

sugar



rural development



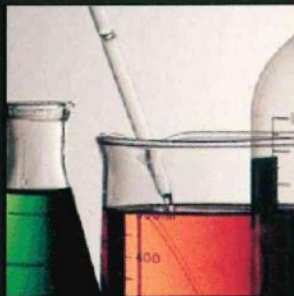
renewable energy



organic fertiliser



bulk organic chemicals



speciality chemicals



agricultural research



ethanol



The Godavari Sugar Mills Ltd

68th annual report 2007 - 2008

MISSION STATEMENT

To be a world-class global organization.

To be the leading integrated producer of sugar and downstream products in India.

To continuously add value to every part of sugarcane that the company processes.

To visualise, understand and meet customer needs and expectations.

To provide superior returns to shareholders through efficient management, innovation and teamwork.

To participate in, and contribute to the all-round development of the community in which the company operates.

To be a place where individuals aspire to and can make a difference, where good performance is applauded and of which people are proud to be a part of.



The Godavari Sugar Mills Ltd

Board of Directors :

Chairman & Managing Director	Dr S K Somaia
Joint Managing Director	Shri Samir S Somaia
Director	Dr B R Barwale
Director	Shri Jawahar Lal Chirimar (w e f 17/06/08)
Nominee of IDBI Bank Ltd.	Shri Viney Kumar
Director	Prof Rooshikumar Pandya
Director	Shri Indubhai C Patel
Director	Shri Kailash Pershad
Director	Dr K V Raghvan
Director	Shri N C Sayta
Director	Dr Paul Zorner (from 24/09/07)
Whole time Director	Shri P M Kavadia (upto 16/08/07)
Director-Works	Shri V Sivaprakasam

General Manager - Finance & Accounts Shri N S Khetan

Senior Manager & Company Secretary Shri S P Gupta

Bankers and Institutions :

Andhra Bank
Bank of Baroda
Bank of India
IDBI Bank Ltd.
State Bank of India
Sugar Development Fund
Sugar Technology Mission
Syndicate Bank
SICOM Ltd.
Union Bank of India

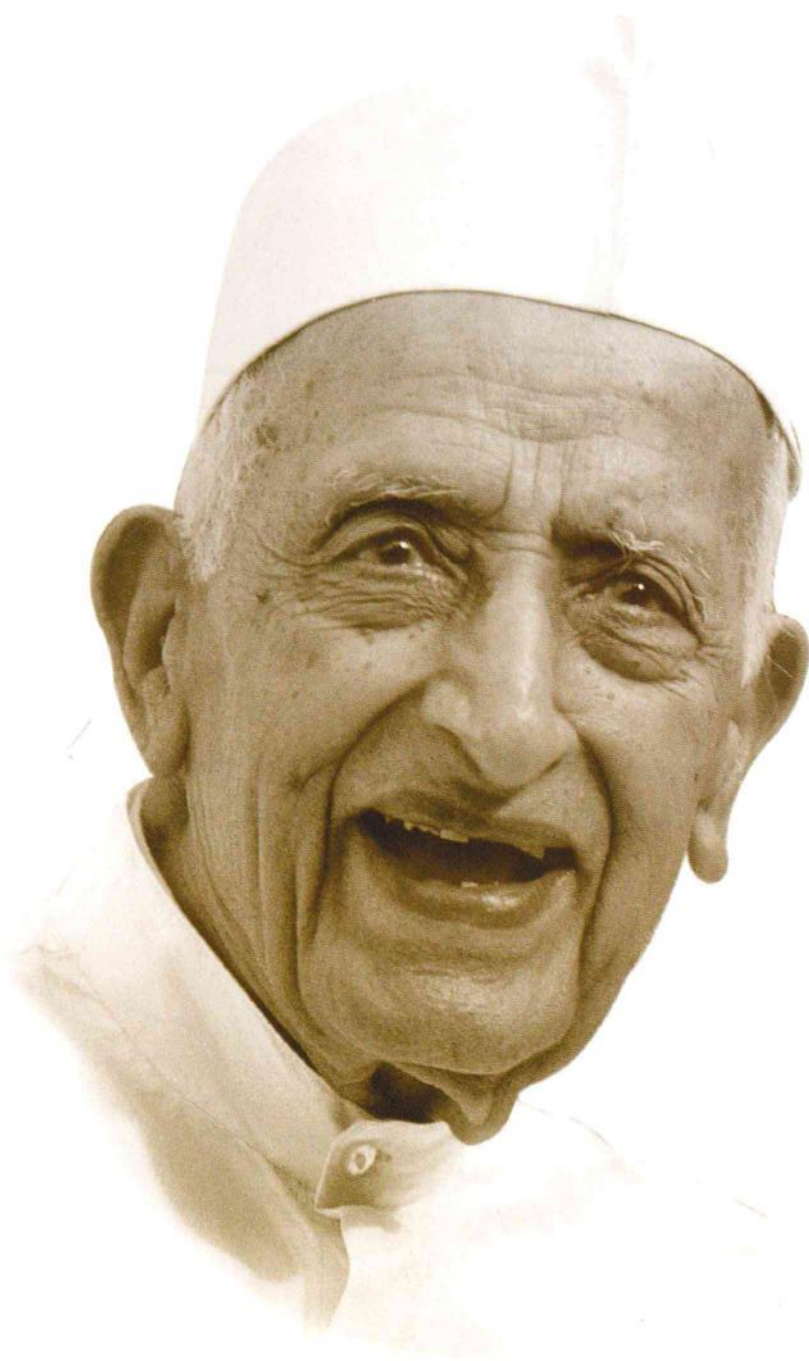
Solicitors :

Gagrats
Hariani & Co.
Mulla & Mulla and Craigie Blunt and Caroe

Auditors :

Desai Saksena & Associates
(Chartered Accountants)





Our Founder
Padmabhushan Late Shri K J Somaiya
1902-1999



Our Chairman & Managing Director Dr Shantilal K Somaiya &
Jt Managing Director Shri Samir S Somaiya

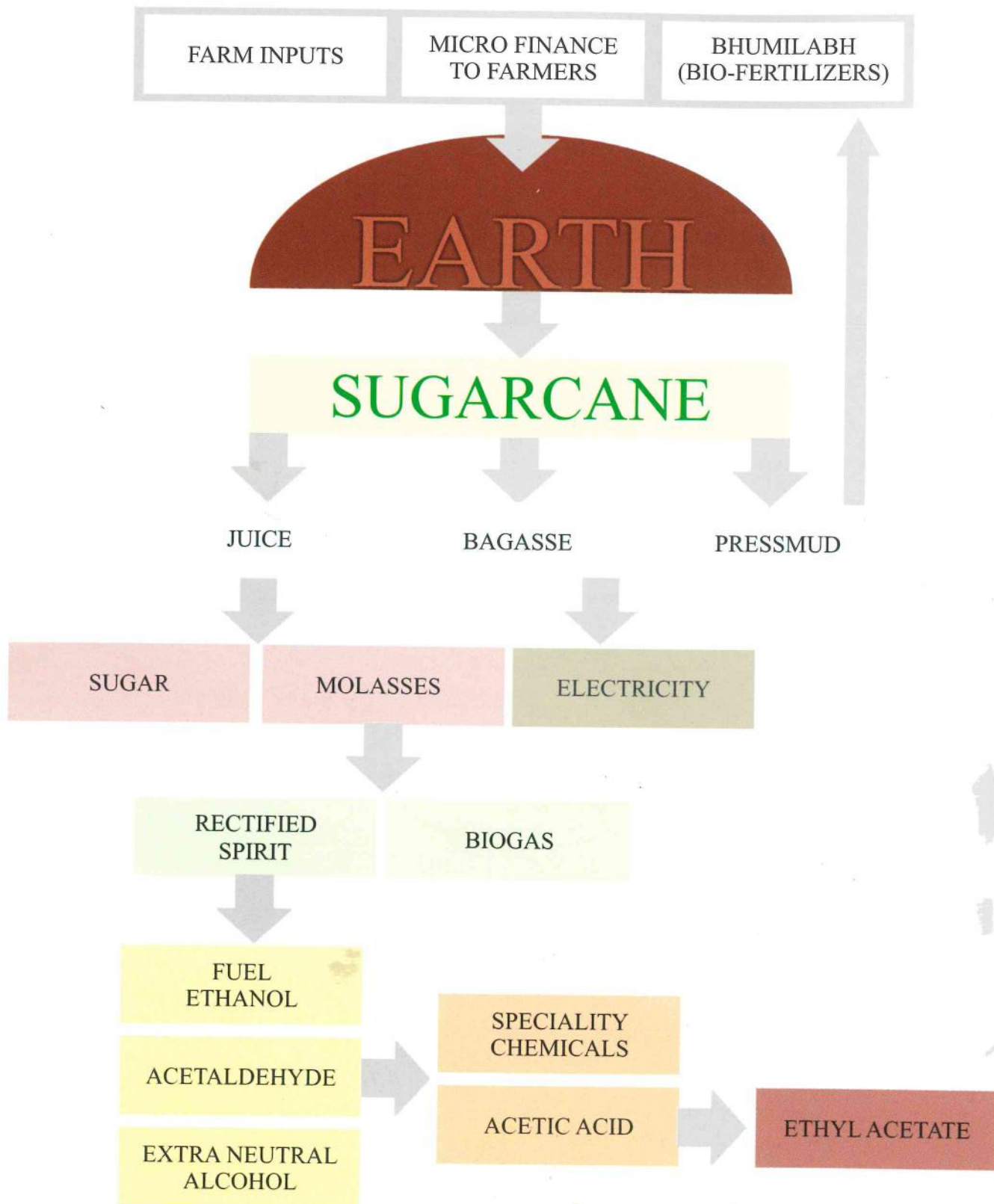
The Godavari Sugar Mills Ltd

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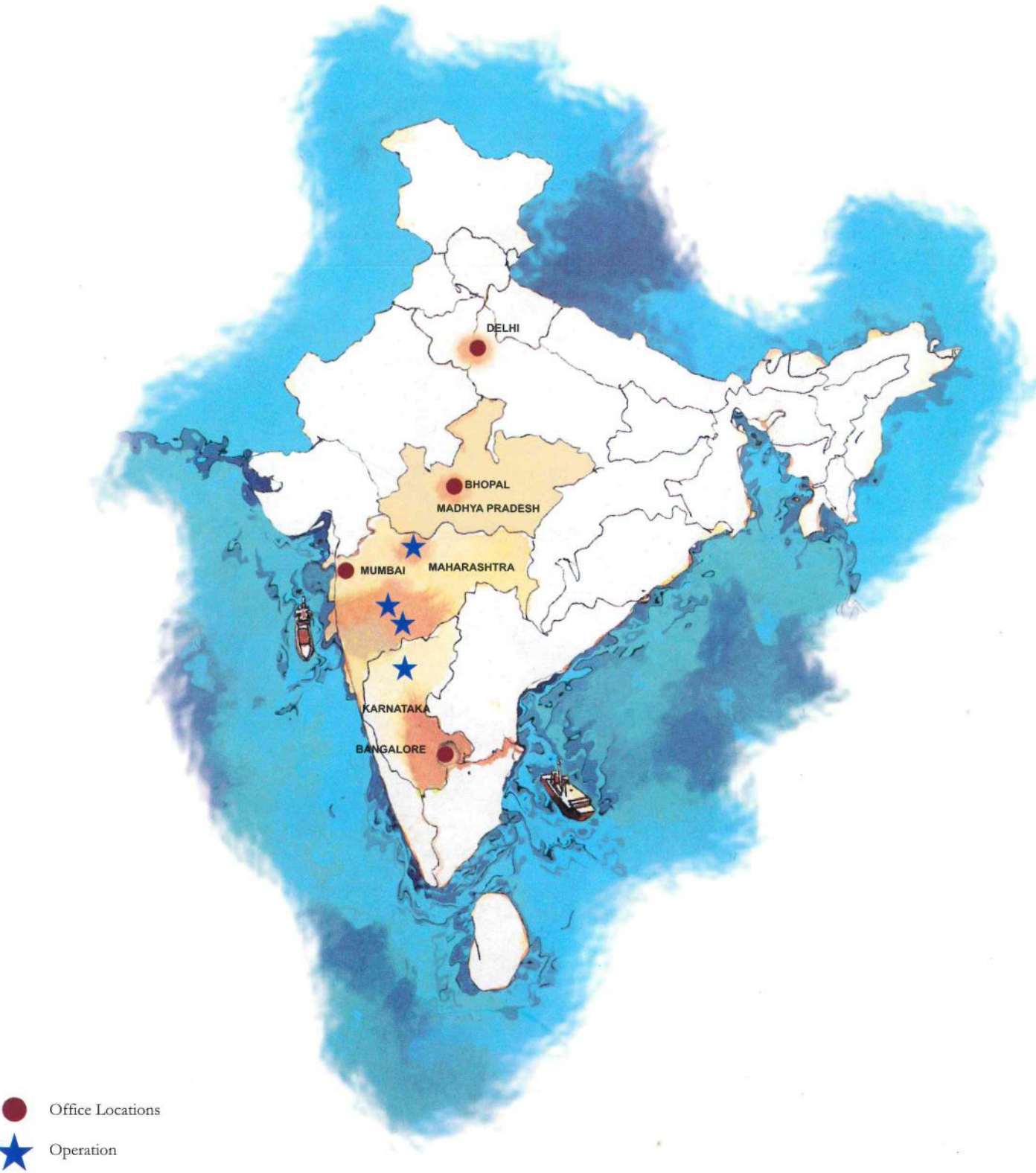
The Godavari Sugar Mills Ltd

Value Chain



Locations

The Godavari Sugar Mills Ltd



THE K. J. SOMVIA INSTITUTE
OF APPLIED AGRICULTURAL
RESEARCH, SONBERI WADI.
GERMPLASM COLLECTION
NO. OF VARIETIES: 214.
DATE OF PLANTING: 2012, 2002.
LOCATION: SYNO 123/C1.

CHAIRMAN'S OUTLOOK



a good time for building integrated biorefineries

MACROECONOMIC CHANGES

Volatility in Sugar Prices

Indian exports cross 4 million tons, highest ever

Open-access of power leads to better price discovery

Ethanol & Chemicals – Policy perspective

Fuel blending program not uniformly implemented

Chairman's Outlook

Sugar

The last year has been a year of unprecedented volatility in sugar prices. The export ban on sugar was lifted, in anticipation of the largest Indian crop ever. The year started at very low Sugar prices at around 10.50c/lb, and there were expectations of an Indian sugar production exceeding 30 million tons. The weight of the same was being felt on the Indian market, and a further fall in sugar prices was being forecasted.

Rather than hold inventory in a falling market, your company decided to export raw sugar, and it was one of the companies that supported ISGEC in its first raw sugar export contract to the Al Khaleej refinery in Dubai.

This export set the trend, and subsequently India exported more than 4 million tons of sugar, it's highest ever, with more than half the exports being of raw sugar. Indian raw sugar was widely appreciated as being of extremely good quality and having almost no dextran content.

Sugar prices started improving from January 2008 onwards, and are now in the range of 13-14 c/lb.



Your company exported over 125,000 tons of sugar in the last season, its highest record ever. Of this, over half was exported as raw sugar. During the season 2007-08 your company crushed the most sugarcane in its history, 17.45 Lac Tons at Sameerwadi and 4.03 Lac Tons at Pratapgad, totaling to 21.48 Lac Tons.

The company's average recovery was 11.93% and the sugar produced was 26.93 Lac Qtls. In fact, the South Indian Sugar and Sugarcane Technologists' Association (SISSTA) presented the company the Award for the 'Highest Crushing' for Karnataka region.

Your company has filed an IEM to setup a new sugar mill at Shiraguppi, at a distance of 16 km from Sameerwadi.



Our Joint Managing Director Mr. Samir Somaiya along with General Manager (Sugar) Mr. V.V. Iyer accepting the award.

Ethanol

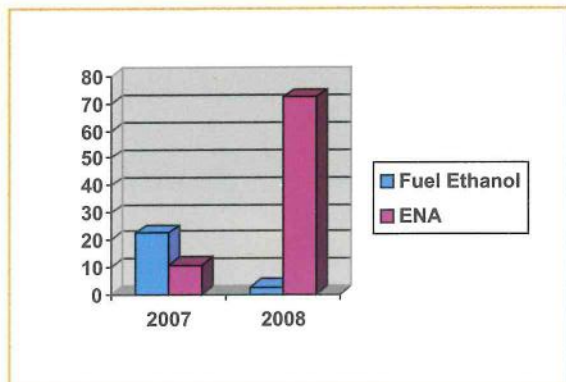
The ethanol blending policy of the Government of India was not uniformly implemented in India. The ethanol program suffered due to policy inaction by the Government at the state and central levels. Although a 5% mixing policy was mandated with an intention to raise that to 10% by October 2008, the policy could not be effectively executed. State Governments feared a reduction in excise revenues, and therefore were hesitant to allocate ethanol for the fuel program. Also, taxes, and import and export permits were required for fuel ethanol to cross state boundaries. In fact, it was easier to import ethanol into Maharashtra from Brazil than from Karnataka.

Some policy changes did come. It became possible for sugar mills to start producing ethanol from cane juice or B-heavy molasses. This now makes it possible for your company to optimize its production between ethanol and sugar. In fact, the company's new distillery expansion at Sameerwadi will have some flexibility in this regard.

However, ethanol still needs to be classified as a 'Declared Good', so that the State Governments do not continue to impose financial disincentives for the program to continue.

It is also our opinion, that the distribution of ethanol be not subject to the monopoly of the oil companies, and that the sugar companies be free to sell and mix the ethanol themselves.

In order to protect the company's ethanol production against the risk of a unsuccessful fuel program, the company sold a large quantity of Extra Neutral Alcohol (ENA). ENA, fuel ethanol, and industrial alcohol production have always served to derisk the company's business model. The company aims to further expand its ENA capacity in the coming year.



(In Lakh litres)

'Swinging' between Fuel Ethanol & ENA Sales

Chemicals

In view of very high Crude oil prices, many of Alcohol based Chemicals are now becoming very competitive, both in International and Domestic markets. In view of this your company has increased its Chemical exports from Rs.14 Crs in 2006-07 to Rs.58 Crs in the year 2007-08.

With Crude oil prices expected to remain at the current high levels, your company sees further opportunities in various Alcohol based Chemicals.

If the Government gives the policy push as stated earlier of permitting Ethanol production from Sugarcane juice & giving Ethanol the status of 'Declared Goods', it would go a long way in establishing Ethanol as a reliable feedstock for not only blending Ethanol with petrol but also for manufacturing various chemicals at competitive prices. We see a lot of opportunities for Indian manufacturers to promote these chemicals in the International market with the implementation of the government policies in regard to Ethanol.

Power & Climate Change

The power business improved substantially. The company continued to sell power under open access, and started realizing better price for power. Average tariff increased from Rs. 4.39 per unit in 2006-07 to Rs. 4.66 per unit in 2007-08. The company further hopes for a better price in the coming financial year.

The company chose not to pursue its case against the KPTCL against power receivables. A success in the case would have given us Rs. 17.83 crores of old dues, but would have obliged us to sell power to the HESCOM at a discount of at least Rs. 1.50/unit & sharing of carbon credits. (Your company sells over 10 crore units of power per year).

Fighting Climate Change is a concern for the entire planet. Your Company's Cogeneration Power project has been registered under the Clean Development Mechanism (CDM) of the UN. We have sold CER's in the last year at attractive rates. The company plans to further add 2 more projects that would further fight climate change.

Research

The basic theme of our research is driving from Farm to Food, Pharma & Energy. The focus of this segment is to be on more effective utilization of existing agro resources viz. Sugarcane, Sugar, Molasses, Bagasse, Pressmud, Starch and Plantation to manufacture generic products and development of new chemical options for their utilization.



Our Joint Managing Director Mr. Samir Somaiya on signing the agreement with NCL Director Dr. Sivaram

We are actively involved with Council of Scientific & Industrial Research (CSIR) in two NEW MILLENIUM INDIAN TECHNOLOGY LEADERSHIP INITIATIVE of Govt. of India. The Company has signed agreements with National Chemical Laboratory (NCL) in these projects.

These projects are concerned with the making of chemicals & biopolymers from renewable resources. The company has already successfully installed pilot plants.

The K.J. Somaiya Institute of Applied Agricultural Research (KIAAR) has developed a tissue culture and bio pesticide laboratory. Having access to good quality tissue culture plantlets would improve the biological health and disease resistance of the sugar cane in the area.

KIAAR has currently tested a cane variety that is likely to yield 1% extra recovery.

The Cane department of your company is currently encouraging the plantation of this variety on 5000 acres.

The KIAAR also demonstrated that Cassava is a good source of alcohol & fuel. Further it is more drought resistant than cane. Cassava is therefore being popularized as a source for alcohol & fuel at Sakarwadi, in a project that would also save Carbon emission.

Management

I take immense pleasure in welcoming Mr. Paul Zorner & Mr. Jawahar Lal Chirimar on the board of the company.

Mr. Zorner, Ph.D., was the keynote speaker at ISCCT in Durban 2007. His direction for the sugar mill of the future resounded with the direction that your company is taking. He brings an international perspective to your company, and through him, we will be able to explore opportunities in North America and Africa.

Mr. Chirimar, Ph.D. Computer and Information Science, has been associated with Private Equity and Hedge funds. He has a rich experience in credit risk, financial analysis and fund raising and structuring.

People & Society

National Society for Equal Opportunities for the Handicapped (NASEOH), Mumbai has conferred upon your company 'The Outstanding Employer of the Disabled Award' for the year 2007.

We have always as a part of our responsibility to the society tried to cater to various sections of people by providing a lot of opportunities & means of development. We continue to assist Somaiya Vidyavihar in the management of 5 rural schools with over 3,000 students.

We also support 20 anganwadis. The 'Help a Child' program, also run in partnership with Somaiya Vidyavihar has provided over 700 scholarships. Medical camps in the past year have treated over 5,000 patients.

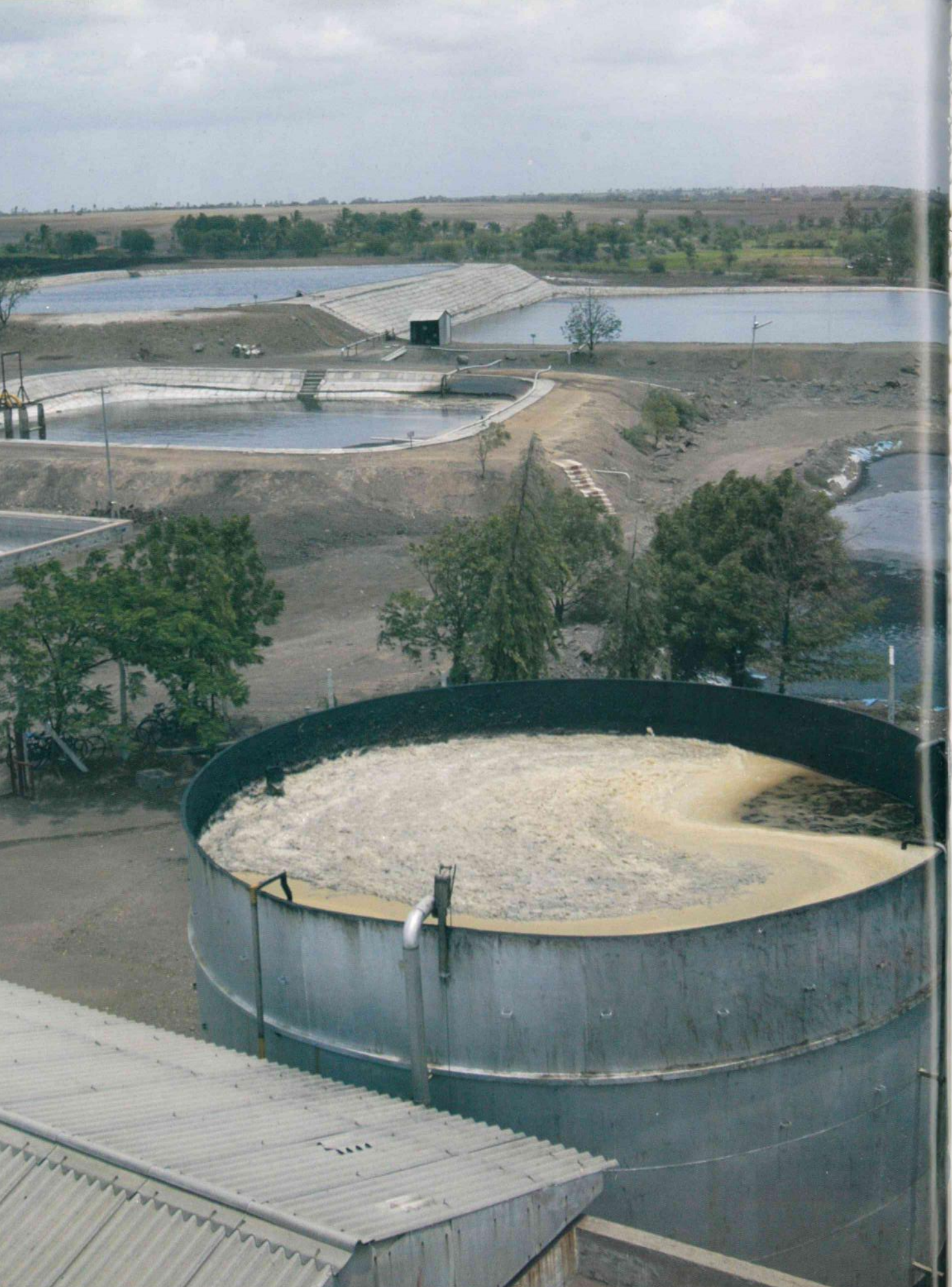
We are also assisting the NAB, (National Association of the Blind), of which I am also the President, in its Ankur Project to prevent blindness.

Dr S K Somaiya

Chairman of the Board of Directors



Our General Manager (Corporate Planning) Mr. V.V. Joshi accepting the award



DIRECTORS' REPORT

Directors' Report

Growth & Transformation

Dear Shareholders,

Your Directors have pleasure in presenting their Sixty Eighth Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March 2008.

Financial Results

Rs. in Lacs

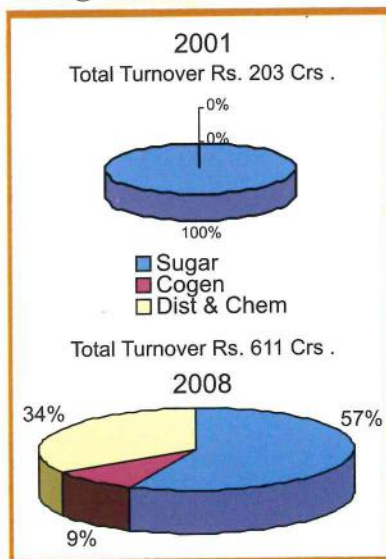
	2007-08	2006-07
Gross Turnover	61,117	50,669
Gross Operating Profit	8,696	6,048
Net Profit (after Tax) for the year	1,282	348

The company's sales have grown by more than 20%, & the Gross operating profit by over 40%.

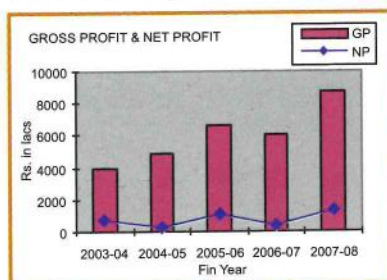
The pie-chart on the left shows that only 7 years ago, the company derived all its revenue from Sugar. In 2008, the company's business has grown threefold, & further, Sugar constitute only 55% of its business.

GROWTH & TRANSFORMATION

Increase in turnover & change in focus



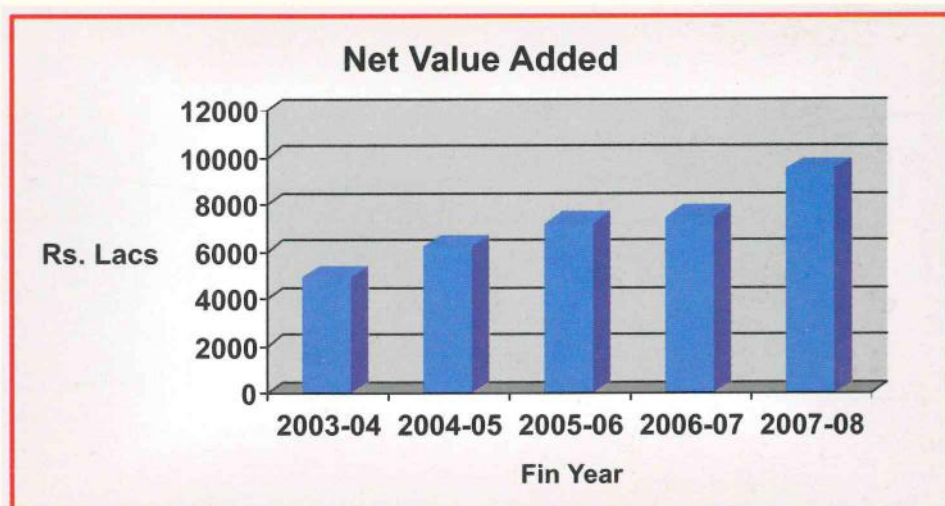
Increase in profitability



Value Added Statement:

(Rs. in Lacs)

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Income from Production (Net Sales after stock adjustments)	56,680	48,257	51,963	34,761	31,123
Add: Other Income	507	301	474	356	542
Corporate Output	57,187	48,558	52,437	35,117	31,666
Less: Raw Material	33,044	30,649	37,217	21,837	20,425
Less: Mfg & Other Ex-penses (Without Employee Cost)	13,789	8,926	6577	5698	5161
Gross Value added	10,354	8,983	8643	7,578	6,073
Less: Depreciation	1,532	1,502	1,407	1,343	1,132
Net Value added	8,822	7,481	7236	6241	4946
Allocation of Net Value added					
To Personnel (Employee Cost)	3,441	3,223	2,690	2,718	2,258
To Government (Tax)	165	370	566	132	(918)
To Creditors (lease Rent)	743	715	161	5	5
To Creditors (Interest)	3,274	2,825	2,794	3,125	3,090
To Investors (Dividend)	491	--	--	--	--
To Company (Retained Earnings)	708	348	1,025	261	510





SUGAR



balancing act to optimize the revenue mix

SUGAR

Sugar

Prospects finally brighten

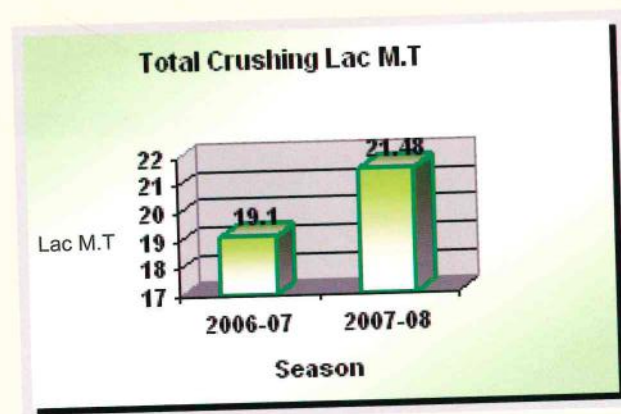
Surplus International Production drives down Sugar prices

After achieving highest sugar production in the previous season 2006-07 of 283 Lac Metric Tons, the All-India Sugar production is estimated to be lower at 265 Lac Metric Tons during the sugar season 2007-08.

2007 was a tough year for any sugar producer with a large exposure to the world market. The enormous surplus produced in the 2006/07 (Oct/Sept) Indian crop year put pressure on international prices from the beginning of 2007. This pressure was compounded as it became apparent that a further substantial surplus was on the cards for 2007/08, casting a long shadow over a market that had seen prices at 25-year highs in early 2006. Exactly at the time when a host of other commodity prices were surging upwards, the sugar market was headed firmly in the opposite direction.

Increase in Cane Crushing

Your company has undertaken modernization, optimization and upgradation of the Sameerwadi sugar factory. As a result we have achieved a record crushing of 17.45 Lac Metric Tons in the season 2007-08, against the crushing of 13.91 Lac Metric Tons for the previous year. In fact, the South Indian Sugar and Sugarcane Technologists' Association (SISSTA) awarded the company the Award for the 'Highest Crushing' for Karnataka region.



We have also achieved record crushing of 4.03 Lac Metric Tons at Pratapgad sugar factory in the current season as against the previous year's crushing of 2.85 Lac Metric Tons.

The total crushing for the season 2007-08 was higher by around 12.50% as compared to season 2006-07.

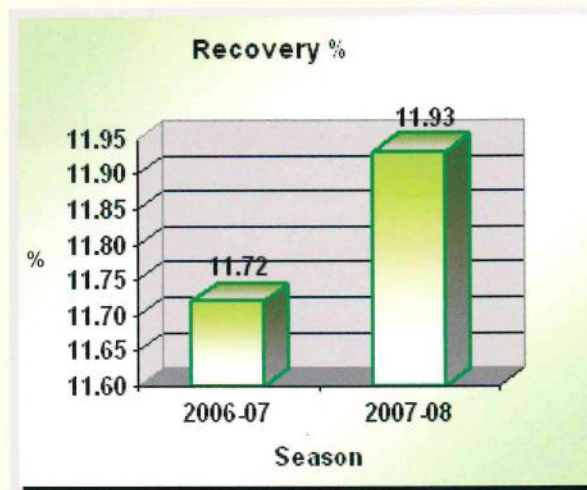
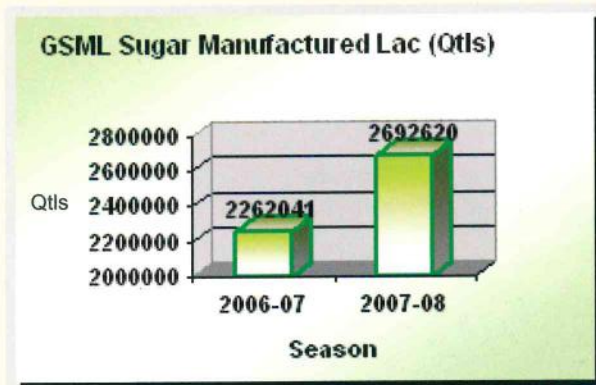
Increase in Sugar production

The total sugar produced during the season 2007-08 was 26.93 Lac Quintals, which was around 19% higher than the previous year as shown in the graph.

Increase in Recovery

Due to the Modernization and up-gradation at the Sameerwadi unit, as well as the sustained cane development measures your company was able to achieve higher sugar re-recovery of 11.90%.

Your company also achieved a commendable recovery of 12.04% at the leased unit at Pratapgad. Thus the average recovery for season 2007-08 was at 11.93% as shown below.



Policy initiatives by the Government of India for the Sugar industry.

The sugar industry has been going through financial crises for the last 1.5 years. The international market has been uncertain whereas the local sugar prices were uneconomical against the Statutory Minimum Prices.

Foreseeing the glut in the sugar market due to record level of sugar production in the seasons 2006-07 and 2007-08, the Government of India and the State Governments of Maharashtra

and Karnataka announced various measures to improve the health of the Sugar industry as well as to enable the industry to pay the Statutory Minimum Price of sugar cane.

After withdrawing the ban on export of sugar, the Government of India came out with incentives to push the surplus sugar out of the internal market to avoid excessive stock & further fall in the sugar prices.

Simultaneously the Central Govt. also announced a policy of maintaining buffer stock of sugar up to 50 Lac Metric tons (in two lots of 20 Lacs Metric Tons and 30 Metric Tons). It also offered the sugar industry soft loan in the nature of long-term loan without interest (the Central Govt. absorbing the interest).

Your Company is availing the benefits under all the above schemes. It has availed the soft loan offered which is equivalent to the excise duty payable on the sugar production for the seasons 2006-07 and 2007-08. This loan is offered to the Industry only to meet the sugarcane arrears to the cultivators.

These proactive measures helped to stabilize the market & even help the Sugar Mills to clear their SMP dues. Since lower cane prices had reduced cane plantation, production in the season 2008-09 is expected to fall. Sugar prices have begun to look up due to this.

Projects

Your company is actively evaluating options of capacity expansions, acquisition opportunities and green field projects. Your company is also planning for value addition by way of setting up a sugar refinery at Sameerwadi. Your company is also evaluating business opportunities out side India.



DISTILLERY & CHEMICALS



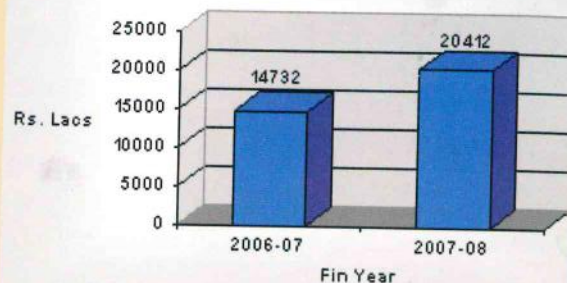
derisking the business model

DISTILLERY & CHEMICALS

International Presence in Ethyl Acetate

Your Company's Turnover of the Distillery & Chemical Division increased from Rs.14732 Lacs for the previous year 2006-07 to Rs.20412 Lacs during the year ended March 31st 2008, thereby showing an increase of around 38.55%.

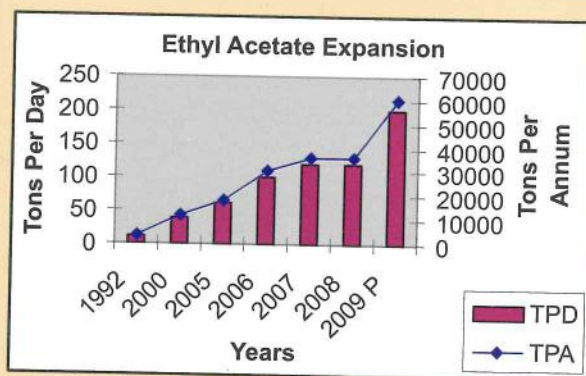
Distillery & Chemicals Turnover



Aldehyde Expansion

Your company has successfully expanded its Aldehyde Capacity to 72 KLPD at Sakarwadi.

Increase in Ethyl Acetate Capacity



Your company has increased its Ethyl Acetate capacity over the years as shown in the graph.

The product is well accepted in the international markets due to its superior quality. The company is planning to further expand capacity from 36,000 tons to 60,000 tons this financial year. With this global level capacity, your company is one of the largest Manufacturer and exporter of Ethyl Acetate from India.

Projects

Your Company is successfully on track of implementing its Distillery Expansion project at Sameerwadi and the same shall be completed at the end of year 2008-09. With this expansion the unit will have the capacity of 200 KL per day from the existing capacity of 60 KL per day.

Your company is also implementing a modernization of the distillery at Sakarwadi. Along with the modernization, the company will make it multi-fed, so it can take Cassava in addition to molasses as the feedstock.

Your Company with its R&D is constantly evaluating new chemistries and product lines that are a value addition to the existing business. Your company is also looking at acquisitions opportunities as a means of capacity enhancement and raw material procurement.



CO-GENERATION

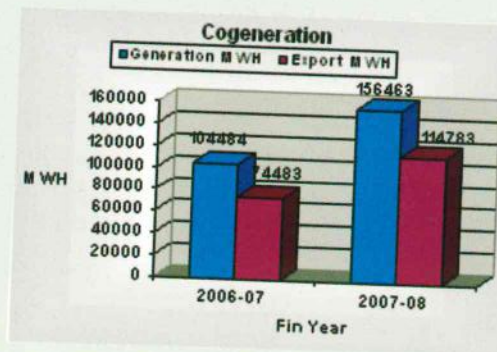


robust growth in the cogeneration division and productivity

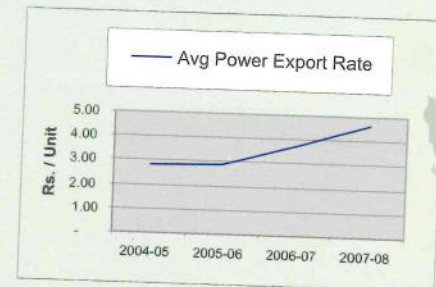
COGENERATION

Cogeneration

Powering a Renewable Future



As shown in the graph the generation in units for financial year 2007-08 has increased by almost 50% whereas the exports have increased by 54%. Similarly even the power export tariff has increased over the years as shown in the graph below.



Accordingly, the turnover has increased from Rs. 3460 Lacs in previous year 2006-07 to Rs. 6398 Lacs in Year 2007-08, thereby showing an increase of 109%.

Open Access - Competitive Strength

Under the Electricity Act of 2003 & sub-sequent notifications & clarifications from time to time, Open Access for sale of power to third parties has been made possible.

Under Open Access your company has started selling Power to Private Power Trading Companies at better rates thereby improving the profit margins and the cash flow.

Clean Development Mechanism (CDM Project)

The Board takes immense pleasure in informing that your Company's Cogeneration Power project has been registered under Clean Development Mechanism (CDM) on 4th May 2007 with United Nations Framework Convention of Climate Change (UNFCCC), as approved project to avail the CDM benefit with a crediting period of 7 years that can be renewed further, for a total period of 21 years.

Accordingly, Your Company has sold accumulated CER's for period up to March 2007 and for the financial year 2007-08 at attractive rates.

Second Crediting Period

We have opted for "three 7 years period" of crediting under the CDM programme instead of "one 10 years period". The first 7 years crediting period expires by 2008-09. We have therefore initiated the process of validating our CDM programme for the second 7-year Crediting Period from 2009-10.

Future Outlook

Currently, your company exports about 40 units per ton of cane crushed at its Sameerwadi location. The company is planning to expand this capacity by 20 MW, to bring the export power to 80 units per ton crushed. The project will result in further creation of green power, mitigating climate change, and will be eligible for further Carbon Credits.

Fixed Deposits

Your company continues to receive/renew the fixed deposits from the Cultivators who supply cane to the company, re-imposing the faith they have in the company, a relationship built over more than three decades of sustained business and the mutual trust between the cultivators and the management of the company. As on 31st March, 2008 the fixed deposit is Rs. 902 Lacs.

Directors

Pursuant to the provisions of section 260 of the Companies Act, Mr. Jawahar Lal Chirimar, Ph.D. Computer and Information Science, was appointed as an Additional Director with effect from 17th June 2008. Mr. Chirimar has been associated with Private Equity and Hedge funds. He has a rich experience in credit risk, financial analysis and fund raising and structuring. Mr. Jawahar Lal Chirimar would hold office up to the date of the ensuing Annual General meeting. The company has received a notice in writing from a member proposing the candidature of Mr. Chirimar for the office of Director, liable to retire by Rotation.

Shri I.C. Patel, Dr. B.R. Barwale and Shri N.C. Satya retire from the Board by rotation and being eligible, have offered themselves for re-appointment.

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.

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.

Awards & Recognition

The Board is delighted to inform that the company was conferred "The Outstanding Employer of the disabled awarded" for the year 2007 by National Society for Equal Opportunities for the Handicapped (NASEOH), Mumbai.

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 the regions of its operations and it recognizes its responsibility and commitment for the development of the community. The company recruits personnel locally and actively supports education, health, welfare, emergency services and the environment. There is encouragement to preserve and improve rural sports, culture and the arts.

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

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 level on all fronts.

Dividend

Your Directors are pleased to recommend equity dividend of 10% & Preference Dividend of 12% for the year 2007-08 on account of excellent performance, absorbing an amount of Rs. 574 Lacs, inclusive of tax on dividend.

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.

Auditors

M/s Desai Saksena & Associates, Chartered Accountants, Auditors of the company, retire and being eligible, have confirmed their willingness for re-appointment.

Cost Auditors

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

Audit Committee

Audit Committee of your Company consists of three Directors, viz.

- Shri Indubhai C. Patel - Chairman
- Shri Samir S. Somaiya
- Shri Kailash Pershad

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

Directors' Responsibility Statement

Pursuant to section 217 (2AA) of the Companies Act, 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 been consistently followed and estimates have been made on reasonable and prudent basis 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.

Insurance

The Company has adequately insured its insurable assets.

Appreciation

Your Directors place on record their sincere appreciation of the cooperation 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, IDBI Bank Ltd, Syndicate Bank, ICICI Bank Ltd., and the Financial Institutions viz. Industrial Development Bank of India Ltd., Sugar Development Fund, Sugar Technology Mission, SICOM Ltd., as well as the Karnataka, Maharashtra & Madhya Pradesh Government, customers, suppliers, labour and the staff of the company.

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.

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

By Order of the Board of Directors,

Dr. S. K. SOMAIYA

Chairman & Managing Director

PLACE: Mumbai

DATE: 17 June 2008.

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 REMUNERATION IN THE AGGEGRATE 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	Qualifications & Experience of the Employee or otherwise	Date of Commencement of Employment	Age	Last Employment held by such Employee Before joining the company
Dr. S.K.Somaiya	Chairman & Managing Director	69,61,399	Contractual	B.Sc. (Hons), LL.B., D.Sc. (honours causa)	01-06-1999	80 yrs.	Somaiya Organics (India) Ltd., Chairman & Managing Director
Shri S.S.Somaiya	Jt. Managing Director	62,34,555	Contractual	B. S. Chem. Engr. Cornell M. Eng. Chem. Engr. Cornell MBA Cornell MPA Harvard	29-09-2000	40 yrs.	Somaiya Organo Chemicals Ltd. 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 AGGEGRATE OF NOT LESS THAN RS. 2,00,000/- P.M.

*** NIL ***

NOTES : Remuneration received as shown in the statement includes salary, commission, leave encashment, house rent allowance or value for perquisites for accommodation, motor car perquisite and other allowance like contribution to provident fund and superannuation fund, gratuity, leave travel facility and reimbursement of medical expenses as applicable.

By Order of the Board of Directors,

Place : Mumbai

Date : 17th June, 2008

S.K.SOMAIYA

Chairman & Managing Director

Annexure “B” to Directors’ Report

Information in accordance with the Companies (Disclosure of Particulars, in the Report of the Board of Directors) Rules, 1988 and Forming part of Directors’ Report for the year ended 31st March,2008
Conservation of Energy / Technology Absorption / Foreign Exchange earnings and outgo.

Sugar & Co-Generation Division

(A) CONSERVATION OF ENERGY

- 1. CMR 5 roller Ulka Mill size 40”x80” is installed as 5th Mill in TEW Milling Tandem which has reduced the moisture in bagasse from 50% to 48% which in turn given better combustion in the furnaces of boiler, consequently steam production per unit of bagasse is increased and boiler efficiency is also increased.
- 2. One 1st body of Evaporator Semi-kestner type of HS - 3000 sq. m and one 2nd body of Evaporator Rober type of HS - 3500 sq. m are installed, consequently the 2nd body vapours from evaporator could be used for Vacuum Pans which has decreased the steam consumption in process by 1.4%.

FORM “A”
DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		2007-08	2006-07
(I) POWER AND FUEL CONSUMPTION			
1. ELECTRICITY			
(a) Purchased			
Units	KWH	Nil	Nil
(b) Own Generation			
i) Through Diesel Generator			
Units	KWH	12,594	14,959
Units per Litre of Diesel Oil	KWH/Ltr.	3.50	2.46
Cost per Unit	Rs./KWH	10.36	14.89
ii) Through Steam Turbine Generator(Sugar plant)			
Units	KWH	78,84,666	3821282
Units/ K.G. of Bagasse	KWH/ KG	0.16	0.16
Cost per Unit	Rs./KWH	3.15	3.18
(c) Power taken from Co-generation			
Units	KWH	2,76,37,350	2,14,20,500
Total Cost	Rs.	4,32,95,359	2,87,81,908
Cost per Unit	Rs./KWH	1.57	1.34
(d) Steam taken from Co-generation			
Units	M.T.	3,12,189.67	2,11,632.30
Total Cost	Rs.	12,74,62,191.40	8,04,87,175.27
Cost per Unit	Rs./MT	408.28	380.32
2. OTHER/INTERNAL GENERATIONS			
Produced & Utilised for Power Generation	M.T.	49,692.23	24,324.79
Total Cost	Rs.	2,48,46,115	1,21,62,395
Rate (Average)	Rs./M.T.	500	500
(II) CONSUMPTION PER UNIT OF SUGAR PRODUCTION			
Electricity	KWH/QTLS.	16.17	16.69
Fire Wood	M.T./QTLS.	0.000056	0.000033
Bagasse	M.T./QTLS.	0.16	0.22

Annexure "B" to Directors' Report

Distillery & Chemical Division

(A) CONSERVATION OF ENERGY:-

(a) Energy Conservation measures taken:-

Biogas recovery plant from spent wash of Distillery

1) Aldehyde Debottlenecking was commissioned in the month of Feb-2008 from 60 TPD to 72 TPD.

This has resulted in reducing specific power consumption.

2) Ethyl Acetate Plant capacity was increased from 100 to 120 TPD by minor debottlenecking.

This has resulted in reducing specific power consumption.

3) In Acetaldehyde, Acetic Acid & Ethyl Acetate Plant condensate flash steam recovery system was installed in the month of Aug-07 & Feb-08

4) 1.5 MW steam turbine was installed in the month of Jan-2008 which resulted increasing own power generation from 25.59% to 41.95% of total power consumption (Extra generation of 33 lac units)

B) TECHNOLOGY ABSORPTION :-

Efforts made in technology absorption are as per Form "B" given hereunder.

FORM "A"

Disclosure of Particulars with respect to Conservation of Energy.

		For Chemical Division		For Distillery Division	
		Current Year-2008	Previous Year-2007	Current Year-2008	Previous Year-2007
(I)	POWER & FUEL CONSUMPTION:				
1	ELECTRICITY :-				
(a)	PURCHASED :				
Unit	KWH	1,02,92,339	1,22,13,340	-	-
Total Amount	Rs.	4,82,71,070	5,56,84,856	-	-
Rate	Rs./KWH	4.69	4.56	-	-
(b)	OWN GENERATION :				
i)	Through Diesel Generator				
(Kirloskar D.G.Set)					
Unit	KWH	1,94,172	1,00,992	5,124	4,248
Diesel Consumption	Ltrs.	63,461	35,164	2,420	1,720
Unit per litre of diesel oil	KWH	3.06	2.87	2.12	2.47
Cost per Unit.	Rs./KWH	11.35	12.89	16.57	14.92
ii)	Power taken from COGEN				
Unit	KWH	-	-	11,64,010	14,39,540
Total cost	Ltrs.	-	-	23,98,089	26,10,498
Cost per Unit.	Rs./KWH	-	-	2.06	1.81
iii)	Through Steam Engine Turbine				
Unit	KWH	75,79,292	42,33,932	9,28,088	1,76,562
After generation of power, the steam is consumed fully in the process. So, there is no appreciable cost for powergeneration. In practice, we get power as a by-product with nominal / low cost per unit.					
(c)	STEAM TAKEN FROM CO-GENERATION/SUGAR DIVISION				
Units	MT	-	-	24,580	20,795
Total Cost	Rs.	-	-	1,04,12,898	79,08,825
Cost per Unit	Rs./MT	-	-	424	380

Annexure “B” to Directors’ Report

			For Chemical Division		For Distillery Division	
			Current Year-2008	Previous Year-2007	Current Year-2008	Previous Year-2007
2	COAL:-					
	Coal consumed (Qty)-Local	MT	47,565	26,271	710	1,056
	Total Cost-Local	Rs.	14,80,36,238	7,75,22,736	24,52,547	35,20,859
	Average Rate-Local	Rs./MT	3,112	2,950	3,453	3,335
	Coal consumed (Qty)-Import	MT	529	5,443	-	-
	Total Cost-Import	Rs.	19,57,221	1,57,99,515	-	-
	Average Rate-Import	Rs./MT	3,700	2,903	-	-
	Bagasse Cosumed	MT	-	-	16,867	4,616
	Total Cost	Rs.	-	-	1,31,40,258	56,22,533
	Average Rate	Rs/MT	-	-	779.05	1,218.18
	Biogas consumed	M3	86,22,045	87,80,824	9,39,439	10,49,010
	Total Steam generation	M.T.	2,54,632	2,16,833	32,161	12,928
	Steam generation per MT of coal.	M.T.	4.41	5.22	3.54	3.05
(II)	CONSUMPTION PER UNIT OF PRODUCTION:					
i)	ALCOHOL					
	Production	K.L.	27,904	25,570	5,044	6,616
	Electricity	KWH	48,73,434	45,86,566	8,05,946	10,81,916
	Units / KL of Prod.	KHW/KL	175	179	160	164
	Coal	M.T.	6,332	12,219	710	1,056
	Bagasse	M.T.	-	-	16,867	4,616
	Biogas	M3	86,22,045	87,80,824	9,39,439	10,49,010
	Coal Ratio	MT/KL	0.57	0.48	0.81	0.86
	Steam Ratio	MT/KL	2.52	2.50	2.87	4.00
ii)	ETHYLACETATE					
	Production	M.T.	35,643	23,554	-	-
	Electricity	KWH	35,11,548	27,71,168	-	-
	Units / MT of Prod.	KWH/MT	99	118	-	-
	Coal	M.T.	24,489	13,898	-	-
	Coal Ratio	MT/MT	0.69	0.59	-	-
	Steam Ratio	MT/MT	3.03	2.82	-	-

Annexure "B" to Directors' Report

B) TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form "B"

FORM "B"

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R & D):

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

R & D activities are related to upgradation of process technology, product improvement, new product development, recovery improvement and cost reduction. R & D evaluates and identifies cost effective process additives. R & D is involved in adoption of new technologies.

2) Benefits derived as a result of above R & 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.
- R & D activities have resulted in developing a product Ethyl Lactate which is non toxic, biodegradable and have excellent solvent properties that can replace toxic and halogenated solvents for a wide range of industrial and consumer uses. The process is based on improved strain for the fermentation that permits low-cost synthesis of high-purity ethyl lactate from molasses which is used as a feedstock. The down stream process is developed in such a way that we get rid of impurities of starting raw material.

3) Future Plan of Action :

In future R & D efforts will be continued towards automation of different stations, expansion and balancing of plant and new product development. Development of products based on agricultural and industrial bio-technology and molecular biology will be done. More work in the area of new derivatives of Ethanol, Acetaldehyde and other speciality chemicals will be taken up.

4) Expenditure :		Rs. in Lacs
i) Capital	Rs.	14.18
ii) Recurring	Rs.	174.84
iii) Total	Rs.	<u>189.62</u>
iv) Total R & D expenses as a percentage of total turnover		0.33%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

R & D is involved in the adoption of new developments like - hydraulic drives, GRPF 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:

- Adoption of new developments in milling plant and commissioning of continuous pans, and latest high capacity, energy efficient machines enabled higher crushing rate and better quality of sugar.
- We have not imported any technology.

Rs. in Lacs

(C) FOREIGN EXCHANGE

EARNINGS	:	14,623.35
OUTGO	:	665.47

By Order of the Board of Directors,

S.K.SOMAIYA

Chairman & Managing Director

Place : Mumbai

Date : 17th June, 2008

CORPORATE SOCIAL RESPONSIBILITY



we are conscious of our responsibility towards safety, health & environment

Corporate Social Responsibility

Giving back to society has always been an integral part of our business practices. The CSR (Corporate Social Responsibility) activities of your company cover health, education and rural development.



Education

Your company runs 20 Anganwadis in rural Karnataka.

More than 400 young children come to the Anganwadis daily.

Your company assists Somaiya Vidyavihar in the management of 5 rural schools, in rural Maharashtra and Karnataka. All these schools are located in the area surrounding our business activities. There are over 4,700 students studying in these schools.

During the last year the company helped the schools in the construction of new classrooms, and new sports facilities. The picture above shows new classrooms



added at the English school at Sameerwadi in Karnataka.



At Sakarwadi, a world-class Badminton facility was established, and Mr. Godse of the Manora Academy was invited to help create players of a national caliber. We hope that this dream too will be realized. Mr. Godse has helped many players achieve national status.

We also help finance students who have completed the 10th or 12th standard to study further. These are students with great promise but come from great poverty. Over 700 scholarships have been provided so far, and a website <http://www.helpachild.in/> has been created to invite donations from India and abroad. Last year, a few students under the 'Help a Child' program had a chance to interact with visiting students from Simmons College – Boston.



'Help a child' students with the students of SIMMONS college, Boston, America



CORPORATE SOCIAL RESPONSIBILITY

In this respect Godavari Sugar Mills assists children of all age groups.



Healthcare

Your company regularly conducts health camps in the villages that it works in. In the past year, over 4000 patients have been treated. Patients needing surgeries have then been taken to Mumbai and treated there. Your company closely works with the medical staff at Somaiya Ayurvihar.

Medical camps are also regularly conducted for school children in our schools.

85% of all blindness is preventable through good nutrition. Its prevention is a great service to the individual and society. Further, sugar mills in India operate in over 100,000 villages (one in every six). The National Association for the Blind (NAB) has launched the Ankur program to provide this nutrition to children. A survey in three villages in our cane area showed that, 600 out of 3700 children aged 0-12 would go blind for lack of good nutrition. Our Chairman, who is also the President of the NAB, has made blindness prevention an important goal of his tenure. This project is meant to identify and treat 'at-risk' children, through the partnership of sugar mills, NGO's, medical colleges, service clubs, and the Government. The NAB aims to ask all sugar mills to adopt this program so that over 100,000 villages get covered through this program.

Your company was also awarded the National Society for Equal Opportunities for the Handicapped (NASEOH), Mumbai has conferred upon your company 'The Outstanding Employer of the Disabled Award' for the year 2007.



Inauguration of project Save the Sight by Brig. Sanjay Hole and Dr. S. K. Somaiya at Dr. Prabhakar Kore KLES Hospital, Belgaum.



AUDITORS' REPORT

Auditors' Report

To the Members of
THE GODAVARI SUGAR MILLS LIMITED

We have audited the attached Balance Sheet of THE GODAVARI SUGAR MILLS LIMITED as at 31st March 2008, and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. 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.

1. 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 a 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 statements presentations. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable.
3. Further to our comments in the Annexure, referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with mandatory Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from Directors as on March 31, 2008 and taken on record by the Board of Directors, we report that, none of the directors are disqualified as on 31st March 2008 from being appointed as directors in terms of 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 said accounts read together with the Significant Accounting Policies and 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 31st March, 2008;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **DESAI SAKSENA & ASSOCIATES**
Chartered Accountants

Dr. S.N. Desai
Partner
M.No.32546

Place: Mumbai
Date : 3rd July, 2008

Annexure to the Auditors' Report

Referred to in paragraph 2 of the Auditors' Report of even date.

(i) In respect of its fixed assets;

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As per the explanation given to us, the Company has designed a phased programme for the physical verification of its fixed assets and accordingly a portion of the fixed assets are verified every year to cover all the items in reasonable time frame. Pursuant to said programme, during the year also a portion of fixed assets of the Company has been physically verified by the management. As explained to us, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, the company has not disposed off a substantial part of fixed assets during the year and the going concern status of the company is not affected.

(ii) In respect of its inventories;

- (a) As explained to us, inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

(iii) In respect of loans, secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956

- (a) According to the information and explanation given to us; the Company has not granted any loans during the year to the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the Company has not granted loans to the parties covered in the register maintained under section 301 of the Companies Act, 1956, accordingly the clauses (iii) (b), (iii) (c), (iii) (d), of the Order are not applicable to the Company.
- (c) The Company has not taken loans during the year from the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (d) As the Company has not taken loan from the parties covered in the register maintained under

section 301 of the Companies Act, 1956, accordingly the clauses (iii) (f) and (iii) (g) of the Order are not applicable to the Company.

- (iv) In our opinion, and according to the information and explanation given to us, except for some items purchased which are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.

(v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956;

- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, and having regard to our comments in item (iv) above, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) According to the information and explanations given to us, in our opinion the Company has complied with the provisions of section 58 A and 58 AA of the Companies Act, 1956 and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, the Company has not received any order under above-mentioned sections from the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any Court or any other Tribunal.

- (vii) The Company has an internal audit system. However, the same needs to be further strengthen in view of the size and the nature of the Company business.

- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 relating to the manufacture of sugar and industrial alcohol and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

Annexure to the Auditors' Report

We are informed that maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's other products.

- (ix) (a) According to the information, explanations and records of the Company, in respect of statutory and other dues, the Company has been generally regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income Tax, Sales tax, Custom duty, Excise Duty, Cess, Service tax and any other statutory dues, applicable to it, with the appropriate authorities during the year. According to information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2008 for a period more than six months from the date of becoming payable.
- (b) According to the information and explanation given to us, the details of statutory dues which have not been deposited on account of dispute are as follows:

Particulars	Financial Year to which it Pertains	Forum Where Dispute is pending	Amount (Rs. In Lacs)
Central Excise Duty	2004-05 to 2007-08	Addl. & Jt Comr. Commissioner of Central Excise	5.00
	2000-01 to 2002-03		11.66
	2004-05 to 2007-08	Commissioner of Central Excise	323.16
	2003-04 to 2007-08	Asst. & Dy. Commissioner	20.16
	2003-04 to 2005-06	High Court	459.32
Service Tax (Central)	1996-97 to 1998-99	Depy & Assistant Comr. High Court	9.47
	1997-98 to 1998-99	Tribunal	20.49
	2004-05- to 2005-06		37.78
Sales Tax (Central & State)	1990-91, 1991-92	Tribunal	85.61
	1992-93	Tribunal	44.31
Income Tax	2004-2005	ITAT	58.00

- (x) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and the immediately preceding financial year.
- (xi) Based on our audit procedure and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions or banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and any other securities.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provision of clause 4(xiii) of Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- (xiv) According to information and explanation given to us, we are of the opinion that the Company is not trading in shares, debentures and other investments. Therefore the provision of clause 4(xiv) of Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- (xv) In our opinion and according to the information and explanation given to us, the terms and conditions on which the Company has given guarantees, which are in the nature of tripartite arrangement, for loans taken by others from banks or financial institutions, are not, prima facie, prejudicial to the interest of the Company.
- (xvi) The Company has raised new term loans during the year. The term loan outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long term investments.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any debentures; hence question of creation of securities do not arises.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **DESAI SAKSENA & ASSOCIATES**
Chartered Accountants

Dr. S.N. Desai
Partner
M.No.32546

Place: Mumbai
Date: 3rd July, 2008

BALANCE SHEET &
PROFIT & LOSS ACCOUNT

The Godavari Sugar Mills Limited
Balance Sheet as at 31st March, 2008

				(Rs. In lacs)
SCHEDULES		31.03.2008	31.03.2007	
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS				
	1	4,548.25	4,548.25	
(a) Share Capital	2	5,978.26	5,270.27	
(b) Reserves & Surplus		<u>10,526.51</u>	<u>9,818.52</u>	
		753.63	859.90	
Deferred Tax Liability (Net)				
LOANS				
	3	27,068.37	25,418.31	
(a) Secured Loans	4	6,074.84	8,037.21	
(b) Unsecured Loans		<u>33,143.21</u>	<u>33,455.52</u>	
		<u>44,423.35</u>	<u>44,133.94</u>	
TOTAL FUNDS EMPLOYED				
APPLICATION OF FUNDS :				
FIXED ASSETS				
	5	33,411.42	29,665.83	
(a) Gross Block		<u>10,984.44</u>	<u>9,562.07</u>	
(b) Less : Depreciation		22,426.98	20,103.76	
(c) Net Block		722.16	1,434.45	
(d) Work in Progress		<u>23,149.14</u>	<u>21,538.21</u>	
	6	30.92	30.92	
INVESTMENTS				
CURRENT ASSETS				
	7	21,742.23	22,549.84	
(a) Inventories	8	2,521.01	3,550.31	
(b) Debtors	9	673.42	587.45	
(c) Cash and Bank Balances	10	<u>4,764.68</u>	<u>3,917.68</u>	
(d) Loans and Advances		29,701.34	30,605.28	
	11			
LESS : CURRENT LIABILITIES				
		7,864.90	8,117.03	
(a) Current Liabilities		<u>721.82</u>	<u>144.35</u>	
(b) Provisions		8,586.72	8,261.38	
		21,114.62	22,343.90	
Net Current Assets				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Deferred Revenue Expenditure		128.67	220.91	
		<u>44,423.35</u>	<u>44,133.94</u>	
TOTAL FUNDS DEPLOYED				
Significant Accounting Policies & Notes				
Forming Part of the Accounts				
	18			

As per our Report of even date annexed
For DESAI SAKSENA & ASSOCIATES
Chartered Accountants

Dr. S. N. Desai
Partner
M.No.32546

Place : Mumbai
Date : 3rd July, 2008

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

S. P. Gupta
(Sr Manager &
Company Secretary)

S. K. Somaiya Chairman & Managing Director
Samir S. Somaiya Jt. Managing Director

Kailash Pershad
N. C. Sayta } Directors

Place : Mumbai
Date : 7th June, 2008

The Godavari Sugar Mills Limited

Profit and Loss Account for the Year Ended 31st March, 2008

		(Rs. In lacs)	
	SCHEDULES	31.03.2008	31.03.2007
INCOME :			
Sales	12	61,116.51	50,669.65
Less : Excise Duty & Sugar Development Cess		<u>3,612.27</u>	<u>3,772.83</u>
Net Turnover		57,504.24	46,896.82
Other Income	13	507.21	301.00
Increase / (Decrease) in Stock	14	<u>(824.06)</u>	<u>1,360.63</u>
		57,187.39	48,558.45
EXPENDITURE :			
Raw Material Cost	15	32,714.00	30,215.80
Purchase of Goods for resale		330.26	433.50
Manufacturing and Other Expenses	16	15,446.82	11,860.53
Lease Rent		742.83	715.53
Interest & Financial Charges	17	3,273.73	2,825.15
Depreciation	5	<u>1,532.42</u>	<u>1,502.11</u>
		54,040.06	47,552.62
Profit Before Exceptional items & Taxes		3,147.33	1,005.83
Exceptional Items		1,783.28	288.44
Profit Before Tax		1,364.05	717.39
Provision for Taxation			
Current Tax, Fringe Tax and Wealth Tax		188.50	163.54
Deferred Tax		<u>(106.27)</u>	<u>205.96</u>
		82.23	369.50
PROFIT FOR THE PERIOD		<u>1,281.82</u>	<u>347.89</u>
Balance Profit brought forward from last year		2,163.93	1,816.04
Profit Available for Appropriations		<u>3,445.75</u>	<u>2,163.93</u>
APPROPRIATIONS :			
Proposed Dividend :			
a) On Preference Shares		216.00	-
b) On Equity Shares		274.83	-
Corporate Dividend Tax		83.00	-
General Reserve		50.00	-
Balance Carried to Balance Sheet		<u>2,821.92</u>	<u>2,163.93</u>
		3,445.75	2,163.93
Significant Accounting Policies and Notes forming part of the Accounts.	18		

As per our Report of even date annexed
For DESAI SAKSENA & ASSOCIATES
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Place : Mumbai
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S. K. Somaiya Chairman & Managing Director
Samir S. Somaiya Jt. Managing Director

Kailash Pershad } Directors
N. C. Sayta }

Place : Mumbai
Date : 7th June, 2008

The Godavari Sugar Mills Limited
Cash Flow for the year ended 31st March, 2008

(Rs. in Lacs)

		2007-2008	2006-2007
A. Cash flow from Operating Activities :			
Net Profit / (Loss) After Tax		1,281.82	347.89
Adjusted for :			
Depreciation	1,532.42		1,502.11
Interest Received on Fixed Deposits and Others	(81.88)		(194.58)
Foreign Exchange Fluctuation Loan (Net)	(6.12)		(5.58)
Income from Immovable Property	(3.68)		(3.80)
Loss on Sale of Assets	31.04		0.59
Dividend Received	(1.36)		(2.79)
Interest & Finance Charges	3,273.73		2,825.15
Provision for Taxes	227.00		209.72
Deferred Taxes	(106.27)		205.96
Exceptional Items	1,783.28	6,648.16	288.44
Operating Profit before Working Capital Changes		7,929.98	5,173.11
Adjustments for :			
Trade Receivables	1,029.31		773.50
Inventories	807.61		(4,479.61)
Loans & Advances	(807.00)		(2,047.46)
Deferred Revenue	92.25		117.89
Trade Payables & Provisions	(248.46)	873.71	(652.30)
Cash generated from operations		8,803.69	(1,114.87)
Exceptional Items	(1,783.28)		(288.44)
Taxes Paid	(267.00)	(2,050.28)	(221.02)
NET CASH FROM OPERATING ACTIVITY		6,753.41	(1,624.33)
B. Cash flow from Investing Activities :			
Purchase of Fixed Assets	(3,245.47)		(1,842.94)
Sale of Fixed Assets	71.04		1.13
Purchase of Investments	-		0.01
Interest Received on Fixed Deposits and Others	81.88		194.58
Foreign Exchange Fluctuation (Net)	6.12		5.58
Income from Immovable Property	3.68		3.79
Dividend Received	1.36		2.79
NET CASH USED IN INVESTING ACTIVITIES		(3,081.37)	(1,635.04)
C. Cash flow from Financing Activities :			
Proceeds from Long Term Borrowings	3,343.32		3,754.72
Payments of Long Term Borrowings	(1,693.26)		(1,798.60)
Short Term Borrowings (Net)	(1,962.38)		3,865.00
Interest & Finance Charges Paid	(3,273.73)		(2,825.15)
NET CASH USED IN FINANCING ACTIVITIES		(3,586.05)	2,995.97
Net changes in Cash & Cash Equivalents		85.98	(263.40)
Opening balance of Cash & Cash Equivalents		587.45	850.85
Closing balance of Cash & Cash Equivalents		673.43	587.45
		85.98	(263.40)

As per our Report of even date annexed

For DESAI SAKSENA & ASSOCIATES
Chartered Accountants

Dr. S. N. Desai
Partner
M.No.32546

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

S. P. Gupta
(Sr Manager &
Company Secretary)

Place : Mumbai
Date : 3rd July, 2008

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya Jt. Managing Director

Kailash Pershad
N. C. Sayta } Directors

Place : Mumbai
Date : 17th June, 2008

Schedules forming part of the Balance Sheet as at 31st March, 2008

			(Rs. In lacs)	
			31.03.2008	31.03.2007
SCHEDULE 1 - SHARE CAPITAL :				
Authorised				
4,20,00,000 (4,20,00,000)	Equity Shares of Rs.10/- each	4,200.00		4,200.00
18,00,000 (18,00,000)	12% Redeemable Cumulative Preference Shares of Rs.100/- each	1,800.00		1,800.00
			<u>6,000.00</u>	<u>6,000.00</u>
Issued,Subscribed & Paid up				
2,74,82,500 (2,74,82,500)	Equity Share Capital: Equity Shares of Rs.10/- each fully paid up. Out of the above 1,13,00,000 shares were allotted as fully paid bonus shares by way of Capitalisation of Reserves.		2,748.25	2,748.25
	Preference Share Capital: 12% Redeemable Cumulative Preference Share Capital			
18,00,000 (18,00,000)	Shares of Rs 100/- each, Fully paid up		1,800.00	1,800.00
			<u>4,548.25</u>	<u>4,548.25</u>
SCHEDULE 2 - RESERVES AND SURPLUS :				
(a)	General Reserve			
	As per last Balance Sheet		1,543.09	1,543.09
	Add : Transferred From Profit during the year Under Rule 2 of The Companies (Transfer of Profit to Reserves) Rules, 1975 Companies (Declaration of Dividend out of Reserves) Rules, 1975		50.00	-
			<u>1,593.09</u>	<u>1,543.09</u>
(b)	Securities Premium Reserve			
	As per last Balance Sheet		290.00	290.00
(c)	Capital Reserve			
	As per last Balance Sheet		1,273.25	1,273.25
(d)	Profit & Loss Account		2,821.92	2,163.93
			<u>5,978.26</u>	<u>5,270.27</u>

Schedules forming part of the Balance Sheet as at 31st March, 2008

(Rs. In lacs)

31.03.2008

31.03.2007

SCHEDULE 3 - SECURED LOANS :

A Sugar Division:

From Banks and Financial Institutions

(a) Term Loans :

(i)	Bank of India	1,936.96	2,220.16
(ii)	Union Bank of India	1,876.23	2,158.73
(iii)	Andhra Bank	918.91	1,057.39
	(Secured by first pari passu charge of Equitable Mortgage on the Fixed Assets of Company (excluding Sakarwadi unit, specific charge & agricultural assets). Also subservient first ranking charge on Sakarwadi unit & second charge on Sugar division current assets and guaranteed by a Director)	4,732.10	5,436.28
(iv)	SICOM Ltd.	0.05	0.25
	(Secured by mortgage of Land and hypothecation by way of exclusive first charge of specific Assets)		
(v)	Sugar Technology Mission	340.00	340.00
	(Secured by hypothecation by way of exclusive first charge on the machinery, equipment tools & accessories under the Ethyl Lactate Project)		
(vi)	Sugar Development Fund	376.00	564.00
	(Second charge on Sugar Block of Fixed Assets of Company's unit of Sameerwadi.)		
(vii)	Installments Due for Purchase of Assets Under H.P.Finance	74.46	58.66
	(Hypothecated against specific Assets)		
(viii)	Central Excise Loan	2,200.00	
	(Secured by Pari passu First charge on Current Assets of the Sugar Division, and Pari Passu second charge on fixed asset of the company and guaranteed by a Director)		

7,722.61

6,399.19

(b) Cash Credit Account with :

(i)	Bank of India	4,180.93	3,879.24
(ii)	Union Bank of India	4,411.23	3,958.13
(iii)	Andhra Bank	1,959.11	1,820.77
	(Secured by hypothecation of first charge on tangible movable Assets of the Company including Stocks of Sugar, Stores, Spares, etc and second charge on Equitable Mortgage on Block of Fixed Assets of the Company (excluding specific charge & agricultural assets) and fully guaranteed by a Director.	10,551.27	9,658.14

18,273.88

16,057.33

B Co-generation Division :

From Banks and Financial Institutions

(a) Term Loans :

(i)	Industrial Development Bank of India Ltd.	3,567.86	3,843.18
(ii)	Andhra Bank	1,681.41	1,812.67
(iii)	State Bank of India	1,331.06	1,427.22
	(All the above Loans are secured by way of first pari passu charge of Equitable Mortgage on Block of Fixed Assets of the Company except Sakarwadi unit and first charge on Power Receivables and subservient first ranking charge on pari passu basis on Sakarwadi unit (excluding specific charge & agricultural assets)	6,580.33	7,083.07

Schedules forming part of the Balance Sheet as at 31st March, 2008

		(Rs. In lacs)	
		31.03.2008	31.03.2007
SCHEDULE 3 (Contd....)			
C Distillery & Chemical Division			
From Banks and Financial Institutions			
(a) Term Loans :			
(i) Bank of Baroda	63.47		248.65
(Equitable Mortgage of Fixed Assets at Sakarwadi on first pari passu basis, except specified charge and second charge on Company's Fixed Assets at Sameerwadi.)			
(ii) SICOM Ltd.	2.22		62.22
(Secured by mortgage of specific Sakarwadi land and hypothecation by way of first charge of specific assets)			
(iii) Instalments Due for Purchase of Assets Under H.P.Finance	33.37		15.22
(Hypothicated against specific Assets)			
		99.06	326.09
(b) Cash Credit Account with :			
(i) Bank of Baroda	1,804.34		1,573.84
(ii) Syndicate Bank	310.76		377.98
(Secured by hypothecation of First Pari Passu Charge of Raw Materials, Stock-in-process, Finished goods, Chemicals, Stores, Spares etc of Distillery & Chemical Division & Collateral security of Book Debts, & Second Charge on parri pasu basis by way of Equitable Mortgage on Fixed assets of the Company except specific charge & agricultural assets)		2,115.10	1,951.82
		27,068.37	25,418.31
SCHEDULE 4 - UNSECURED LOANS :			
(a) Public Deposits		887.72	1,256.81
(b) Deposits from Director		14.00	14.00
(c) Interest free Sales Tax Defferment loan		89.70	141.00
(d) Council of Scientific & Industrial Research		210.00	-
(e) Short Term Loans			
(i) From Banks	3,350.50		4,753.74
(ii) From Others	1,522.92		1,871.66
		4,873.42	6,625.40
		6,074.84	8,037.21

(Rs. In lacs)

Sr. No.	PARTICULARS	Gross Block As on 1st April, 2007	Additions during the year	Deductions/ Adjustments during the year	Gross Block As on 31st March, 2008	Depreciation Written off upto 31st March, 2007	Depreciation Written off during the year	Deductions/ Adjustments of Depreciation during the year	Total Depreciation upto 31st March, 2008	Net Depreciate Block as at 31st March, 2008	Net Depreciation 31st March, 2007
	Manufacturing/ Agricultural Division										
1	Land	284.72	1.66	0.24	286.14	-	-	-	-	286.14	284.72
2	Live Stock	1.27	-	-	1.27	0.20	-	-	0.20	1.07	1.07
3	Building	1,433.88	131.16	6.81	1,558.23	339.96	35.65	3.01	372.60	1,185.63	1,093.92
4	Plant & Machinery	25,464.10	3,592.85	147.39	28,909.56	8,071.63	1,329.76	71.83	9,329.56	19,580.00	17,392.47
5	Agricultural Machinery	15.33	-	-	15.33	11.91	0.73	-	12.64	2.69	3.42
6	Office Equipments	1,449.25	99.69	9.95	1,538.99	840.83	100.25	2.46	938.62	600.37	608.42
7	Motor Vehicles	666.21	131.47	46.86	750.82	279.10	64.51	32.75	310.86	439.96	387.10
	Sub Total : A	29,314.76	3,956.83	211.25	33,060.34	9,543.63	1,530.90	110.05	10,964.48	22,095.86	19,771.12
	Real Estate Division										
1	Land	257.68	-	-	257.68	-	-	-	-	257.68	257.68
2	Building & Apartment	93.40	-	-	93.40	18.44	1.52	-	19.96	73.44	74.97
	Sub Total : B	351.08	-	-	351.08	18.44	1.52	-	19.96	331.12	332.65
	Grand Total (A + B)	29,665.84	3,956.83	211.25	33,411.42	9,562.07	1,532.42	110.05	10,984.44	22,426.98	20,103.76
	Previous Year	28,003.33	1,666.38	3.89	29,665.83	8,062.12	1,502.11	2.16	9,562.07	20,103.76	19,941.23

Schedules forming part of the Balance Sheet as at 31st March, 2008

(Rs. In lacs)

			31.03.2008	31.03.2007
SCHEDULE 6 - INVESTMENTS (At Cost):				
(a) Other Investments :				
Quoted				
(i)	7,200 (7,200) Equity Shares of Bank of India	3.24		3.24
(ii)	4,048 (4,048) Equity Shares of Andhra Bank	3.64		3.64
(iii)	35,900 (35,900) Equity Shares of Union Bank of India	5.74		5.74
(iv)	1,500 (1,500) Equity Shares of Rs.100/- each of Oriental Power Cables Ltd.	1.50		1.50
(v)	4,500 (4,500) Equity Shares of Rs.10/- each of JR Organics (India) Ltd.	0.45		0.45
(vi)	6,491 (6,491) Equity Share of Rs.10/- of Bank of Baroda	7.68		7.68
			22.25	22.25
Unquoted				
(i)	210 (210) Equity Shares of Rs.100/- each of The Book Centre Ltd.	0.21		0.21
(ii)	80 (80) Shares of Rs.25/- each of Raghuvanshi Co-operative Bank Ltd.	0.02		0.02
(iii)	National Savings Certificate (Deposited with Sales Tax Department)	0.20		0.20
			0.43	0.43
(b) Investments in shares of subsidiary company :				
Unquoted				
(i)	5,000 (5,000) Equity Shares of Godavari Biorefineries Limited of Rs 100/- each	5.00		5.00
(ii)	50,000 (50,000) Equity Shares of Padmanabh Agencies Pvt. Ltd. for Rs.10/- each	5.00		5.00
			10.00	10.00
			32.68	32.68
	Less: Provision-for diminution in investments		1.76	1.76
			30.92	30.92

Schedules forming part of the Balance Sheet as at 31st March, 2008

(Rs. In lacs)

		31.03.2008	31.03.2007
SCHEDULE 8 - SUNDRY DEBTORS (Unsecured, Considered Good) :			
(a) Debtors outstanding for a period exceeding six months	208.25		1,788.33
(b) Other Debtors	2,312.76		1,761.98
		<u>2,521.01</u>	<u>3,550.31</u>
SCHEDULE 9 - CASH AND BANK BALANCES :			
(a) Cash, Cheques and Drafts on hand and in Transit	47.19		45.13
(b) In Current Account with Scheduled & other banks	387.42		334.49
(c) Fixed Deposits with Scheduled banks	238.81		207.83
		<u>673.42</u>	<u>587.45</u>
SCHEDULE 10 - LOANS AND ADVANCES (Unsecured, Considered Good) :			
Advances Recoverable in Cash or Kind or for value to be received	3,215.89		2,095.82
Carbon Credits Receivables	927.68		1,249.16
Advance Income Tax (Net of Provisions)	621.11		572.71
		<u>4,764.68</u>	<u>3,917.68</u>
SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS :			
(A) Current Liabilities :			
(i) Sundry Creditors & Other Liabilities	7,636.40		8,003.34
(iii) Interest accrued but not due	228.50		113.69
		<u>7,864.90</u>	<u>8,117.03</u>
(B) Provisions :			
(i) Dividend on Shares and Dividend tax	573.83		-
(ii) Provision for Leave encashment	147.99		144.35
		<u>721.82</u>	<u>144.35</u>
		<u>8,586.72</u>	<u>8,261.38</u>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2008

(Rs. In lacs)

31.03.2008

31.03.2007

SCHEDULE 12 - SALES :

Sugar	33,577.24	31,767.51
Sale of Farm Produce	140.79	127.24
Fertilizer	309.22	451.48
Molasses	383.70	131.24
Baggasse & others	0.91	0.29
Power	6,397.83	3,460.25
Chemicals	17,469.14	12,619.02
Alcohol / Fuel Alcohol / Bio Fertilizers	2,837.68	2,112.63
	<u>61,116.51</u>	<u>50,669.65</u>

SCHEDULE 13 - OTHER INCOME :

Foreign Exchange Fluctuation I / E (Net)	162.36	-
Claims and Refund	5.00	27.39
Interest on Fixed Deposits and Others	81.87	194.58
[TDS Deducted Rs. 1.89 Lacs (Rs.2.55 Lacs)]		
Profit on Sale of Assets	25.87	-
Dividend	1.36	2.79
Miscellaneous Income	230.75	76.24
	<u>507.21</u>	<u>301.00</u>

SCHEDULE 14 - INCREASE/(DECREASE) IN STOCK :

Closing Stock :

Sugar Division	17,393.56	18,200.26
Distillery & Chemical Division	873.34	890.68
	<u>18,266.90</u>	<u>19,090.94</u>

Less : Opening Stock:

Sugar Division	18,200.26	17,320.55
Distillery & Chemical Division	890.68	409.76
	<u>19,090.94</u>	<u>17,730.32</u>

Increase / (Decrease) in Stock	<u>(824.06)</u>	<u>1,360.63</u>
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SCHEDULE 15 - RAW MATERIALS CONSUMED :

Sugar Division

Sugar-Cane & Raw Sugar	23,416.46	23,058.74
------------------------	-----------	-----------

Power Division

Bagasse & others	728.74	379.59
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Distillery & Chemical Division

Alcohol	3,083.41	2,410.18
Molasses	2,264.77	3,560.46
Chemicals	3,220.62	806.83
	<u>32,714.00</u>	<u>30,215.80</u>

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2008

		(Rs. In lacs)	
	31.03.2008	31.03.2007	
SCHEDULE 16 - MANUFACTURING AND OTHER EXPENSES :			
<i>MANUFACTURING EXPENSES :</i>			
Power and Fuel	2,777.66	2,117.80	
Packing, Forwarding and Storage	1,058.72	929.50	
Stores, Chemicals and Spare Parts consumed	1,669.82	1,383.06	
Excise Establishment Charges	14.07	16.55	
Expenses on Scientific Research (R & D)	37.61	35.51	
Contribution to Scientific Research Institution	27.00	19.30	
	<u>5,584.88</u>	<u>4,501.72</u>	
<i>REPAIRS AND MAINTENANCE :</i>			
Plant and Machinery	875.69	714.91	
Buildings	193.94	145.45	
Others	668.31	394.65	
	<u>1,737.94</u>	<u>1,255.00</u>	
<i>EMPLOYEES REMUNERATION AND BENEFITS :</i>			
Salaries, Wages and Bonus	2,851.63	2,757.47	
Remuneration to Directors	144.04	94.42	
Contribution to Provident Fund & Other Fund	178.64	159.36	
Welfare Expenses	185.35	136.39	
Group Gratuity Insurance Premium	81.52	75.77	
	<u>3,441.18</u>	<u>3,223.41</u>	
<i>OFFICE AND ESTABLISHMENT EXPENSES :</i>			
Rent , Rates and Taxes	254.33	232.91	
Insurance	50.94	198.13	
Agricultural Development Expenses	121.40	141.47	
DFRC /DEPB /Subsidy / Sundry balances written off	15.10	7.83	
General Expenses	1,699.88	1,359.99	
(Including travelling,telephone,professional etc.)			
Loss on sale of Assets	31.04	0.59	
	<u>2,172.69</u>	<u>1,940.93</u>	
<i>SELLING & DISTRIBUTION EXPENSES :</i>	<u>2,501.77</u>	<u>932.48</u>	
<i>AUDITORS' REMUNERATION :</i>			
Audit Fees and Tax Audit Fees	7.50	6.50	
Certification fees	0.44	0.27	
Out of pocket expenses	0.42	0.20	
	<u>8.36</u>	<u>6.97</u>	
	<u>15,446.82</u>	<u>11,860.52</u>	
SCHEDULE 17 - INTEREST & FINANCIAL CHARGES :			
Cash Credit	1,054.97	850.22	
Term Loan	1,231.08	1,351.71	
Other Finance Charges	987.68	623.22	
	<u>3,273.73</u>	<u>2,825.15</u>	

SCHEDULE - 18

1) SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Preparation of financial Statements:

The financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the provisions of Companies Act, 1956.

B) Use of Estimates:

The preparation of financial statement requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

C) Leased Assets:

Operating Leases: Rentals are expressed with reference to lease terms and other considerations.

D) Fixed Assets and Depreciation:

- i) Fixed Assets are stated at cost net of Cenvat and Value added tax less accumulated depreciation including impairment loss. All cost relating to installation upto the commencement of commercial production are capitalised.
- ii) Software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation cost includes license fees, cost of implementation/system, integration services & incidental expenses related to its acquisition.
- iii) Depreciation on Fixed Assets, including fixed assets of leased factories, has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

E) Foreign Currency Transactions:

- i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- ii) Monetary items denominated in Foreign Currencies are reinstated at the year-end rates, if material.

F) Investments:

Current investments are carried at the lower of cost and quoted/fair value. Long Term Investments are carried at cost less provision, if any, for permanent diminution in value of such investments. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

G) Inventories:

- i) Raw Materials, Stores and spares are valued at cost. Cost is generally arrived at on moving average basis.
- ii) Finished stock & process stock are valued at cost or net realisable value whichever is lower.
- iii) Bagasse, Crop in Progress and waste/scrap is valued at net realisable value.
- iv) The valuation of inventories includes taxes, duties of non refundable nature and direct expenses, and other direct cost attributable to the cost of inventory, net of excise duty/counter veiling duty/education cess and value added tax.

H) Provision for Current tax and Deferred tax:

- i) Tax on Income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on expected outcome of assessments/appeals.
- ii) Deferred Tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted and substantively enacted as on the Balance Sheet date.
- iii) Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty or virtual certainty as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

I) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent Liability is disclosed for

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or;
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

Significant Accounting Policies and Notes forming part of Accounts for the year ended 31st March, 2008

J) Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired.

K) Revenue Recognition:

- i) Sales of goods are recognised on dispatches to the customers & includes Excise Duty adjusted for discounts.
- ii) Power sales are accounted on the basis of contract for a respective period.
- iii) Dividends are recognised when the right to receive them is established.
- iv) In the absence of specific Accounting Standard/Guidance Note, in respect of Accounting of Carbon Credits, the same are accounted as per Accounting for Government Grants (AS-12). Accordingly the Carbon Credits accrued are recorded as revenue during the year.
- v) Other export benefits, which are due to be received with a reasonable certainty, are accrued upon completion of dispatch for exports. Sales of goods are recognised on dispatches to the customers & includes Excise Duty adjusted for discounts.

L) Turnover:

Turnover includes sale of goods, excise duty net of sales tax, adjusted for discounts.

M) Excise Duty and Sales Tax:

Finished goods attracting excise duty and sales tax, lying in the factory as at 31st March 2008 could not be separated into those for sale in domestic market and /or export market. Hence excise duty and sales tax payable is not determinable on the manufactured goods lying in the stock at the year-end. However, non provisioning has no impact on the profit during the year.

N) Expenditure on Research & Development:

- i) Costs of revenue nature are charged to the Profit & Loss account when incurred.
- ii) Expenses of capital nature are capitalised and depreciation is provided thereon as per schedule XIV of the Companies Act, 1956.

O) Retirement Benefits:

- i) Company's contribution to provident fund and family pension fund are charged to the Profit and Loss Account.
- ii) The liability as on 31-3-2008 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs. 792.29 Lacs (Rs.723.31 Lacs of previous year). The same is covered under Cash Accumulation Scheme of Group Gratuity Insurance with 'Life Insurance Corporation of India' (LIC). The contribution for the year of Rs 81.52 Lacs (Previous year Rs. 75.77 Lacs) has been paid to LIC under the said scheme.

P) Deferred Revenue Expenditure:

Deferred Revenue Expenditure is written off to the Profit & Loss account as determined by the management for a period not exceeding ten years.

2) SMALL SCALE & AUXILLARY INDUSTRIES :

The name of the parties as regards 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 Rupees One lac for more than thirty days is Skylark Precitech Pvt.Ltd., Sangli

3) DEFERRED TAX LIABILITIES (NET) :

(Rs in lacs)

	31.03.08	31.03.07
Description		
(A) Deferred Tax Liabilities:		
Related to fixed Assets	3,065.51	3,033.46
(B) Deferred Tax Assets:		
Unabsorbed Depreciation & Funded Interest Term Loan	2,311.88	2,173.56
(A) - (B)	753.63	859.90

4) CONTINGENT LIABILITIES (NOT PROVIDED FOR):

(Rs. in lacs)

	31.03.08	31.03.07
a) Claims against the Company not acknowledged as Debts:		
Particulars		
Sales tax liability that may arise in respect of matters in appeal	129.92	129.92
State Excise liability that may arise in respect of matters in appeal	-	10.81
Central Excise/Service Tax Liability that may arise in respect of matters in appeal	887.04	307.09
Income Tax Liability (Including Interest that may arise in respect of matters in appeal.)	58.00	10.12
Bank Guarantee issued by bank on behalf of Company	1.25	-
b) Arrears of Cumulative Preference Share Dividend	0.00#	864.00
# Dividend has been waived by Cumulative Preference Shareholders		

5) EXCEPTIONAL ITEMS:

(Rs. in lacs)

Particulars	31.03.2008	31.03.2007
Certified Emission Reduction Credit	-	847.37*
Cane Price of Previous years	-	(1,135.81)**
Sundry Debtors W/off	1,783.28	-
Net	1,783.28	288.44

* Pertaining to years 2002-03 to 2005-06

** Pertaining to season 2005-06 as the matter finalized during the year 2006-07

6) Estimated amount of contract remaining to be executed on capital account and not provided for Rs.1290 Lacs (Previous Year - Rs. 340 Lacs).

7) Balances of Debtors, Creditors, loans & advances, loans from Financial Institution, Banks, and fixed deposit are subject to confirmation.

8) OBLIGATION UNDER NON - CANCELLATION OPERATING LEASE:

(Rs in lacs)

Particulars	31.03.2008	31.03.2007
Not later than one year	458.19	522.50
Later than one year but not later than five years	375.00	775.00

Significant Accounting Policies and Notes forming part of Accounts for the year ended 31st March, 2008

9) MANAGERIAL REMUNERATION:

(Rs in lacs)

	31.03.08	31.03.07
a) Computation		
Profit Before Tax	1,364.03	717.39
Add:		
Director's Remuneration	144.04	97.54
Depreciation	1,532.42	1,502.12
	1,676.46	1,599.66
	3,040.49	2,317.05
Add:		
Loss on sale of assets	31.04	0.65
	3,009.45	2,317.70
Less: Depreciation	1532.42	1,502.12
	1,477.03	815.58
Managing Director commission	15.74	-
Jt. Managing Director commission	21.14	6.18
Total	36.88	6.18
b) Break Up of Director's Remuneration		
Remuneration and Perquisites	97.95	84.89
Contribution to Provident Fund	9.21	6.47
Commission	36.88	6.18
Total	144.04	97.54

10. During the year, the Company has discontinued operations at one of the leased factory, Indira Gandhi Bhartiya Mahila Vikas Sahakari Sakhar Karkhana Limited, Kolhapur on 10th September, 2007.

11. Preference Share Holders have consented to waive arrears of dividend for the years from 2003-2004 to 2006-2007. The Board of Directors has taken on record said matter in Board Meeting dated 17th June, 2008.

12. Equity Earning per share:

(Rs in lacs)

	31.03.2008	31.03.2007
Profit after tax as per the P& L Account	1,281.82	347.89
Less :		
Preference Share Dividend	216.00	-
Dividend tax	36.61	-
Adjusted Profit	1,029.21	347.89
Weighted average of No. of Shares	2,74,82,500	2,74,82,500
Earnings per share	3.75	1.27

Notes forming part of Accounts for the year ended 31st March, 2008

13. (a) Quantitative information in respect of goods manufactured :

SUGAR DIVISION :

Name of the Factory : Sugar Units at Sameerwadi, Lease units at Songaon & Tambale
 Licensed Capacity : 12,500 M. T.
 Installed utilised Capacity
 as certified by the Factory Manager : 12,500 M. T.

(Rs. in Lacs)

Goods Manufactured	Opening Stock		Production	Quantity sent for reprocessing & loss due to Driage & Damaged Ex-sugar M.T.	Unshipped Export Sugar M.T.	Sales (includes Inter Unit Transfer)		Closing Stock	
	Quantity M.T.	Value Rs. in Lac	Quantity M.T.			Quantity M.T.	Value Rs. in Lac	Quantity M.T.	Value Rs. in Lac
Sugar	1,30,864.700 1,08,495.600	17,510.56 16,737.74	2,69,262.000 2,09,394.000	3,685.300 3,313.200	398.500 162.900	2,52,486.150 1,83,874.600	30,275.83 29,733.93	1,44,353.750 1,30,864.700	16,915.89 17,510.56
Molasses	29,767.235 25,131.904	295.68 350.09	95,190.687 70,801.434	- 11,834	- -	106,419.250 66,154.269	685.46 650.12	18,538.672 29,767.235	79.04 295.68

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

(b) Raw Materials Purchased and Consumed :

	Current Year 07-08		Previous Year 06-07	
	M.T.	Rs. in Lac	M.T.	Rs. in Lac
a) Sugar Cane Consumed	22,49,618.290	23,230.35	17,51,760.328	22,619.22
b) Raw Sugar Consumed	2,655.500	186.11	3,305.600	439.52
Total	-	23,416.46	-	23,058.74
Stores and Spares Consumed	Value Rs.	%	Value Rs.	%
Imported	-	-	-	-
Indigenous	1,124.62	100%	866.93	100%
TOTAL	1,124.62	100%	866.93	100%

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

	Current Year	Previous Year
i) Raw Materials	22.53	-
ii) Stores and Spares	-	-
iii) Capital Goods	-	-
(d) Earning in Foreign Currency :	7,850.39	6,284.23
(e) Expenses incurred in Foreign Currency :	10.68	74.97

CO-GENERATION DIVISION :

(a) Quantitative information in respect of power :

Installed Capacity 24MW		Current Year 07-08		Previous Year 06-07	
Particulars	Generated	Export to Grid	Generated	Export to Grid	
Power MW/H	1,56,463	1,14,783	1,04,484	74,483	

(b) Raw Materials Consumed: (Excluding Inter Unit Transfer Value)		Current Year 07-08		Previous Year 06-07	
Purchased Raw Material	Qty (M.T.)	Rs. in lacs	Qty (M.T.)	Rs. in lacs	
Bagasse and others	34,754.980	417.27	33,420.659	379.59	
Bagasse (Inter Unit Manufactured)	2,91,594.080	-	1,96,596.404	-	

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

	Current Year	Previous Year
i) Raw Materials	-	-
ii) Stores and Spares	1.86	-
iii) Capital Goods	-	-
(d) Earning in Foreign Currency :	1,556.53	-
(e) Expenses incurred in Foreign Currency :	-	-

Notes forming part of Accounts for the year ended 31st March, 2008

III. DISTILLERY & CHEMICAL DIVISION :

Goods Manufactured	Unit	Licensed Capacity (Annual)	Installed Capacity (Annual) (As Certified by Director, (Works))
AT SAKARWADI :			
Rectified Spirit	H.L.	4,50,000	3,00,000
Acetaldehyde	M.T.	23,000	18,000
Acetic Acid	M.T.	25,000	20,000
Ethyl Acetate	M.T.	36,000	36,000
Other Acetates	M.T.	1,800	1,800
AT TULJAPUR :			
Rectified Spirit	H.L.	90,000	90,000
AT SAMEERWADI :			
Rectified Spirit	H.L.	1,80,000	1,80,000
Extra Neutral Alcohol(ENA)	H.L.	1,20,000	1,20,000
Fuel Alcohol(Ethanol)	H.L.	1,50,000	1,50,000

(a) Quantitative Information in respect of Goods Manufactured :2007-08

Goods Manufactured	Unit	Opening Stock		Actual Production/Purchase (Excluding Normal Loss)	Sales		Inter unit Transfer/ Losses/ Captive Consumption.	Closing Stock	
		Quantity	Value (Rs.in lacs)		Quantity (8)	Value (Rs.in lacs)		Quantity	Value (Rs.in lacs)
(I) AT SAKARWADI :									
Rectified Spirit	H.L.	4,295.05	44.75	2,78,795.75	-	-	2,79,881.40	3,209.40	45.38
Acetaldehyde	M.T.	2,790.39	38.00	2,55,704.18	-	-	2,54,199.52	4,295.05	44.75
Acetic Acid	M.T.	38.35	7.05	17,704.17	1,658.28	535.67	16,030.51	53.73	12.99
Ethyl Acetate	M.T.	35.98	8.42	16,122.46	1,555.97	526.29	14,564.12	38.35	7.05
Other Acetates	M.T.	206.22	61.05	26,033.24	91.69	29.33	24,938.21	1,209.56	297.02
		360.12	84.90	15,797.32	1,376.62	458.41	14,713.06	206.22	61.05
		881.74	327.16	35,630.45	35,726.34	10,156.76	177.08	608.77	190.06
		102.24	34.85	23,554.34	22,771.79	8,483.26	3.05	881.74	327.16
(ii) AT TULJAPUR DIST.									
Rectified Spirit	H.L.	705.17	8.90	53,778.79	-	-	52,764.88	1,719.08	30.51
		-	-	47,231.17	-	-	46,526.00	705.17	8.90
(iii) AT SAMEERWADI :									
Rectified Spirit	H.L.	4,516.89	57.41	50,444.26	52,310.00	818.48	1,000.00	1,651.15	14.33
Bio-Earth	M.T.	3,990.78	59.54	66,163.45	39,030.00	778.27	26,607.33	4,516.89	57.41
		20,182.36	171.57	28,339.50	24,073.48	106.48	1,159.46	23,288.92	165.20
		14,366.83	73.74	23,538.00	15,431.51	106.48	2,290.96	20,182.36	171.57
Fuel Alcohol(Ethanol)	H.L.	3,875.50	54.49	949.29	2,520.00	57.70	-	2,304.79	22.75
		985.55	16.02	25,269.95	22,380.00	429.62	-	3,875.50	54.49
Extra Neutral Alcohol	H.L.	1,289.49	18.47	71,419.70	72,160.00	1,600.76	-	549.19	5.74
		290.79	4.98	11,678.70	10,680.00	251.16	-	1,289.49	18.47

Notes :

1. Acetaldehyde is intermediary product for the manufacture of Acetic Acid.
2. Figures shown below the line are of Previous Year.
3. The Sales figures in value are shown net of Central Excise Duties.

b)Consumption of Raw Materials (Excluding Inter Unit Transfer & Capative Consumption) :

	Unit	Current Year 07-08		Previous Year 06-07	
		Quantity	Amount (Rs.in lacs)	Quantity	Amount (Rs.in lacs)
Molasses	M.T.	1,23,712.05	2,264.77	1,06,630.79	3,560.46
Molasses (Inter Unit Manufactured)	M.T.	58,357.62	-	58,596.59	-
Rectified Spirit (Own Manufactured - Sakarwadi)	H.L.	2,79,881.40	-	2,54,199.52	-
Rectified Spirit (Own Manufactured - Sameerwadi)	H.L.	1,000.00	-	26,607.33	-
Special Denatured Spirit (Local)	H.L.	1,91,814.99	3,083.41	1,13,918.65	2,410.18
Rectified Spirit (Own Manufactured - Tuljapur)	H.L.	52,764.88	-	46,526.00	-
Acetal Dehyde (Own Manufactured)	M.T.	17,704.17	-	16,122.46	-
Acetic Acid (Own Manufactured)	M.T.	15,630.15	-	15,797.32	-
Acetic Acid (Outside Purchases)	M.T.	10,026.69	3,178.72	1,886.40	579.96
Ethyl Acetate	M.T.	177.08	-	3.06	-
Other		-	41.90	-	226.87
Total		-	8,568.80	-	6,777.47
c) C.I.F. Value of Imports :		-	527.38	-	45.79
d) Value of Raw Materials Consumed :		Amount (Rs.in lacs)	%	Amount (Rs.in lacs)	%
i) Indigenous		8,041.42	93.85	6,777.47	100.00
ii) Imported (Chemicals)		527.38	6.15	-	-
Total		8,568.80	100.00	6,777.47	100.00
e) Value of Stores and Spare Parts Consumed :					
i) Indigenous		274.61	100	271.03	100
ii) Imported		-	-	-	-
Total		274.61	100	271.03	100
f) Earning in Foreign Currency :			5,845.19		1,439.31
g) Expenditure in Foreign Currency :			113.70		45.79

Notes forming part of Accounts for the year ended 31st March, 2008

14) Particulars of Segment Information as required by Accounting Standard (AS-17) "Segment Reporting"

	(Rs. in lacs)									
	Sugar		Cogen		Dist. & Chem.		Unallocated		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
A Segment Revenue										
External Sales revenue	34,307.13	32,477.72	6,397.82	3,460.26	20,411.56	14,731.66	-	-	61,116.51	50,669.64
Less Excise Duty	1,901.35	1,732.38	-	-	1,710.92	2,040.46	-	-	3,612.27	3,772.83
Inter Segment transfers	32,405.77	30,745.34	6,397.82	3,460.26	18,700.64	12,691.20	-	-	57,504.24	46,896.81
Other Income	1,726.05	1,531.44	1,924.95	1,304.24	-	-	-	-	3,651.00	2,835.68
	254.52	93.48	167.32	18.23	74.54	146.61	10.83	42.72	507.21	301.04
B Segment Result Before Interest Expenses										
Operating Profit	(1,565.28)	(272.86)	2,594.24	2,989.26	3,643.82	877.15	(35.00)	(51.02)	4,637.78	3,542.54
Interest Expenses	2,137.86	1,699.61	642.37	656.18	493.50	469.36	-	-	3,273.73	2,825.15
Current Tax and Wealth Tax										
Fringe Benefit Tax							158.50	130.41	158.50	130.41
Deferred Tax							30.00	33.10	30.00	33.10
Net Profit							(106.27)	205.96	(106.27)	205.96
							1,281.82		1,281.82	347.92
C Other information										
Segment Assets	22,030.85	22,259.07	3,700.12	4,004.91	3,380.16	3,768.59	749.77	793.65	29,860.90	30,857.13
Segment liabilities	30,213.75	28,867.88	6,635.66	7,308.18	4,306.70	5,563.06	573.83	-	41,729.94	41,739.12
Capital assets including CWIP	8,420.03	6,761.39	7,652.64	8,166.45	7,076.44	6,610.37	-	-	23,149.11	21,538.21
D Segment Depreciation										
	511.58	505.12	582.81	580.57	438.03	416.42	-	-	1,532.42	1,502.12
E Non cash expenses other than Depreciation										
	31.04	0.59	-	-	-	-	-	-	31.04	0.59
Significant Accounting Policies										

1 Segment Report is prepared in conformity with accounting policies adopted for preparing and presenting financial statements.
2 Inter-segment transfers are recorded at cost except for own generated bagasse and Molasses, cost of which is unascertainable and which are recorded at prevalent market price.

15. Related party disclosures as required by AS-18, “ Related Party Disclosure” are given below :

CATEGORY I:

Subsidiaries
Godavari Biorefineries Ltd., and Padmanabh Agencies Private Ltd.

CATEGORY II:

Key Management Personnel & Relatives
Dr. S.K.Somaiya, Mr. Samir S. Somaiya, Late Shri. P.M.Kavadia, Shri V.Sivaprakasham and Mrs. Maya S. Somaiya

CATEGORY III:

Associates
The Brainstorming Company (International) Pvt. Ltd., The Book Centre Ltd., Jasmine Trading Co. Pvt. Ltd.,
K.J.Somaiya & Sons Pvt. Ltd. Lakshmiwadi Mines & Minerals Pvt. Ltd., Sakarwadi Trading Company Pvt. Ltd.,
Somaiya Agencies Pvt. Ltd., Somaiya Chemical Industries Pvt. Ltd.

Details of transaction with the related parties during the year :

(Rs. In Lacs)						
	CATEGORY I		CATEGORY II		CATEGORY III	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
1 Remuneration	-	-	147.27	97.54	-	-
2 Interest	-	-	7.37	7.35	1.05	53.50
3 Purchases	-	-	-	-	31.23	42.74
4 Rent	-	-	-	-	35.28	35.30
5 Royalty	-	-	-	-	55.53	48.08
6 Services	-	-	-	-	50.08	42.89
7 Loans & advances given	-	-	-	-	-	0.05
8 Loans & advances received	-	-	-	-	-	50.00

16) Figures of Previous year have been regrouped and re-classified wherever necessary.

Signatures to Schedule No. 1 to 18 attached to Balance Sheet and Profit & Loss Account

As per our Report of even date annexed
For DESAI SAKSENA & ASSOCIATES
Chartered Accountants

Dr. S. N. Desai
Partner
M.No.32546

Place : Mumbai
Date : 3rd July, 2008

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

S. P. Gupta
(Sr Manager &
Company Secretary)

S. K. Somaiya Chairman & Managing Director
Samir S. Somaiya Jt. Managing Director

Kailash Pershad }
N. C. Sayta } Directors

Place : Mumbai
Date : 17th June, 2008

Balance Sheet Abstract and Company's General Business Profile

Additional information pursuant to Part IV to the Companies Act, 1956

I. Registration Details		State Code	11
Registration No.	2945		
Balance Sheet Date	31 03 2008		
II. Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	NIL	Right Issue	NIL
Bonus Shares	NIL	Private Placement	NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
Sources of Funds		Total Assets	
Total Liabilities	53,01,010	Total Assets	53,01,010
Paid-up Capital	4,54,825	Reserves & Surplus	5,97,826
Secured Loans	27,06,836	Unsecured Loans	6,07,484
Deferred Tax Adjustment	75,363		
Application of Funds		Investments	
Net Fixed Assets	23,14,914	Investments	3,092
Net Current Assets	21,11,462	Misc. Expenditure	12,867
IV. Performance of Company (Amount in Rs. Thousands)			
Turnover & Other Income		Total Expenditure	
57,18,739		55,82,334	
+/- Profit/Loss Before Tax		+/- Profit / Loss After Tax	
+ 1,36,405		+ 1,28,182	
Earning per Share in Rs.		Dividend Rate %	
3.75		10.00	
V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)			
Item Code No. (ITC Code)	1701.11		
Product Description	SUGAR		
Item Code No. (ITC Code)	2915.10		
Product Description	ACETIC ACID		
Item Code No. (ITC Code)	2915.90		
Product Description	ETHYLACETATE		

S. K. Somaiya Chairman & Managing Director
Samir S. Somaiya Jt. Managing Director
Kailash Pershad
N. C. Sayta } Directors

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

S. P. Gupta
 (Sr Manager &
 Company Secretary)

Place : Mumbai
 Date : 17th June, 2008

2007-2008

I. GODAVARI BIOREFINERIES LIMITED

- 1) The Company holds the whole of the Subscribed Capital of Rs. 5,00,000/- in the Subsidiary Company as at 31st March, 2008.
- 2) The Subsidiary Company made a profit of Rs. 15,377/- after making the provision of tax for the year Rs 5,000/-. And after adjusting the carried forward loss of Rs 31,875/-, the loss carried to balance sheet amounted Rs 21,498/-. The said Loss has been carried to Balance Sheet of the Subsidiary Company and no adjustment has been made in the Books of The Godavari Sugar Mills Limited for the same.
- 3) There has been no change in the interest of the Company in the Subsidiary Company during the year ended 31st March, 2008.
- 4) The advance to the Subsidiary Company as on 31st March, 2008 was Rs. NIL.

II. PADMANABH AGENCIES PRIVATE LIMITED

- 1) The Company also holds whole of the Subscribed Capital of Rs. 5,00,000/- in the Subsidiary Company. There were no activities during the year in the Subsidiary Company.

S. K. Somaiya Chairman & Managing Director
Samir S. Somaiya Jt. Managing Director

Kailash Pershad }
N. C. Sayta } Directors

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

S. P. Gupta
(Sr Manager &
Company Secretary)

Place : Mumbai
Date : 17th June, 2008



GODAVARI BIOREFINERIES LIMITED

Godavari Biorefineries Limited

DIRECTORS' REPORT

Shareholders,
Godavari Biorefineries Ltd.,

Directors have pleasure in presenting their Fifty-third Annual Report and the Audited Accounts of the Company for the year ended March, 2008.

FINANCIAL RESULTS

During the year under review, the company made profit before tax Rs. 15,377/-. After making the provision of tax Rs.5,000/- for the year, adjusting the brought forward loss of Rs. 31,875/-, the loss of Rs. 21,498/- is carried to balance sheet. Your Directors do not recommend for any Dividend.

DIRECTORS:

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

AUDITORS:

The present Auditors M/s. Y. S. Muzumdar & Co. Chartered Accountants have expressed their unwillingness to be reappointed as the Statutory Auditors of the Company. Yours Directors have accepted the recommendation and on its part recommend to the Shareholders for the appointment of M/s Desai Saksena & Associates, Chartered Accountants as Auditors of the company till the conclusion of the next Annual General Meeting.

CONSERVATION OF ENERGY:

Your Company has changed its Object Clause with the object to venture into other manufacturing activities. Since the Company has not yet commenced its new activities, the particulars required to be given under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are not yet applicable to the Company.

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

PARTICULARS OF EMPLOYEES:

The company does not have any employee to whom the provisions of the companies (Particulars of Employees) Rules, apply.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956 the Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- The Directors have selected such accounting policies and applied them 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 end of the Financial year and of the profit of the Company for the year.
- 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.

The Directors have prepared the Annual Accounts on a going concern basis.

For and on behalf of the Board of Directors

Samir S. Somaiya } Directors
J. R. Shukla }

Date : 17th June, 2008

AUDITORS' REPORT

To The Members Of Godavari Biorefineries Limited.

We have audited the attached Balance Sheet of GODAVARI BIOREFINERIES LIMITED as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date annexed thereto. 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 a test basis, evidence supporting the amounts and disclosure 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- The company is not covered by the Manufacturing and Other Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of section 227 (4A) of Companies Act, 1956 and hence no annexure is annexed.
- Further we report that:
 - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - In our opinion, proper Books of Accounts as required by Law have been kept by the Company so far as it appears from our examination of those books;
 - The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of Accounts.
 - In our opinion, Profit and Loss Account and the Balance Sheet dealt comply with by this report comply with the Accounting Standards as referred to in Sub section (3C) of section 211 of the Companies Act, 1956;
 - On the basis of the written representations received from the Directors, and taken as record by the Board of Directors, we report that none of Directors of the company is disqualified as on 31st March, 2008 from being appointed as Directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
 - In our opinion and to the best of our information and according to the explanation given to us, the said statement of Accounts together with the notes appearing thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view;
- In the case of the Balance Sheet of the state of Affairs of the Company as at 31st March, 2008.
- In the case of the Profit and Loss Account of the Profit of the Company for the year ended 31st March, 2008.

For Y. S. MUZUMDAR & CO.
Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)
M. No. 33704
Place : Mumbai

Date : 17 th June, 2008

Godavari Biorefineries Limited

BALANCE SHEET AS AT 31ST MARCH, 2008

		31.03.2008	31.03.2007
Schedules		Rupees	Rupees
SOURCE OF FUNDS :			
SHAREHOLDERS' FUNDS:			
(a) Share Capital	1	500,000	500,000
(b) Reserves & Surplus	2	1,400	1,400
		501,400	501,400
LOANS:			
(a) Secured Loans		-	-
(b) Unsecured Loans		-	-
TOTAL FUNDS EMPLOYED		501,400	501,400
APPLICATION OF FUNDS :			
CURRENT ASSETS:			
(a) Debtors		-	-
(b) Cash and Bank Balances	3	484,660	457,804
(c) Loans and Advances	4	5,108	16,063
		489,768	473,867
Less : CURRENT LIABILITIES:			
(a) Current Liabilities	5	4,866	1,142
(b) Provisions	6	5,000	3,200
		9,866	4,342
NET CURRENT ASSETS		479,902	469,525
MISCELLANEOUS EXPENDITURE :			
PROFIT & LOSS ACCOUNT		21,498	31,875
TOTAL FUNDS DEPLOYED		501,400	501,400
Significant Accountitng Policies & Notes Forming Part of the Accounts			
	9		

As per our Report of even date

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

Y. S. MUZUMDAR
(Proprietor)

M. No. 33704

Place : Mumbai

Samir S. Somaiya

J. R. Shukla

} Directors

Date : 17th June, 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2008

		31.03.2008	31.03.2007
Schedules		Rupees	Rupees
INCOME :			
	7	21,045	18,180
EXPENDITURE :			
	8	5,668	8,734
PROFIT BEFORE TAX		15,377	9,446
Provision for Taxation		5,000	3,200
Net Profit/(Loss) for the Year		10,377	6,246
Balance Loss brought forward from last year		(31,875)	(38,121)
Balance being Profit/(Loss) carried to Balance Sheet		(21,498)	(31,875)
Significant Accounting Policies & Notes Forming Part of the Accounts			
	9		

As per our Report of even date

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

Y. S. MUZUMDAR
(Proprietor)

M. No. 33704

Place : Mumbai

Samir S. Somaiya

J. R. Shukla

} Directors

Date : 17th June, 2008

Godavari Biorefineries Limited

Schedules forming part of Balance Sheet and Profit & Loss Account for the year ended 31st March, 2008

	31.03.2008	31.03.2007
	Rupees	Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL :		
50,000 Ordinary (Equity) Shares of Rs.10/-Each	5,00,000	5,00,000
ISSUED AND SUBSCRIBED CAPITAL		
50,000 Equity Shares of Rs.10/- each Fully paid up (Previous years 5000 Equity Shares of Rs.100/- each) Entire Capital held by The Godavari Sugar Mills Limited including through nominees	5,00,000	5,00,000
SCHEDULE 2 : RESERVE AND SURPLUS		
General Reserve	1,400	1,400
	1,400	1,400
SCHEDULE 3: CASH & BANK BALANCES		
Cash on hand	-	-
In Fixed Deposit account with Schedule Bank	3,00,000	3,00,000
In Current Account with Schedule Bank	1,84,660	1,57,804
	4,84,660	4,57,804
SCHEDULE 4: LOANS & ADVANCES		
Loans to Cane Growers	4,338	4,338
Accured Interest	-	7,755
Income Tax	770	3,970
	5,108	16,063
SCHEDULE 5: CURRENT LIABILITIES		
Provison for Expenses	4,866	1,142
	4,866	1,142
SCHEDULE 6: PROVISIONS		
Provision for Income Tax for the year	5,000	3,200
	5,000	3,200
SCHEDULE 7 : INCOME		
Interest Received (TDS Rs.NIL)	21,045	18,180
	21,045	18,180
SCHEDULE 8 : ESTABLISHMENT EXPENSES		
Professional Tax	1,700	1,700
Fees & Stamps	2,700	5,300
Miscellaneous Expenses	-	612
Bank Charges	144	-
Audit Fees	1,124	1,122
	5,668	8,734

Significant Accounting Policies and notes forming part of the Accounts for the year ended 31st March, 2008

SCHEDULE 9

1. SIGNIFICANT ACCOUNTING POLICIES

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

2. The requirements of schedule VI to the Companies Act, 1956, regarding additional information are not applicable to the company.
3. No provision for gratuity payment has been made in the books as The Payment of Gratuity Act, 1972 is not applicable to the company.
4. Figures of previous years have been re-grouped and re-cast wherever necessary.

As per our Report of even date

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

Y. S. MUZUMDAR
(Proprietor)
M. No. 33704

Place : Mumbai
Date : 17th June, 2008

For and on behalf of the Board of Directors

Samir S. Somaiya } Directors
J. R. Shukla

Place : Mumbai
Date : 17th June, 2008

Godavari Biorefineries Limited

Additional information pursuant to part IV to the Companies Act, 1956

Balance Sheet Abstract And Company's General Business Profile**I. Registration Details**

Registration No. 9707

Balance Sheet Date 31 03 2008

State Code 11**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue

NIL

Right Issue

NIL

Bonus Shares

NIL

Private Placement

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

Total Liabilities

501

Total Assets

501**Sources of Funds**

Paid-up Capital

500

Reserves & Surplus

1

Secured Loans

NIL

Unsecured Loans

NIL**Application of Funds**

Net Fixed Assets

NIL

Investments

NIL

Net Current Assets

480

Misc. Expenditure

NIL

Accumulated Losses

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

Turnover & Other Income

21

Total Expenditure

6

+/- Profit/Loss Before Tax

+15

+/- Profit / Loss After Tax

+10

Earning per Share in Rs.

2.08

Dividend Rate %

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

Item Code No. (ITC Code)

NIL

Product Description

NIL

As per Report of even date

For **Y. S. MUZUMDAR & CO.**
Chartered Accountants**Y. S. MUZUMDAR**
(Proprietor)
M. No. 33704Place : Mumbai
Date : 17th June, 2008**Samir S. Somaiya**
J. R. Shukla } DirectorsPlace : Mumbai
Date : 17th June, 2008

PADMANABH AGENCIES PVT. LTD.

DIRECTORS' REPORT

Dear Shareholders,
Padmanabh Agencies Private Limited,
Mumbai.

Yours Directors submit herewith Tenth Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2008

There has been no commencement of commercial activities for the year ended March 2008. However, during the current year the company has explored Solar Tunnel Dryer Project, Whereby the dried grapes will be converted into Raisins in 1/3rd of the time taken by conventional technique.

The Raisins will be hygienically free from dust and harmful sulphur. There is a great demand in India for Raisins and besides domestic production we import from Afghanistan and China.

Directors' Responsibility Statement:

As required under Section 217 (2AA) 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 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.

CONSERVATION OF ENERGY:

The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 related to conservation of energy are not applicable to the company. The company has neither used nor earned foreign exchange during the year under review.

DIRECTORS :

Director Shri Vinay V. Joshi retires by rotation, but being eligible offers himself for reappointment.

PARTICULARS OF EMPLOYEES:

The Company does not have any employee to whom the companies (particulars of employees) Rules, 1975 apply.

AUDITORS:

The present Auditors M/s. Y. S. Muzumdar & Co. Chartered Accountants have expressed their unwillingness to be reappointed as the Statutory Auditors of the Company. Yours Directors have accepted the recommendation and on its part recommend to Shareholders for the appointment of M/s Desai Saksena & Associates, Chartered Accountants as Auditors of the company till the conclusion of the next Annual General Meeting.

For and on behalf of the Board of Directors

Samir S. Somaiya } Directors
Vinay V. Joshi }

Place : Mumbai

Date : 10th June, 2008

AUDITORS' REPORT

TO THE MEMBERS OF PABMANABH AGENCIES PRIVATE LIMITED

We have audited the attached Balance Sheet of Padmanabh Agencies Private Limited as at 31st March, 2008. Since the company has not commenced Commercial activity, no Profit & Loss Account has been prepared. 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 a test basis, evidence supporting the amounts and disclosure 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- 1) The company is not covered by the Manufacturing and Other Companies (Auditors Report) Order 2003 issued by the Central Government of India in terms of section 227 (4A) of Companies Act, 1956 and hence no annexure is annexed.
- 2) Further 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 as required by Law have been kept by the Company so far as it appears from our examination of those books;
 - iii) The Balance Sheet dealt with by this report are in agreement with the Books of Accounts.
 - iv) In our opinion, the Balance Sheet dealt comply with by this report comply with the Accounting Standards as referred to in Sub section (3C) of section 211 of the Companies Act, 1956 ;
 - v) On the basis of the written representations received from the Directors, and taken as record by the Board of Directors, we report that none of Directors of the company is disqualified as on 31st March, 2008 from being appointed as Directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanation 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 of the Balance Sheet of the state of Affairs of the Company as at 31st March, 2008.

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

Y. S. MUZUMDAR
(Proprietor)
Memb. No. 33704

Place : Mumbai

Date : 10th June, 2008

Padmanabh Agencies Pvt. Ltd.
Balance Sheet As At 31 March, 2008

31.03.2007	LIABILITIES	31.03.2008	31.03.2007	ASSETS	31.03.2008
Rupees		Rupees	Rupees		Rupees
10,00,000	I. AUTHORISED CAPITAL : 1,00,000 Shares of Rs.10/- each	10,00,000	4,53,831	I. CASH AND BANK BALANCES : Cash at Bank	4,49,199
5,00,000	II. ISSUED SUBSCRIBED & PAID UP CAPITAL : 50,000 Equity Shares of Rs. 10/- each Fully paid up.	5,00,000	47,801	II. MISCELLANEOUS EXPENDITURE : Preliminary Expenses	51,362
1,632	III. CURRENT LIABILITIES AND PROVISIONS : Outstanding Expenses	561			
5,01,632	TOTAL RUPEES	5,00,561	5,01,632	TOTAL RUPEES	5,00,561

Since Commercial activity has not commenced till 31st March, 2008, 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.

As per our Report of even date

For and on behalf of the Board of Directors

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

Samir S. Somaiya } Directors
Vinay V. Joshi

Y. S. MUZUMDAR
(Proprietor)
M. No. 33704

Place : Mumbai
Date : 10th June, 2008

Place : Mumbai
Date : 10th June, 2008

Padmanabh Agencies Pvt. Ltd.

The Companies Act (1 of 1956) SCHEDULE VI - PART IV

Balance Sheet Abstract And Company's General Business Profile

I. Registration Details

Registration No.

11-113856

Balance Sheet Date

31 03 2008

State Code 11

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

Public Issue

NIL

Bonus Shares

NIL

Right Issue

NIL

Private Placement

NIL

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

Total Liabilities

501

Sources of Funds

Paid-up Capital

500

Secured Loans

0

Application of Funds

Net Fixed Assets

0

Net Current Assets

449

Accumulated Losses

NIL

Total Assets

501

Reserves & Surplus

0

Unsecured Loans

1

Investments

0

Misc. Expenditure

52

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

Turnover & Other Income

NIL

+/- Profit/Loss Before Tax

+

NIL

Earning per Share in Rs.

N.A.

Total Expenditure

NIL

+/- Profit / Loss After Tax

+

NIL

Dividend Rate %

N.A.

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

Item Code No. (ITC Code)

NIL

Product Description

NIL

Accompanying to our Report of even date annexed

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

Samir S. Somaiya } Directors
Vinay V. Joshi

Y. S. MUZUMDAR
(Proprietor)

M. No. 33704

Place : Mumbai

Date : 10th June, 2008

Place : Mumbai
Date : 10th June, 2008





The Godavari Sugar Mills Ltd

Fazalbhoy Building, 45/47, M G Road,
Fort, Mumbai - 400 001, India.

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