment are stated at cost and are in the nature of long term investments

- 1) The requirements of schedule VI to the companies Act.,1956, regarding additional information are not applicable to the company.
- 2) Previous years' figures have been regrouped and re arranged wherever necessary.
- 3) No provision for gratuity payment has been made in the books as Gratuity Act.,1972,is not applicable to the company.

As per our report of even date  
For **Y. S. MUZUMDAR & CO.**  
Chartered Accountants

**Y. S. MUZUMDAR**  
(Proprietor)

**R. VENKATARAMAN**

**J. R. SHUKLA**

} Directors

PLACE : Mumbai

DATE : 27<sup>th</sup> August, 2002.

PLACE : Mumbai

DATE : 27<sup>th</sup> August, 2002.

# GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2002

31-03-2001 Rupees		Rupees	31-03-2002 Rupees
	<b>LIABILITIES</b>		
5,00,000	I. <b>AUTHORISED CAPITAL :</b> 5,000 Ordinary (Equity) Shares of Rs.100/- each		
	II. <b>SUBSCRIBED CAPITAL :</b> 2,000 Ordinary (Equity) Shares of Rs.100/- each on which Rs.50/- has been paid and called up, held by holding Company The Godavari Sugar Mills Limited.		5,00,000
1,00,000	III. <b>RESERVES AND SURPLUS :</b> General Reserve		1,00,000
1,400	Profit & Loss Account	1,400	
2,650	Less : Transfer to Miscellaneous Expenditure per contra	-	
2,650		-	
1,400		-	
1,27,712	IV. <b>CURRENT LIABILITIES AND PROVISIONS :</b> Sundry Creditors		1,400
21,043	Provision for Taxation	1,25,937	
1,48,755		1,050	
2,50,155	<b>TOTAL RUPEES :</b>		1,26,987
			2,28,387
	<b>ASSETS</b>		
7,200	I. <b>INVESTMENT (AT COST UNQUOTED)</b> 200 Fully paid up Equity Shares of Mamli Pvt. Ltd.		7,200
	II. <b>CURRENT ASSETS, LOANS AND ADVANCES :</b>		
55	(A) <b>CASH AND BANK BALANCES :</b>		
10,859	Cash on Hand	280	
10,914	In Current Account with a Schedule Bank	5,724	
		6,004	
4,338	(B) <b>LOANS AND ADVANCES :</b> (Secured and considered good as Certified by a Director except otherwise stated)		
800	(i) Loans to Cane Growers	4,338	
101	(ii) Deposits	-	
9,412	(iii) Advances recoverable in Cash or Kind	-	
7,645	(iv) Advance Income Tax	1,050	
33,210	(v) Income Tax deducted at source	-	
	III. <b>MISCELLANEOUS EXPENDITURE :</b>		11,392
2,09,745	<b>PROFIT &amp; LOSS A/c.</b>		2,09,795
2,50,155	<b>TOTAL RUPEES :</b>		2,28,387

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

As per our report of even date

For Y. S. MUZUMDAR & CO.  
Chartered Accountants

Y. S. MUZUMDAR  
(Proprietor)

PLACE : Mumbai

DATE : 27<sup>th</sup> August, 2002.

R. VENKATARAMAN

J. R. SHUKLA

} Directors

PLACE : Mumbai

DATE : 27<sup>th</sup> August, 2002.

# GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

31-03-2001 Rupees		31-03-2002 Rupees
<b>INCOME</b>		
-	By Sundry Credit Balances written back	1,174
-	By Excess provision of Income Tax written back	2,936
6,500	By Bad Debts recovered	-
6,500	<b>TOTAL RUPEES :</b>	4,110
<b>EXPENDITURE</b>		
500	To Salary	-
1,700	To Profession Tax	2,200
600	To Miscellaneous Expenses	1,435
500	To Office Rent	-
550	To Audit Fees	525
3,850	<b>TOTAL RUPEES :</b>	4,160
2,650	To Net Profit / Loss (-)	-50
- 2,12,395	To Loss as per last Balance Sheet	- 2,09,745
- 2,09,745	<b>Loss carried forward to Balance Sheet</b>	2,09,795

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

As per our report of even date

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

**Y. S. MUZUMDAR**  
(Proprietor)

**R. VENKATARAMAN**

**J. R. SHUKLA**

} Directors

PLACE : Mumbai

DATE : 27<sup>th</sup> August, 2002.

PLACE : Mumbai

DATE : 27<sup>th</sup> August, 2002.



## DIRECTORS' REPORT

The Shareholders,  
PADMANABH AGENCIES LIMITED,  
MUMBAI.

Your Directors submit herewith Fourth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2002.

The Company has not yet commenced business activity.

### Directors' Responsibility Statement:

As required under Section 217 of the Companies Act, 1956 the Directors hereby confirm that:

- i) Accounting Standards have been followed along with proper explanation relating to material departures.
- ii) The accounting policies of the Company have consistently followed and estimates have been made reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial 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.

### CONSERVATION OF ENERGY ETC.:

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

### EARNING / OUTGO IN FOREIGN EXCHANGE :

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 }  
S. S. SOMAIYA } Directors

PLACE : Mumbai

DATE : 28<sup>th</sup> September, 2002.

## AUDITORS' REPORT TO THE SHAREHOLDERS

The Shareholders,  
Padmanabh Agencies Ltd.  
Mumbai.

We have audited the attached Balance Sheet of PADMANABH AGENCIES LTD. as at 31<sup>st</sup> March, 2002 annexed hereto. These Financial statement are the responsibility of the company's management. Our Responsibility is to express an opinion on these financial statement based on our audit 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 :
  - i) 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.
  - ii) In our opinion proper Books of Accounts required by Law have been kept by the Company so far as it appears from our examination.
  - iii) The Balance Sheet dealt with this report is in agreement with the Books of Accounts.
  - iv) 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.
  - v) 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 31<sup>st</sup> March, 2002.

For Y. S. MUZUMDAR & CO.  
Chartered Accountants

Y. S. MUZUMDAR  
(Proprietor)

PLACE : Mumbai

DATE : 28<sup>th</sup> September, 2002.

**PADMANABH AGENCIES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2002**

As at 31-03-2001	LIABILITIES	As at 31-03-2002	As at 31-03-2001	ASSETS	As at 31-03-2002
Rupees		Rupees	Rupees		Rupees
	<b>I. AUTHORISED CAPITAL :</b>			<b>I. CASH AND BANK BALANCES :</b>	
10,00,000	1,00,000 Shares of Rs.10/- each	10,00,000	9,790	Cash At Bank	9,319
	<b>II. SUBSCRIBED CAPITAL :</b>			<b>II. MISCELLANEOUS EXPENDITURE :</b>	
1,720	172 Shares of Rs. 10/- each	1,720	16,066	Preliminary Expenses	22,514
	Fully paid up				
	<b>III. CURRENT LIABILITIES AND PROVISIONS :</b>				
23,350	Loans from The Godavari Sugar Mills Ltd.	29,850			
788	Outstanding Expenses	263			
24,138		30,113			
25,858	<b>TOTAL RUPEES :</b>	31,833	25,858	<b>TOTAL RUPEES :</b>	31,833

Since Commercial Activity has not commenced during the year 2001-2002, 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 : 28<sup>th</sup> September, 2002.

PLACE : Mumbai

DATE : 28<sup>th</sup> September, 2002.