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Annual Report

THE GODAVARI SUGAR MILLS LIMITED

2002-2003

Bankers and Institutions

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

Solicitors :

Mulla & Mulla and Craigie
Blunt and Caroe

Auditors :

Ambalal Thakkar & Associates
Chartered Accountants

Registered Office:

Fazalbhoy Building,
45/47, Mahatma Gandhi Road,
Fort, Mumbai- 400 001, INDIA

Board of Directors :

Dr. S. K. Somaiya
(Chairman & Managing Director)

Shri Samir S. Somaiya
(Executive Director)

Shri Indubhai C. Patel

Dr. B. R. Barwale

Shri N. C. Sayta

Shri Kailash Pershad

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

Dr. K. V. Raghavan

Prof. Rooshikumar Pandya

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

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

Shri R. L. Somani
(Senior Manager & Company Secretary)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Sixty Third Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2003.

A. FINANCIAL RESULTS

		2002-2003 Rs. in lacs	2001-2002 Rs. in lacs
Gross Turnover		<u>28,921.58</u>	<u>31,404.09</u>
Gross Operating Profit		<u>3,178.49</u>	<u>2,874.27</u>
Less : Interest	2,163.54		2,128.75
Depreciation	641.12		515.59
Provision for Taxation	0.00		15.00
Provision for Deferred Tax	9.91		0.00
		<u>2,814.57</u>	<u>2,659.34</u>
Profit for the year		<u><u>363.92</u></u>	<u><u>214.93</u></u>
Less :Prior period Expenses	271.44		120.95
Add : Excess Provision for Taxation	68.76		68.52
		<u>202.68</u>	<u>52.43</u>
		161.24	162.50
Adding thereto : Balance Profit brought forward from last year		46.10	151.28
Add : Transfer from General Reserve		200.00	0.00
Profit available for Appropriation		<u><u>407.34</u></u>	<u><u>313.78</u></u>
APPROPRIATIONS :			
Proposed Dividend :			
a) On Preference Shares		149.14	-
b) On Equity Shares		184.83	-
Interim Dividend :			
a) On Preference Shares		-	33.07
b) On Equity Shares		-	200.76
Corporate Dividend Tax		43.83	23.85
General Reserve		10.00	10.00
Balance Carried to Balance Sheet		<u>19.54</u>	<u>46.10</u>
		<u><u>407.34</u></u>	<u><u>313.78</u></u>

B. Manufacturing Results :

Sugar Division :

i) The results for the year which reflect working of two crushing sugar seasons i.e. part of 2001-2002 and part of 2002-2003, are as follows:

Period	Cane Crushed (M.T.)	Sugar Manufactured (Qtls.)
01-04-2002 to 21-04-2002	1,28,742	1,42,090
03-10-2002 to 31-03-2003	12,12,690	13,91,110
Total	13,41,432	15,33,200
Previous Year	14,87,593	16,90,070

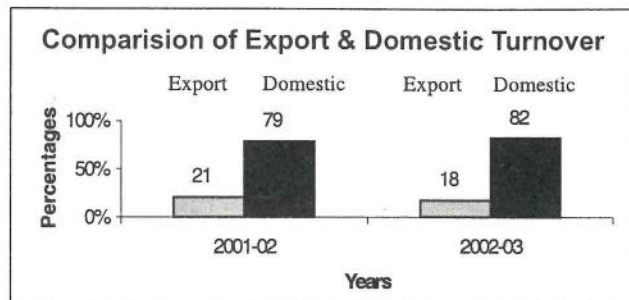
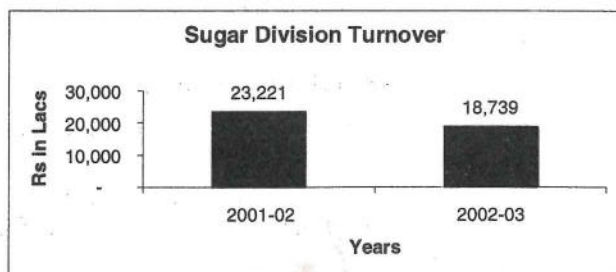
ii) The final figures of crushing and production for crushing season 2002-2003 and comparative figures for 2001-2002 season are as under:

Season	2002-2003	2001-2002
Season ended on	23-05-2003	21-04-2002
Cane crushed (M.T.)	15,58,644	11,80,996
Sugar Manufactured (Qtls.)	17,49,530	13,32,940
Recovery %	11.12	11.17

The duration of crushing of cane during the financial year was reduced to 201 days as compared to 262 days in the previous year due to shortage of cane and fall in the recovery substantially during April 2002, due to shortage of water.

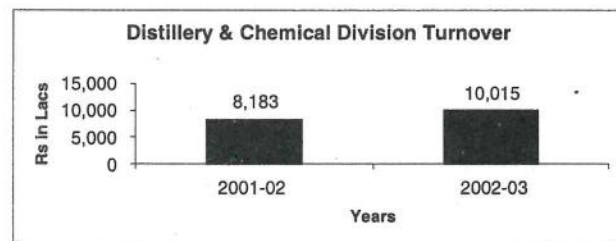
It may however be noted that with a crushing performance of 15.58 lac tonnes Your Company stood No. 1 in Rank in the quantum of cane crushed during the crushing season 2002-03 among all factories in the South below Narmada.

Sales Turnover of the Sugar Division during the year reduced from Rs. 23,221 lacs for the previous year to Rs. 18,739 lacs. This was essentially due to a steep fall in the free sale sugar prices - both in the Indian Market as well as International Markets. The value of export of sugar by your Company was reduced to Rs. 2,941 lacs during the current year against previous year's Rs. 6,206 lacs.

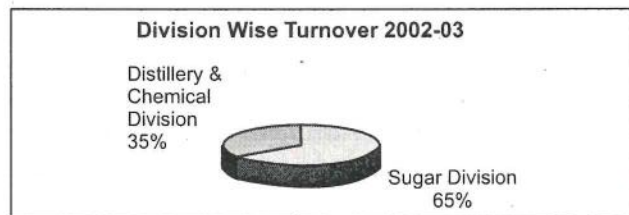


Distillery & Chemical Division :

Your Company's Turnover of the Distillery & Chemical Division increased from Rs. 8183 lacs for the previous year 2001-02 to Rs. 10015 lacs during the year ended March 31st 2003. This was mainly on account of production of Rectified Spirit at the Distillery Unit situated at Sameerwadi from 40 KL to 60 KL a day during the year as well as increase in the export turnover of Chemical Division from Rs. 420 Lacs in the previous year to Rs. 2163 lacs during the current year.



The prices of Molasses, Acetic Acid and Ethyl Acetate remained more or less at the same level during the major part of the year.



C. Dividends :

Your Directors are pleased to recommend a Dividend @ 10 % on the Equity Share Capital and pro rata Dividend @ 12 % on 12 % Redeemable Cumulative Preference Share Capital of the Company for the year 2002-2003.

D. Enhancement of Preference Share Capital :

Your Company made private placement of 7,00,000, 12% Redeemable Cumulative Preference Shares of Rs.100/- each at par, aggregating to Rs. 700 lacs. The paid-up Preference Share Capital of the company after this issue is now Rs.1800 lacs.

E. Projects :

- i) The Co-Generation Project is being set up in 3 phases i.e. each phase will have 1 X 24 MW Plant. Your company has planned to have an eventual capacity of 72 MW and hopes to become one of the largest sugar based Co-generation Plants in India.

Recently Electricity Bill 2003 has come into force and Your Company foresees favourable opportunities by expanding in the Power Sector.

Planning for the second phase of Co-Generation Plant is at an advanced stage of discussions. The size and implementation of this phase would be correlated to the expansion of the Sugar Factory capacity.

- ii) "Modernisation" Plan for Sugar Factory :
The Company has advanced plans for modernising various sections in the plant, and is pursuing the same effectively. For this purpose the Company has received a sum of Rs. 940 lacs at a concessional rate of interest from the Sugar Development Fund for modernising various schemes in different Departments of the Sugar Factory.

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

Distillery & Chemical Division

- i) Extra Neutral Alcohol (ENA) :
In line with the trend to make multipurpose Distilleries, catering to requirement of Alcohol for industrial, beverage & fuel use, Your Company

started the process of setting up an ENA plant of 40 KL per day capacity at Sameerwadi. The Plant was commissioned during August 2003.

- ii) Distillery Revamping :
The company is also planning to undertake the above project at its factory at Sakarwadi. This will result in better and efficient working and in increased recovery of alcohol from molasses.
- iii) Ethanol for Blending with Petrol :
With a view to add value to Rectified Spirit and to participate in the national programme of blending Anhydrous Alcohol with Petrol, your Company decided to implement this project to manufacture 50 KL/day Fuel Alcohol at Sameerwadi Distillery. The Plant has since been commissioned. We are in advanced stage of negotiations with Public sector Oil Companies for supply of Anhydrous Alcohol to them. Your Company has also decided to plan and install a similar Plant at its Sakarwadi Distillery.

F. 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.

G. Auditors :

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

H. Cost Auditors :

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

I. Audit Committee :

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

- 1) Shri Indubhai C. Patel - Chairman
- 2) Shri Samir S. Somaiya
- 3) Shri Kailash Pershad

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

J. Directors' Responsibility Statement :

Pursuant to section 217 (2AA) of the Companies Act, the Directors hereby confirm that:

- (i) Accounting Standards have been followed alongwith proper explanation relating to material departures.

- (ii) The accounting policies of the Company have been consistently followed and estimates have been made reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) Annual accounts are prepared on a going concern basis.
- K. Insurance :**
The Company has made necessary arrangements for adequately insuring its insurable assets.
- L. Fixed Deposits :**
Deposits which became due for renewal/payment on or before 31st March, 2003 have been renewed / paid.
- M. Voluntary Retirement Scheme (VRS) :**
With the twin objectives of enhancing the efficiency of the operations and becoming cost effective, the Distillery & Chemical Division of the Company offered VRS to the employees of the factory located at Sakarwadi. VRS was kept open from 5th July, 2002 to 15th August, 2002. Total 83 employees have opted for the same.
- N. Directors :**
Shri I.C. Patel, Dr. B. R. Barwale and Shri N. C. Sayta retire from the Board by rotation and being eligible have offered themselves for re-appointment.
- O. 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.
- P. 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.
- Q. People & the Community :**
The company maintains strong and active relationship with its suppliers and customers and attributes this to the experience, ability and dedication of its people.
Your company is a major employer in its region and it recognises its responsibility to the community. The company recruits personnel

locally and actively supports education, health welfare, emergency services, the environment, sport, culture and arts.

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

R. 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.

S. Appreciation :

Your Directors place on record their sincere appreciation of the co-operation and assistance extended by the Company's Bankers viz. Bank of India, Union Bank of India, Andhra Bank, State Bank of India, Bank of Baroda, Syndicate Bank and the Financial Institutions viz. Sugar Development Fund, Sugar Technology Mission, I.D.B.I., SICOM, ICICI Bank Ltd., Karnataka State Industrial Investment and Development Corporation Ltd., as well as the Karnataka & Maharashtra Government, customers, suppliers, labour and the staff of the company.

T. 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. Godavari Investment & Finance Corporation Limited and Padmanabh Agencies Ltd., pursuant to Section 212 of the Companies Act, 1956 are attached to the Balance Sheet.

By Order of the Board of Directors,

S. K. SOMAIYA

Chairman & Managing Director.

PLACE : Mumbai

DATE : 28th August, 2003.

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 AGGREGATE OF NOT LESS THAN RS. 24 LACS.

Name of the Employee	Designation and nature of duties	Remuneration Received (Rs.)	Nature of the Employment whether contractual or otherwise	Qualifications & Experience of the Employee	Date of Commencement of Employment	Age	Last Employment held by such Employee before joining the company
Dr. S. K. Somaiya	Chairman & Managing Director	41,86,419/-	Contractual	B.Sc. (Hons), LL.B., D.Sc. (honoris causa)	01-06-1999	75 yrs.	Somaiya Organics (India)Ltd., Chairman & Managing Director

(B) EMPLOYEES OF THE COMPANY WHO WERE EMPLOYED PART OF THE YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION FOR THAT YEAR IN THE AGGREGATE OF NOT LESS THAN RS. 2,00,000/- P.M.

*** NIL ***

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

By Order of the Board of Directors,

S. K. SOMAIYA
Chairman & Managing Director.

PLACE : Mumbai
DATE : 28th August, 2003.

ANNEXURE "B" TO THE DIRECTORS' REPORT

Information in accordance with the Companies (Disclosure of Particulars, in the Report of the Board of Directors) Rules, 1988 and Forming part of Directors' Report for the year ended 31st March, 2003.

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

Sugar Division :

(A) CONSERVATION OF ENERGY

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

FORM "A"

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year	Previous Year
(I)	POWER AND FUEL CONSUMPTION :		
1.	ELECTRICITY		
(a)	Purchased		
	Units	KWH	17943
	Total Amount	Rs.	796849
	Rate	Rs./KWH	44.41*
	* Demand Charges paid for HT-1, thereafter disconnected for receipt of power from Co-generation		
(b)	Own Generation		
i)	Through Diesel Generator		
	Units	KWH	79213
	Units per Litre of Diesel Oil	KWH/Ltr.	2.89
	Cost per Unit	Rs./KWH	6.60
ii)	Through Steam Turbine Generator		
	Units	KWH	19140511
	Units per K. G. of Bagasse	KWH	0.17
	Cost per Unit	Rs./KWH	0.57
2.	COAL (II nd GRADE)		
	Quantity	M.T.	NIL
	Total Amount	Rs.	NIL
	Average Rate	Rs./M.T.	NIL
	(The Coal is used for manufacture of Lime only)		
3.	OTHER / INTERNAL GENERATIONS		
a)	Fire Wood	M.T.	298.70
	Total Cost	Rs.	371877.25
	Rate /Unit	Rs./M.T.	1245.00
b)	Bagasse		
	Purchased	M.T.	NIL
	Produced & Utilised for Power Generation	M.T.	109609.68
	Total Cost	Rs.	21921936
	Rate (Average)	Rs./M.T.	200
(II)	CONSUMPTION PER UNIT OF SUGAR PRODUCTION		
	Electricity	KWH/QTLS	19.99
	Coal (IInd Grade)	M.T./QTLS	NIL
	Fire Wood	M.T./QTLS	0.000195
	Bagasse	M.T./QTLS	0.07

ANNEXURE "B" TO THE DIRECTORS' REPORT

Distillery & Chemical Division :

(A) CONSERVATION OF ENERGY:

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

FORM A

Disclosure of particulars with respect to Conservation of Energy

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

(I) POWER & FUEL CONSUMPTION:

1 ELECTRICITY :-

(a) PURCHASED :

Unit	KWH	10890615	10544671	103836	341502
Total Amount	Rs.	42582714	44023962	1103058	1828407
Rate	Rs./KWH	3.91	4.17	10.62	5.35

(b) OWN GENERATION :

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

Unit	KWH	676739	738764	264324	479204
Diesel Consumption.	Ltrs.	218004	235857	81745	135707
Unit per litre of diesel oil	KWH	3.10	3.13	3.23	3.53
Cost per Unit.	Rs./KWH	7.12	6.20	6.40	5.59

ii) Through Steam Engine (BM Engine & Turbine)

Unit per K.G.	KWH	3708272	3468448	1674732	903412
Cost per unit.	Rs./KWH				

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

2 COAL (B/C/D GRADE)

Coal consumed	M.T.	25243	22829	751	681
Total Cost	Rs.	55029740	46689209	1718169	1640382
Average Rate	Rs./M.T.	2180	2045	2289	2409
Bagasse consumed	M.T.	NIL	NIL	13647	8768
Biogas consumed	M ³	11250783	10843898	6122375	3850556
Total Steam generation	M.T.	173761	159364	45966	34310
Steam generation per MT of coal.	M.T.	4.60	4.56	3.30	3.58
Total Cost	Rs.	NIL	NIL	14634208	6581375
Average Rate	Rs./M.T.	NIL	NIL	1072	751
Firewood consumed	M.T.	NIL	NIL	NIL	141
Total Cost	Rs.	NIL	NIL	NIL	181157
Average Rate	Rs./M.T.	NIL	NIL	NIL	1284

ANNEXURE "B" TO THE DIRECTORS' REPORT

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

(II) CONSUMPTION PER UNIT OF PRODUCTION :

i) ALCOHOL					
Production	K.L.	25161	24071	16643	13187
Electricity	KWH	5010405	4868121	1875335	1582869
Units / KL of Prod.	KHW / KL	199.13	202.24	113	120.03
Coal	M.T.	2120	2272	751	681
Bagasse	M.T.	NIL	NIL	13647	8768
Firewood	M.T.	NIL	NIL	NIL	141
Biogas (Equ. Coal = 12531)	M3	11250783	10843898	6122375	3850556
Coal Ratio	M.T. / KL	0.58	0.60	0.89	0.73
Steam Ratio	M.T./KL	2.68	2.72	2.76	2.60
ii) ACETALDEHYDE					
Production	M.T.	17025	16245	NIL	NIL
Electricity	KWH	2963471	2802858	NIL	NIL
Units / MT of Prod.	KHW / MT	174.07	172.54	NIL	NIL
Coal	M.T.	8019	7061	NIL	NIL
Coal Ratio	M.T./M.T.	0.47	0.43	NIL	NIL
Steam Ratio	M.T./M.T.	2.17	1.98	NIL	NIL
iii) ACETIC ACID					
Production	M.T.	16071	15454	NIL	NIL
Electricity	KWH	4903476	4573084	NIL	NIL
Units / MT of Prod.	KHW / M.T.	305.11	295.92	NIL	NIL
Coal	M.T.	5629	5234	NIL	NIL
Coal Ratio	M.T./M.T.	0.35	0.34	NIL	NIL
Steam Ratio	M.T./M.T.	1.61	1.54	NIL	NIL
iv) ETHYL ACETATE					
Production	M.T.	12159	11485	NIL	NIL
Electricity	KWH	2398373	2507820	NIL	NIL
Units / MT of Prod.	KHW / M.T.	197.24	218.36	NIL	NIL
Coal	M.T.	9475	8263	NIL	NIL
Coal Ratio	M.T./M.T.	0.78	0.72	NIL	NIL
Steam Ratio	M.T./M.T.	3.58	3.28	NIL	NIL
v) Bio-Earth Compost (Bhumilabh)					
Production	M.T.	NIL	NIL	24748	16400
Electricity	KWH	NIL	NIL	117058	77572
Rate	KWH/M.T.	NIL	NIL	4.73	4.73

(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 evaluated and indentified cost effective process additives. R & D is involved in adoption of new technologies like - continuous pans, hydraulic drive , cane feeding automation and co-generation project, syrup clarification and filtrate clarification.

2) Benefits derived as a result of the 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 and other lactate esters 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, plant expansion and balancing of plant and new product development. The Co-generation project will be installed to explore about 24 MW power. Development of products based on bio-technology will be taken up. More work in the area of new derivatives of Ethanol and Acetaldehyde will be taken up.

Rs. in Lacs

4) Expenditure:

i) Capital	Rs.	104.16
ii) Recurring	Rs.	51.55
iii) Total	Rs.	155.71
iv) Total R & D expenses as a percentage of total turnover		0.54%

TECHONLOGY ABOSRPTION, ADOPTION AND INNOVATION:

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

BENEFITS :

- 1) Adoption of new developments in milling plant and commissioning of continuous pans and latest high capacity energy effecient machines enabled higher crushing rate and total crush with higher sugar recovery and better quality sugar.
- 2) We have not imported any technology.

(C) FOREIGN EXCHANGE EARNINGS	:	Rs. in Lacs 3,750.65
(D) FOREIGN EXCHANGE OUTGO	:	356.62

By Order of the Board of Directors,

S. K. SOMAIYA

Chairman & Managing Director.

PLACE : Mumbai

DATE : 28th August, 2003.

- 1 We have audited the attached Balance Sheet of THE GODAVARI SUGAR MILLS LIMITED, as at 31st March, 2003 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.
 - 2 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 of our opinion.
 - 3 As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, and on the basis of such such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
 - 4 Further to our comments in the Annexure, referred to in paragraph 3 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, *subject to note no.1 (A)(i) of notes annexed to accounts regarding policy of accounting of bonus on cash basis*, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet, 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 subject to:
 - i. *Note 1(D) (ii) of notes annexed to accounts regarding non-provision of Leave Encashment Salary as per Accounting Standard - 15 as the same has not been ascertained by the Company as on 31st March, 2003;*
 - ii. *Our remark in clause 6 of annexure referred to in paragraph 3 above regarding consideration of interest cost and other administrative overheads, that do not contribute to bringing the inventories to their present location and condition, in the valuation of closing stock of finished goods which is not in compliance with the Accounting Standard - 2,*
- Comply with Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 31st March 2003 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified from being appointed as a director 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, *subject to our remarks in paragraph 4(b) & 4(d) above and note no.13 regarding non confirmation of balances of Debtors, Creditors and Loan and advances* and read together the other notes thereon and attached thereto 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, 2003;
 - 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 Cash Flow Statement, of the cash flows for the year ended on that date.

For **AMBALAL THAKKAR & ASSOCIATES**
Chartered Accountants

Rahul V. Hariyani
(Partner)

PLACE : Mumbai
DATE : 29th August, 2003.

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditor's Report of even date to the members of THE GODAVARI SUGAR MILLS LIMITED on the accounts for the year ended 31st March, 2003).

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets of the company are physically verified by the management according to a phased programme designed by the Company, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the said programme, a portion of the fixed assets of the Company has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory were noticed.
2. The fixed assets of the Company have not been revalued during the year.
3. The stocks of finished goods, stores, spares parts, and raw materials of the Company lying at all its locations have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
4. In our opinion, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on physical verification of stock as compared to book records were not material and have been properly dealt with in the books of accounts.
6. On the basis of our examination of the stock records, in our opinion, the valuation of the stock of finished goods, work-in-process, stores, spare parts, packing and raw materials; *subject to 1 (H) (ii) of notes annexed to accounts regarding consideration of interest cost and other administrative overheads, that do not contribute to bringing the inventories to their present location and condition, in the valuation of stock of finished goods at the beginning and at the end of the year. The current assets at the end of the year, is therefore, higher by Rs. 1185.22 lacs. However, the differential impact on the operating result for the year is not significant;* is fair and proper in accordance with the normally accepted accounting principles in India and is on the same basis as in the preceding year.
7. The company has taken unsecured loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions on which such loans have been taken are in our opinion, prima facie, not prejudicial to the interest of the Company. In terms of sub-section (6) of section 370 of the Companies Act, 1956, provisions of this section are not applicable to the Company on or after 31st October, 1998.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of section 370 of the Companies Act, 1956, provisions of this section are not applicable to the Company on or after 31st October, 1998.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as and wherever stipulated and are also regular in payment of interest, where applicable.
10. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for sale of goods.
11. According to the information and explanation given to us, there are no transactions of purchase and sale of goods and materials in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956, and the rules framed there under with regards to the deposits accepted by the Company.
14. In our opinion, reasonable records have been maintained by the Company for sale and disposal of realisable by products and scrapes where applicable and significant.
15. In our opinion and according to information and explanations given to us, the Company has an Internal Audit System commensurate with its size and nature of its business.

ANNEXURE TO THE AUDITORS' REPORT

16. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government of India, the maintenance of the Cost Records has been prescribed under clause (d) of subsection (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of such records with a view to determine whether they are accurate or complete.
17. According to the records of the Company examined by us, Company has been regular in depositing Provident Fund due with the appropriate authorities.
18. There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty which were outstanding as at 31st March 2003, for a period of more than six months from the date they become payable.
19. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to the Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of trading activities of the company, damaged goods, the value of which is not significant, have been determined and necessary provision has been made for the loss.

For **AMBALAL THAKKAR & ASSOCIATES**
Chartered Accountants

Rahul V. Hariyani
(Partner)

PLACE : Mumbai
DATE : 29th August, 2003.

BALANCE SHEET AS AT 31ST MARCH, 2003

		SCHEDULES	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS :				
(a)	Share Capital	1	3,648.25	2,948.25
(b)	Reserves & Surplus	2	2,547.12	3,674.55
			<u>6,195.37</u>	<u>6,622.80</u>
	Deferred Tax Liability (Net)		1,050.73	-
LOANS :				
(a)	Secured Loans	3	23,311.11	19,896.71
(b)	Unsecured Loans	4	2,211.48	3,934.29
			<u>25,522.59</u>	<u>23,831.00</u>
TOTAL FUNDS EMPLOYED			<u>32,768.69</u>	<u>30,453.80</u>
APPLICATION OF FUNDS :				
FIXED ASSETS :				
(a)	Gross Block	5	21,186.88	11,341.97
(b)	Less : Depreciation		<u>4,262.38</u>	<u>3,634.05</u>
(c)	Net Block		16,924.50	7,707.92
(d)	Work in Progress		1,563.09	8,719.69
			<u>18,487.59</u>	<u>16,427.61</u>
INVESTMENTS			6	22.06
CURRENT ASSETS, LOANS & ADVANCES				
(a)	Inventories	7	16,130.87	14,484.17
(b)	Debtors	8	1,891.69	1,550.26
(c)	Cash / Bank Balances	9	624.59	1,094.22
(d)	Loans and Advances	10	2,620.19	2,590.51
			<u>21,267.34</u>	<u>19,719.16</u>
LESS : CURRENT LIABILITIES & PROVISIONS			11	
(a)	Current Liabilities		6,799.79	5,717.92
(b)	Provisions		<u>377.80</u>	<u>23.85</u>
			7,177.59	5,741.77
Net Current Assets			14,089.75	13,977.39
MISCELLANEOUS EXPENDITURE :				
(to the extent not written off or adjusted)				
Deferred Revenue Expenditure			169.29	36.96
TOTAL FUNDS DEPLOYED			<u>32,768.69</u>	<u>30,453.80</u>
Notes Forming Part of the Accounts			19	

As per our Report of even date annexed

For AMBALAL THAKKAR & ASSOCIATES
Chartered Accountants

Rahul V. Hariyani
Partner

R. L. Somani
Senior Manager &
Company Secretary

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

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya Executive Director

Indubhai C. Patel }
Kailash Pershad } Directors

P. M. Kavadia Whole-time Director

Place : Mumbai
Date : 29th August, 2003.

Place : Mumbai
Date : 28th August, 2003.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	SCHEDULES	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
INCOME :			
Sales	12	28,921.58	31,404.09
Other Income	13	500.53	238.39
Increase / (Decrease) in Stock	14	606.56	(382.82)
		<u>30,028.67</u>	<u>31,259.66</u>
EXPENDITURE :			
Raw Material Cost	15	17,396.12	18,981.08
Purchase of Goods for resale		467.29	315.75
Manufacturing and Other Expenses	16	6,292.06	6,541.03
Excise Duty & Sugar Development Cess		2,694.71	2,547.53
Interest & Financial Charges	17	2,163.54	2,128.75
Depreciation		641.12	515.59
		<u>29,654.84</u>	<u>31,029.73</u>
PROFIT BEFORE TAX		373.83	229.93
Provision for Taxation			
Current Tax		-	15.00
Deferred Tax		9.91	-
PROFIT FOR THE YEAR		<u>363.92</u>	<u>214.93</u>
Less : Prior Period Items		271.44	120.95
Add : Excess provision for taxation		68.76	68.52
		<u>161.24</u>	<u>162.50</u>
Balance Profit brought forward from last year		46.10	151.28
Add : Transferred From General Reserve		200.00	-
PROFIT AVAILABLE FOR APPROPRIATION		<u>407.34</u>	<u>313.78</u>
APPROPRIATIONS :			
Proposed Dividend :			
a) On Preference Shares		149.14	-
b) On Equity Shares		184.83	-
Interim Dividend :			
a) On Preference Shares		-	33.07
b) On Equity Shares		-	200.76
Corporate Dividend Tax		43.83	23.85
General Reserve		10.00	10.00
Balance Carried to Balance Sheet		19.54	46.10
		<u>407.34</u>	<u>313.78</u>
COMPUTATION OF COMMISSION PAYABLE TO MANAGING DIRECTOR / EXECUTIVE DIRECTOR	18		
Notes Forming Part of the Accounts	19		

As per our Report of even date annexed

For AMBALAL THAKKAR & ASSOCIATES
Chartered Accountants

Rahul V. Hariyani
Partner

R. L. Somani
Senior Manager+&
Company Secretary

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

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya Executive Director

Indubhai C. Patel }
Kailash Pershad } Directors

P. M. Kavadia Whole-time Director

Place : Mumbai
Date : 29th August, 2003.

Place : Mumbai
Date : 28th August, 2003.

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2003

	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
Schedules annexed to and forming part of Balance Sheet as at 31st March, 2003 and Profit and Loss Account for the year ended 31 st March, 2003.		
SCHEDULE 1 - SHARE CAPITAL :		
AUTHORISED :		
3,00,00,000 Ordinary (Equity) Shares of Rs.10/- each	3,000.00	2,500.00
3,00,00,000 Redeemable Preference Shares of Rs.100/- each	<u>3,000.00</u>	<u>1,500.00</u>
	<u>6,000.00</u>	<u>4,000.00</u>
ISSUED AND SUBSCRIBED CAPITAL :		
Equity Share Capital :		
1,84,82,500 Ordinary (Equity) Shares of Rs.10/- each fully paid up. Out of the above shares 1,13,00,000 shares are allotted as fully paid up by way of Bonus Shares, by capitalisation of General Reserve.	1,848.25	1,450.00
Share Capital Suspense Account :		
39,82,500 Equity Shares of Rs 10/- each to be issued to the Shareholders of the erstwhile Somaiya Organo-Chemicals Limited on Amalgamation as per the Scheme sanctioned by Mumbai High Court.	-	398.25
Note : 39,82,500 Equity Shares were allotted in terms of the order of the Hon'ble Mumbai High Court, Dated 1st August, 2002 under the scheme of arrangement without payments being received in cash.	<u>1,848.25</u>	<u>1,848.25</u>
12% Redeemable Cumulative Preference Share Capital :		
11,00,000 Shares of Rs 100/- each	1,100.00	75.00
Add 7,00,000 Shares of Rs. 100/- each issued & fully paid up during the year (Refer Note 2)	<u>700.00</u>	<u>1,025.00</u>
	<u>1,800.00</u>	<u>1,100.00</u>
	<u>3,648.25</u>	<u>2,948.25</u>
SCHEDULE 2 - RESERVES AND SURPLUS :		
(a) General Reserve :		
As per the last Balance Sheet		1,606.77
Add : Addition of General Reserve of the Amalgamated Company	-	1,107.14
Add : Transferred from Debenture Redemption Reserve of the Amalgamated company	-	50.00
Add : Transferred from Profit during the year Under Rule 2 of The Companies (Transfer of Profits to Reserves) Rules, 1975	10.00	10.00
Less : Utilized for Provision for Deferred Tax Liability as on 01.04.02	1,040.82	-
Less : Transferred to Profit & Loss Account Under Rule 2 of The Companies (Declaration of Dividend out of Reserves) Rules, 1975	<u>200.00</u>	-
		<u>(1,230.82)</u>
		<u>1,543.09</u>
(b) Debenture Redemption Reserve :		
Add : Addition of Debenture Redemption Reserve of the Amalgamated Company		50.00
Less : Transferred to General Reserve		50.00
(c) Securities Premium Reserve :		
As per the last Balance Sheet	290.00	250.00
Add : Addition of Share Premium of the Amalgamated Company	-	40.00
	<u>290.00</u>	<u>290.00</u>
(d) Grant-USAID (For Co-Generation Project) :		
As per the last Balance Sheet	166.30	-
Add : Received during the year	129.94	166.30
	<u>296.24</u>	<u>166.30</u>
(e) Capital Reserve :		
As per the last Balance Sheet	398.25	-
Add : Addition on Amalgamation	-	398.25
	<u>398.25</u>	<u>398.25</u>
(f) Profit And Loss Account :		
		19.54
		<u>2,547.12</u>
		<u>3,674.55</u>

SCHEDULE 3 - SECURED LOANS :	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
A Sugar Division		
From Banks		
(a) Cash Credit Account with		
(i) Bank of India	4,059.99	4,863.99
(ii) Union Bank of India	4,708.56	4,692.66
(iii) Andhra Bank	1,925.84	2,335.43
	<u>10,694.39</u>	<u>11,892.08</u>
<p>(All the above loans are Secured Against hypothecation of all tangible movable Assets of the Company including Stocks of Sugar, Stores, Chemicals Spares, etc and First Pari Passu charge alongwith Lenders of Co-generation Project by way of Equitable Mortgage on Block of Fixed Assets of the Company (excluding Agricultural Assets) and fully guaranteed by a Director.)</p>		
(b) Term Loans :		
(i) From Industrial Development Bank of India (Secured by hypothecation by way of exclusive first charge on specific Equipments.)	220.50	315.00
(ii) From SICOM Ltd. (Secured by mortgage of Lakshmiwadi Land and hypothecation by way of exclusive first charge of specific Assets)	154.06	248.11
(iii) From Bank of India (Secured by hypothecation of all tangible moveable Assets of the Company and first pari passu charge by way of Equitable Mortgage of Fixed Assets of Company's unit at Sameerwadi (excluding Agricultural Assets) and fully guaranteed by a Director and Second Charge on Co-Generation Assets also for Corporate Loan)	875.28	78.26
(iv) From Union Bank of India (Secured by hypothecation of all tangible moveable Assets of the Company and first pari passu charge by way of Equitable Mortgage of Fixed Assets of Company's unit at Sameerwadi (excluding Agricultural Assets) and fully guaranteed by a Director and Second Charge on Co-Generation Assets also for Corporate Loan)	903.27	99.01
(v) From Sugar Technology Mission (Secured by hypothecation by way of exclusive first charge on the Assets to be created under the ERP project and second charge on the stock of sugar, molasses and stores)	81.60	102.00
(vi) From Sugar Development Fund (Second charge on Sugar Block of Fixed Assets of Company's unit at Sameerwadi)	<u>940.00</u>	<u>470.00</u>
	13,869.10	13,204.47
B Co-generation Project :		
(a) Term Loans :		
(i) Industrial Development Bank of India	3,450.00	2,500.00
(ii) Andhra Bank	1,741.92	1,391.92
(iii) State Bank of India	<u>1,368.89</u>	<u>933.89</u>
(All the above Loans are secured by way of first charge on Co-generation assets and power receivables and first pari passu charge alongwith Consortium Bankers by way of Equitable Mortgage on Block of Fixed Assets of the Company (excluding Agricultural Assets))	6,560.81	4,825.81
CARRIED OVER	20,429.91	18,030.28

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2003

	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
BROUGHT FORWARD		
C Distillery & Chemical Division		
From Banks		
(a) Cash Credit Account with		
(i) Bank of Baroda Cash Credit Account	779.28	897.58
(ii) Bank of Baroda Packing Credit Account	20.26	35.00
(iii) Syndicate Bank of India Cash Credit Account	180.34	178.04
(iv) Syndicate Bank Bill Discounting	22.98	-
(v) Syndicate Bank of India Packing Credit Account	107.98	-
(vi) Bank of Baroda Bill Discounting	23.07	3.03
(All the above Loans are Secured by First Charge by hypothecation of Raw Materials, Stock-in Process, Finished goods, Chemicals, Stores, Spares & Collateral security of Book Debts, Equitable Mortgage of Fixed Assets & Hypothecation on movable Machineries both present & future at Sakarwadi and Second Charge on pari passu basis by way of Equitable Mortgage on the Fixed Assets of Sameerwadi Unit & Second Charge on the Fixed Assets acquired under Foreign Currency Loan from IDBI.)	<u>1,133.91</u>	<u>1,113.65</u>
(b) Debentures :		
(Secured by negative lien on Fixed Assets of the Company's Sakarwadi Unit)		
(i) 15,000 6% Non-Convertible Debentures of Rs.100/-each fully paid-up redeemable at the Company's option at any time after expiry of twenty years from the date of issue (issued in 1970) (Fully Redeemed)	-	15.00
(ii) 5,000 8.5% Non-Convertible Debentures of Rs.100/-each fully paid-up redeemable after twenty years and before twenty-five years from the date of issue.(issued in 1973) (Fully Redeemed)	-	5.00
(iii) Interest on debentures	-	1.05
	<u>-</u>	<u>21.05</u>
(c) Term Loans :		
(i) Foreign Currency Loan from Industrial Development Bank of India Secured by (Secure by Hypothecation by way of First Charge on the Specific Equipments, First Pari-Passu Charge with KSIIDC on the Fixed Assets at Sameerwadi, Second Charge on the Assets at Sakarwadi and Second Charge on the current Assets of the Company.)	185.02	277.57
(ii) Bank of Baroda - Corporate Loan (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.)	1,140.00	-
(iii) From CITI Bank secured by hypothecation of Flat at Giriraj. (Secured by hypothecation of Flat at Giriraj.)	0.29	1.10
(iv) From SICOM Ltd. (Secured by mortgage of specific Sakarwadi land and hypothecation by way of first charge of specific assets)	415.00	435.00
(v) From KSIIDC Secured by pari passu hypothecation of movable Plant & (Secured by pari passu hypothecation of movable Plant & Hypothecation by way of First Charge on the Specific Equipments, First Pari Passu Charge with IDBI on the Fixed Assets at Sameerwadi.)	-	8.00
(vi) Interest Accrued but not due	6.98	10.06
	<u>1,747.29</u>	<u>1,866.43</u>
	<u>23,311.11</u>	<u>19,896.71</u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2003

	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
SCHEDULE 4 - UNSECURED LOANS :		
A Sugar Division :		
(a) 200, 6% Debentures of Rs.10,000/- each fully paid-up Redeemable at the option of the Company (Fully Redeemed)	-	20.00
(b) Deposits from Cultivators	717.20	1,283.13
(c) Hire Purchase Finance	10.15	50.66
(d) From -Union Bank of India -STL, Mumbai	-	89.51
(e) Gandhidham Mercantile Co-op. Bank Ltd	-	496.73
	<u>727.35</u>	<u>1,940.03</u>
B Distillery & Chemical Division :		
(a) Instalments Due for Purchase of Assets Under H.P.Finance	29.36	100.11
(b) Public Deposits	25.04	38.89
(c) Loans from Shareholders	72.89	73.33
(d) Public Loans (Guaranteed by a Director)	-	0.05
(e) Interest Free Sales Tax Loan from SICOM	256.50	256.50
(f) Inter Corporate Deposits	908.90	1,285.63
(g) ICICI Ltd.	100.00	135.00
(h) Others	91.44	104.75
	<u>1,484.13</u>	<u>1,994.26</u>
	<u><u>2,211.48</u></u>	<u><u>3,934.29</u></u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2003

SCHEDULE 5 - FIXED ASSETS :

(Rs. in Lacs)

PARTICULARS	Gross Block As on 1st April, 2002	Additions during the year	Deductions/ Adjustments during the year	Gross Block As on 31st March, 2003	Depreciation Written off upto 31st March, 2002	Depreciation Written off during the year	Deductions/ Adjustments of Depreciation	Total Depreciation upto 31st March, 2003	Net Depreciated Block as at 31st March, 2003	Net Depreciated Block as at 31st March, 2002
Sugar :										
Factory & Other Land	277.70	-	-	277.70	-	-	-	-	277.70	277.70
Farm Land	10.10	-	-	10.10	-	-	-	-	10.10	10.10
Live Stock	1.06	-	-	1.06	0.25	-	-	0.25	0.81	0.81
Non Factory Building	513.26	46.84	37.27	522.83	87.48	8.26	6.04	89.70	433.13	425.77
Factory Building	221.30	0.05	-	221.35	76.43	7.39	-	83.82	137.53	144.86
Agricultural Machinery	13.45	-	-	13.45	8.58	0.64	-	9.22	4.23	4.87
Plant & Machinery	4,698.37	413.15	-	5,111.52	1,614.31	250.09	-	1,864.40	3,247.12	3,084.06
Furniture & Fixtures	70.84	5.70	-	76.54	25.57	4.57	-	30.14	46.40	45.27
Office Equipments	89.04	11.16	-	100.20	25.58	5.57	-	31.15	69.05	63.47
Motor Vehicles	227.43	8.44	17.79	218.08	76.66	19.76	6.75	89.67	128.41	150.78
Computers	412.00	30.73	-	442.73	111.04	67.88	-	178.92	263.81	300.96
Total Sugar Division (A)	6,534.55	516.07	55.06	6,995.56	2,025.90	364.16	12.79	2,377.27	4,618.29	4,508.65
Cogeneration :										
Factory & Other Land	0	-	-	-	-	-	-	-	-	-
Farm Land	0	-	-	-	-	-	-	-	-	-
Live Stock	0	-	-	-	-	-	-	-	-	-
Non Factory Building	0	25.81	-	25.81	-	0.04	-	0.04	25.77	25.77
Factory Building	0	225.12	-	225.12	-	0.64	-	0.64	224.48	224.48
Agricultural Machinery	0	-	-	-	-	-	-	-	-	-
Plant & Machinery	0	8,542.41	-	8,542.41	-	40.37	-	40.37	8,502.04	8,502.04
Furniture & Fixtures	0	6.03	-	6.03	-	0.03	-	0.03	6.00	6.00
Office Equipments	0	197.06	-	197.06	-	1.06	-	1.06	196.00	196.00
Motor Vehicles	0	27.54	-	27.54	-	0.26	-	0.26	27.28	27.28
Computers	0	5.51	-	5.51	-	0.08	-	0.08	5.43	5.43
Total of Cogeneration (B)	0.00	9,029.48	0.00	9,029.48	0.00	42.48	0.00	42.48	8,987.00	0.00
Grand Total (A + B)	6,534.55	9,545.55	55.06	16,025.04	2,025.90	406.64	12.79	2,419.75	13,605.29	4,508.65
Distillery & Chemical :										
Factory & Other Land	240.60	-	-	240.60	-	1.35	-	1.41	240.60	240.60
Non Factory Building	75.57	8.29	-	83.86	10.06	3.82	-	11.41	72.45	65.51
Factory Building	99.38	43.64	-	143.02	34.87	189.85	-	38.69	104.33	64.50
Plant & Machinery	4,025.23	286.88	-	4,312.11	1,467.54	4.02	-	1,657.39	2,654.72	2,557.68
Furniture & Fixtures	69.47	2.25	-	71.72	13.76	2.43	-	17.78	53.94	55.72
Office Equipments	43.25	1.68	-	44.93	6.84	10.66	-	9.27	35.66	36.41
Motor Vehicles	119.68	1.10	-	120.78	40.30	22.35	-	50.96	69.82	79.37
Computers	134.25	10.57	-	144.82	34.78	23.48	-	57.13	87.69	99.47
Total Distillery & Chemical Division (C)	4,807.43	354.41	0.00	5,161.84	1,608.15	234.48	0.00	1,842.63	3,319.21	3,199.27
Grand Total (A + B + C)	11,341.98	9,899.96	55.06	21,186.88	3,634.05	641.12	12.79	4,262.38	16,924.50	7,707.92
Previous Year 2001 - 2002	9,993.11	1,388.09	39.23	11,341.97	3,125.34	515.59	6.88	3,634.05	7,707.92	7,707.92
Capital Work-in-Progress										
Sugar										55.15
Co-Generation										7,417.54
Distillery & Chemical										1,247.00
Total Capital Work-in-Progress										8,719.69

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2003

	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
SCHEDULE 6 - INVESTMENTS (At Cost) :		
A Sugar Division:		
(a) INVESTMENT IN SHARES OF SUBSIDIARY COMPANY : (UNQUOTED)		
(i) 5,000 Ordinary (Equity) Shares of Godavari Investment and Finance Corporation Limited of Rs.100/- each Share	5.00	1.00
(ii) 10,000 Equity Shares of Padmanabh Agencies Ltd. for Rs.10/- each	<u>1.00</u>	<u>0.02</u>
	6.00	1.02
(b) OTHER INVESTMENTS :		
(UNQUOTED)		
(i) National Defence Certificate deposited with Electricity Department, Bhopal	-	0.02
(ii) National Savings Certificates deposited with Excise Commissioner, U.P. and Hydro Electric Division, Gorakhpur.	-	0.02
(iii) 4½% U.P.State Development Loan of 1972 (Face Value Rs.2,000/-)	-	0.02
(iv) 100 shares in Mahalingpur Urban Bank	-	0.01
(QUOTED)		
(i) 7200 Equity Shares of Bank of India (Market Value Rs. 2.73 lacs)	3.24	3.24
(ii) 35900 Shares of -UBI (Market Value Rs. 9.03 lacs)	<u>5.74</u>	<u>-</u>
	8.98	3.31
B Distillery & Chemical Division :		
(UNQUOTED)		
(i) 4% 1967 Maharashtra State Loan (Face Value Rs.1000/-) Deposited with Excise Department	-	0.01
(ii) 210 Equity Shares of Rs.100/- each of The Book Centre Ltd. fully paid-up.	0.21	0.21
(iii) 80 Shares of Rs.25/- each of Raghuvanshi . Co-operative Bank Ltd	0.02	0.02
(iv) Kisan Vikas Patra	-	0.15
(v) 100 Shares of Rs.10/- each of Mahalingpur Urban Co-op Bank Ltd.	-	0.01
(QUOTED)		
(vi) 1,500 Equity Shares of Rs.100/- each of Oriental Power Cables Ltd. fully paid-up.	1.50	1.50
(vii) 500 Equity Shares of Rs.10/- each of Kutch Salt & Allied Industries Ltd. fully paid-up.	0.01	0.01
(viii) 450 Equity Shares of Rs.100/- each of Somaiya Organics (India) Ltd. fully paid-up.	0.45	0.45
(ix) 5000 Equity Share of Rs.10/- each at a Premium of Rs. 75/- per share of Bank of Baroda fully paid (Market Value Rs. 4.30 Lacs)	4.25	4.25
(OTHERS)		
(x) Immovable Property (For Investment Purposes)	<u>2.40</u>	<u>2.40</u>
	8.84	9.01
Less: Provision-for diminution in investments	<u>1.76</u>	<u>1.49</u>
	7.08	7.52
	<u>22.06</u>	<u>11.85</u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2003

	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
SCHEDULE 7 - INVENTORIES (as taken, valued and certified by the Management) :		
Sugar Division :		
(i) Stores, Chemicals and Spares	701.24	755.33
(ii) Stock-in-trade		
(a) Sugar at Cost or Market Price whichever is lower	12,762.99	11,978.87
(b) Sugar in Process at Cost	199.80	214.26
(c) Molasses at Market Rate	167.08	150.32
(d) Own Bagasse	3.45	16.25
(e) Purchased Bagasse	978.56	248.46
(f) Crop in Progress	4.09	-
(g) Foodgrain	5.36	9.69
(h) Scrap / Unused gunny bags	-	21.07
	<u>14,121.33</u>	<u>12,638.92</u>
	14,822.57	13,394.25
Distillery & Chemical Division		
(i) Stores, Chemicals and Spares	341.36	387.21
(ii) Stock-in-trade	375.19	513.79
(iii) Work in Process	1.21	8.36
(iv) Raw Materials	590.54	180.57
	<u>1,308.30</u>	<u>1,089.92</u>
	<u>16,130.87</u>	<u>14,484.17</u>

SCHEDULE 8 - SUNDRY DEBTORS

Sundry Debtors (Unsecured and considered good except otherwise stated)		
(a) Debts Outstanding for more than six months	187.70	211.60
(b) Other Debts	<u>1,703.99</u>	<u>1,338.66</u>
	<u>1,891.69</u>	<u>1,550.26</u>

SCHEDULE 9 - CASH AND BANK BALANCES :

(a) Cash, Cheques and Drafts on hand and in transit	31.58	557.98
(b) In Current Account with Scheduled Banks	135.31	248.06
(c) In Current Account with Non-scheduled Bank: Bijapur District Central Co-op. Bank Ltd., Mahalingpur (Maximum balance outstanding during the year Rs. 15,71,931/- ; previous year Rs. 23,12,988/-)	-	0.78
(d) Fixed Deposits with Scheduled Bank (Lodged with Excise Department, Bijapur)	0.05	0.05
(e) Fixed Deposits with Banks	<u>457.65</u>	<u>287.34</u>
	<u>624.59</u>	<u>1,094.22</u>

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2003

	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
SCHEDULE 10 - LOANS AND ADVANCES :		
(Unsecured and considered good except otherwise stated)		
Advances Recoverable in Cash or Kind or for value to be received	1,856.10	1,493.63
Advances to subsidiary companies	0.30	1.55
Advance Income Tax (Net of Provisions For Tax)	562.39	924.34
Deposit with Excise Authorities & Others	<u>201.40</u>	<u>170.99</u>
	<u>764.09</u>	<u>1,095.33</u>
	<u><u>2,620.19</u></u>	<u><u>2,590.51</u></u>
 SCHEDULE 11 - CURRENT LIABILITIES AND PROVISIONS :		
(A) CURRENT LIABILITIES :		
(i) Sundry Creditors	6,786.70	5,703.57
(ii) Due to Directors	<u>13.09</u>	<u>14.35</u>
	6,799.79	5,717.92
(B) PROVISIONS :		
(i) Dividend on Equity Shares	184.83	-
(ii) Dividend on Preference Shares	149.14	-
(iii) Provision for Dividend Tax	<u>43.83</u>	<u>23.85</u>
	<u>377.80</u>	<u>23.85</u>
	<u><u>7,177.59</u></u>	<u><u>5,741.77</u></u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
SCHEDULE 12 - SALES :		
Sugar	17,333.86	22,202.80
Chemicals	7,076.78	6,052.84
Power	167.89	-
Fertiliser	388.09	338.27
Molasses	254.88	663.09
Pressmud	1.36	16.80
Industrial Alcohol	2,938.01	2,130.29
Inter Unit Transfer		
Molasses	640.88	-
Pressmud	16.52	-
Bagasse	103.31	-
	<u>28,921.58</u>	<u>31,404.09</u>
SCHEDULE 13 - OTHER INCOME :		
Sundry Receipts	153.96	150.00
Income from Immovable Property	2.60	0.82
Sundry Receipts being Value of Farm Produce etc.	25.41	15.35
Sundry Credit Balances Written Back	70.07	15.64
Claims and Refund	32.52	1.38
Interest on Fixed Deposits and Others	126.90	48.27
Profit on Sale of Assets	88.56	6.59
Dividend	0.51	0.34
	<u>500.53</u>	<u>238.39</u>
SCHEDULE 14 - INCREASE IN STOCK :		
Closing Stock :		
Sugar Division	13,142.77	12,390.46
Distillery & Chemical Division	376.40	522.15
Less	<u>13,519.17</u>	<u>12,912.61</u>
Opening Stock :		
Sugar Division	12,390.46	12,937.23
Distillery & Chemical Division	522.15	358.20
	<u>12,912.61</u>	<u>13,295.43</u>
	<u>606.56</u>	<u>(382.82)</u>
SCHEDULE 15 - RAW MATERIALS CONSUMED		
Sugar Division		
Sugar-Cane Cost	12,632.73	15,118.48
Power Division		
Bagasse	68.55	-
Distillery & Chemical Division		
Molasses	3,392.72	2,796.59
Spirit	1,051.13	924.46
Acetic Acid	136.10	-
Chemicals	114.89	141.55
	<u>4,694.84</u>	<u>3,862.60</u>
	<u>17,396.12</u>	<u>18,981.08</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

31.03.2003
(Rs. in lacs) 31.03.2002
(Rs. in lacs)

SCHEDULE 16 - MANUFACTURING AND OTHER EXPENSES :

MANUFACTURING EXPENSES :

Power and Fuel	1,252.39	1,217.21
Packing, Forwarding and Storage	625.28	567.73
Stores, Chemicals and Spare Parts consumed	750.64	698.45
Lease Rent	4.93	4.14
Insurance Premium	99.16	101.58
Excise Establishment Charges	23.45	20.51
Expenses on Scientific Research	2.53	15.40
Contribution to Scientific Research Institution	<u>15.00</u>	<u>15.00</u>
	2,773.38	2,640.02

REPAIRS AND MAINTENANCE :

Plant and Machinery	316.76	498.85
Buildings	55.46	15.14
Others	<u>88.08</u>	<u>44.72</u>
	460.30	558.71

EMPLOYEES REMUNERATION AND BENEFITS :

Salaries, Wages and Bonus	1,676.60	1,875.16
Contribution to Provident Fund & Other Fund	166.26	144.43
Welfare Expenses	85.84	112.76
Group Gratuity Insurance Premium	<u>82.20</u>	<u>47.68</u>
	2,010.90	2,180.03

OFFICE AND ESTABLISHMENT EXPENSES :

Rent	14.62	14.11
Rates and Taxes	105.54	156.16
Miscellaneous Expenses	413.09	421.01
Telephone Expenses	35.72	68.53
Travelling Expenses	71.26	103.56
Legal and Professional Charges	62.09	78.26
Charity and Donation	4.62	141.06
Cost Audit Fees and Travelling Expenses	0.32	0.34
Agricultural Development Expenses	15.49	20.88
Diminution of investments	0.27	-
Sale Tax on HP	<u>-</u>	<u>1.18</u>
	723.02	1,005.09

SELLING & DISTRIBUTION EXPENSES

219.80 38.06

AUDITORS' REMUNERATION :

Audit Fees / Tax Audit Fees	3.20	3.20
Auditors' Travelling Expenses	<u>0.27</u>	<u>0.28</u>
	3.47	3.48

DIRECTORS' REMUNERATION, FEES AND TRAVELLING EXPENSES :

Remuneration	65.26	65.69
Fees	0.72	0.66
Travelling (including foreign travelling of Rs.24.32 lacs)	<u>35.21</u>	<u>49.30</u>
	101.19	115.65
	<u>6,292.06</u>	<u>6,541.03</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	31.03.2003 (Rs. in lacs)	31.03.2002 (Rs. in lacs)
SCHEDULE 17 - INTEREST & FINANCIAL CHARGES :		
Cash Credits	1,205.58	1,614.29
Term Loans	668.69	160.59
Debentures	2.53	9.70
Other Loans	192.59	152.28
Hire Purchase Finance / Financial Charges	94.15	191.89
	<u>2,163.54</u>	<u>2,128.75</u>

SCHEDULE 18- COMPUTATION OF EXECUTIVE DIRECTORS' REMUNERATION

Net Profit as per Profit and Loss Account		373.83	229.93
Add :			
i) Executive Directors' Remuneration	65.26		65.69
ii) Depreciation	<u>641.12</u>		<u>515.59</u>
		706.38	581.28
		<u>1,080.21</u>	<u>811.21</u>
Less:			
i) Profit on Sale of Fixed Asset	88.56		6.59
ii) Sundry Credit Balances Written Back	70.07		
iii) Depreciation to the extent specified in Section 350 of Companies Act, 1956	<u>641.12</u>	799.75	515.59
		<u>280.46</u>	<u>289.03</u>
Managing Director's Commission @3% on the Net Profit subject to maximum as per the provisions of the Companies Act, 1956		<u>8.09</u>	<u>8.18</u>
Executive Directors Commission @1% on the Net Profit to each. (As per the Agreement maximum Commission eligible to Executive Directors)		<u>2.70</u>	<u>6.17</u>
Total Commission Payable		<u>10.79</u>	<u>14.35</u>

SCHEDULE 19

NOTES: 1) SIGNIFICANT ACCOUNTING POLICIES :

(A) System of Accounting :

- i) The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis, except bonus which is debited on payment basis.
- ii) Financial Statements are based on historical costs convention.

(B) Fixed Assets and Depreciation :

- i) Fixed Assets are carried at cost of acquisition or construction.
- ii) Software is capitalized 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 acquisition.
- iii) Depreciation on Fixed Assets has been provided on S.L.M. as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

(C) Investments :

Long Term Investments are carried at cost less provision, if any, for permanent diminution in value of such investments.

(D) Retirement Benefits :

- i) The Liability as on 31-3-2003 for accrued gratuity to employees under the Payment of Gratuity Act, 1972 as per Actuary's Certificate is Rs. 592.56 Lacs (Rs.548.39 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 82.20 Lacs (Previous year Rs. 47.68 Lacs) has been paid to LIC under the said scheme.
- ii) Provision for leave encashment payable on retirement has not been made as per requirement of Accounting Standard 15 which has been made mandatory from 1st April, 1995, as the liability is not ascertained.

(E) Foreign currency transactions :

- i) Foreign Currency Loans, if any, for financing Fixed Assets and Current Assets and Liabilities in foreign currency outstanding at the close of the financial year are revalored at the contracted and/or appropriate exchange rates.
- ii) Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- iii) Fluctuation in foreign currencies amounting to Rs 47.86 lacs in respect of outstanding FCNR (B) loans are adjusted to the outstanding loan amounts.

(F) Revenue Recognition :

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

(G) Expenditure on Research & Development :

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

(H) Inventories :

- i) a) Raw Materials, Stores, Spares and Chemicals and Crop in Progress are valued at cost or at net realizable value whichever is less. Cost is generally arrived at on moving average basis.
b) Finished stock & process stock are valued at cost or market price whichever is lower.
c) Molasses, Bagasse and waste/scrap is valued at net realisable value.
- ii) As per the Accounting Standard-2 (Revised) "Valuation of Inventories" issued by the Institute of Chartered Accountants of India with effect from 1st April, 1999, Interest "usually" should not be part of Inventory Valuation. However, the Management is of the view that considering the seasonal nature of Industry and also release/sales procedures, wherein the company has to depend on Government Policy, followed by the fact that on an average the Company is carrying Inventory of Sugar for nearly 8 to 10 months, the interest should be part of Valuation. The Company has accordingly valued the Inventory on consistent basis.
- iii) Excise Duty payable on finished goods lying in the factory as on 31.03.2003 is neither provided nor considered in valuation of closing stock of finished goods as on 31st March, 2003. This has no impact on the financial results for the year.

(I) **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.

(J) **Borrowing Cost :**

Borrowing Costs that are attributable to acquisition of or constructing of qualifying assets are capitalised as part of the cost of such assets. A Qualifying Asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost are charged to revenue.

(K) **Capital Work In Progress :**

Directly identifiable pre-operative expenses of new projects under implementation of Capital nature are carried forward under Capital Work-in-Progress, pending capitalisation to the relevant Fixed Assets.

(L) **Taxation**

- i) Provision for Taxation is made on the basis of the taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.
- ii) Deferred Tax Resulting from timing difference are expected to crystallize in case of deferred tax liabilities with reasonable certainty that there would be adequate future taxable income against which such deferred tax assets can be realized.

2) **ISSUE OF PREFERENCE SHARES :**

Pursuant to Section 80 (5A) of the companies Act, 1956 the 12 % Redeemable Cumulative Preference Shares of Rs. 100 each are Redeemable at the option of the Company within a period of 20 years from the dates of issue detailed as under :

Date of Issue	No of Shares	Face Value Rs in lacs
30/03/01	75,000	75
20/12/01	7,06,000	706
23/03/02	3,19,000	319
27/12/02	5,35,000	535
24/03/03	1,65,000	165
TOTAL	18,00,000	1800

3) **SMALL SCALE & ANCILLIARY 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 Rs. One lac for more than thirty days is given as under:
The Book Centre Limited, V Plast & Suviron Equipments Pvt Ltd.
This disclosure is based on the information available 'with the Company'.

- 4) During the year, the Company has, for the first time adopted Accounting Standard 22 on " Accounting for Taxes on Income " issued by the Institute of Chartered Accountants of India. Consequently, net Deferred Tax liability as at March 31, 2002 of Rs. 1040.82 lacs has been recorded by reducing the said amount from the general reserve as at April 1, 2002. The net deferred tax amount in respect of the current year of Rs. 9.91 lacs has been recognized in the Profit & Loss Account, break up of Deferred Tax Assets & Liabilities is as under :

Particulars	Transitional Adjustment as at 01/04/02 (Rs in lacs)	Arising During the year (Rs in lacs)	Balance carried as at 31/03/03 (Rs in lacs)
Deferred Tax Liabilities on account of :			
Timing Differences in Depreciation	1234.91	848.16	2083.07
Deferred Revenue Expenditure	13.26	47.48	60.74
Total	1248.17	895.64	2143.81
Deferred Tax Assets on account of :			
Unabsorbed Depreciation	207.35	885.73	1093.08
Net Deferred Tax Liability / (Asset)	1040.82	9.91	1050.73

There is no taxable income for the Assessment Year 2003-04 in view of carry forward claim under Section 115 JAA of the Income Tax Act, 1961.

5) **CONTINGENT LIABILITIES (NOT PROVIDED FOR) :**

i) No Provision has been made in the Accounts for the following disputed Liabilities :

- a) Demand of Rs. 43.59 Lacs & Rs. 42.02 Lacs for the Cane Purchase Tax on Harvesting & Transport charges for 1990-91 & 1991-92 respectively, as the Karnataka Tribunal Authority has upheld the Assessing Authority's Order in favour of the company. However the Commissioner of Commercial Taxes, Government of Karnataka has filed writ petition in the High Court of Karnataka Bangalore against the Tribunal order. Further a Suo Moto revision raised by the Commissioner, Commercial Tax, Bangalore against the order passed by the Additional Commissioner, Davangere in favour of the Company with respect to a similar demand of Rs.44.31 Lacs for the year 1992-93, has been stayed by the Karnataka High Court.
- b) Appeals have been filed against the demand of Rs. 79.80 lacs from the Superintendent of Excise, Bagalkot on 2736.945 M.T. of Molasses which was destroyed in 1990 with the permission of Central and State Excise Departments by the company.
- c) Appeals have been filed against the demand of Rs. 3.79 lacs from the Central Excise Authorities, Dharwad Division, against notional interest on Earnest Money Deposit and reversal of modvat credit on Capital Goods.
- d) The company has not made payment and / or provision for Rs.20.50 lacs for service tax on transportation of Goods for the period 16.7.1997 to 01.08.1998 (Restored by the Finance Act 2001 retrospectively) as the company is relying on writ petition No. 493 of 2000 of Kesoram Industries Ltd. which is pending for hearing.
- e) Income Tax Assessment upto Accounting Year 1999-00 (Assessment Year 2000-01) have been completed and liability is paid. However against the Income tax demand of Rs. 4.48 lacs pertaining to erstwhile Somaiya Organo Chemicals Limited for the Accounting year 1997-98 (Assessment year 1998-99), it has filed an appeal before the Appellate authorities.

ii) Others :

Particulars	31.03.2003 (Rs in Lacs)	31.03.2002 (Rs in Lacs)
a) Uncalled Liability on Partly Paid Shares held as Investment in Godavari Investment and Finance Corporation Ltd., a Subsidiary Company	-	1.00
b) In respect of Counter Guarantee given by the Company in favour of Banks in 'lieu of Guarantees given by them in favour of the High Court of Karnataka at Bangalore' for Levy sugar Price Difference for the Season 1985-86	-	17.37
c) In respect of Counter Guarantee given by the Company in favour of Bank of Baroda in lieu of Guarantee given	30.00	30.00

6) **PRIOR PERIOD ITEMS :**

Cane Price of Previous Years	280.38	103.58
Levy Sugar Price Difference Season 1985-86	-	17.37
Sub Total	280.38	120.95
Less : H&T Commission of Previous Years Written Back	8.94	-
Total	271.44	120.95

- 7) Amount of Borrowing costs capitalized during the year 1096.25 807.34
- 8) Estimated amount of contract remaining to be executed on capital account and not provided for Rs. 2091.64 Lacs.
- 9) The 1 x 24 MW Co-Generation Power Project was capitalized during the year from 1st March, 2003 which included pre operative expenses (net of income during construction period) incurred till 28th February, 2003. The Company is eligible for a Capital subsidy from KREDL to the extent of Rs. 450 lacs, out of which the company has received a sanction of Rs. 225 Lacs on 30th June, 2003, which will be accounted as a Capital Reserve in the year of sanction. Further the company is eligible for USAID Grant of Rs. 425 Lacs for the said Project, out of which the company has received and accounted till 31st March, 2003 Rs. 296.24 Lacs as shown under Reserves.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003

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

SUGAR DIVISION :

Name of the Factory : Sameerwadi Unit
 Licensed Capacity : 10,000 M. T.
 Installed utilised Capacity
 as certified by the Factory Manager : 7,500 M. T.

Goods Manufactured	Opening Stock		Production Quantity M.T.	Quantity sent for reprocessing & loss due to Drriage & Damaged Ex-sugar M.T.	Scrapping Sugar Sent for Reprocess M.T.	Damage Sugar taken back in the System M.T.	Sales		Closing Stock	
	Quantity M.T.	Value Rs.					Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
Sugar	99,829.850 107,326.010	11,978.87 12,679.98	153,809.000 169,007.000	1,465.950 3,017.900	- 13.910	146.250 20.000	144,654.600 173,491.350	16,290.20 21,632.17	107,664.550 99,829.850	12,762.99 11,978.87
Molasses	15,032.214 10,096.864	150.320 40.470	54,888.000 63,330.000	- -	- -	- -	56,553.900 58,394.650	612.98 371.11	13,366.314 15,032.214	167.08 150.32

(Rs. in Lacs)

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

(b) Raw Materials Purchased and Consumed :

	Current Year		Previous Year	
	M. T.	Rs.	M. T.	Rs.
Sugar Cane Consumed	1,341,426	11,835.92	1,487,593	14,234.85
Stores and Spares Consumed	Value Rs.	%	Value Rs.	%
Imported	-	-	-	-
Indigenous	490.96	100%	551.14	100%
TOTAL	490.96	100%	551.14	100%

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

	Current Year	Previous Year
i) Raw Materials	-	-
ii) Stores and Spares	25.98	23.55
iii) Capital Goods	1,587.44	6206.27
(d) Earning in Foreign Currency :	234.09	179.88
(e) Expenses incurred in Foreign Currency :		

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003

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

Goods Manufactured	Unit	Licensed Capacity (Annual)	Installed Capacity (Annual) (As Certified by Director, (Works))	Opening Stock		Actual Production / Purchase (Excluding Normal Loss)	Sales		Closing Stock		
				Quantity	Value (Rs.in lacs)		Quantity	Value (Rs.in lacs)	Quantity	Value (Rs.in lacs)	
AT SAKARWADI :											
Rectified Spirit	H.L.	450,000	300,000			251,609.57				3,389.69	33.42
Acetaldehyde	M.T.	23,000	18,000	2,144.13	21.92	240,712.85	1,683.56			2,144.13	21.92
Acetic Acid	M.T.	25,000	20,000	40.89	15.98	17,025.60	40.89	3,655.715	792.18	12.32	2.23
Ethyl Acetate	M.T.	18,000	12,000	17.42	7.79	16,245.14	17.42	3,271.83	641.69	40.89	7.79
Other Acetates	M.T.	1,800	1,800	65.47	3.17	16,053.44	65.47	7,020.687	1,403.88	358.39	65.97
				399.48	12.78	15,439.19	399.48	7,691.94	1,448.15	65.47	12.78
				301.63	76.70	12,158.70	301.63	12,284.90	3,665.55	175.43	42.74
				325.83	80.54	11,483.49	325.83	11,507.69	3,030.95	301.63	76.70
Traded Goods : Acetic Acid	M.T.					642.07		642.07	136.10		
Ethyl Acetate	M.T.					363.61		363.61	113.88		
(ii) AT SAMEERWADI :											
Rectified Spirit	H.L.			7,714.18	82.93	166,473.33	7,714.18	160,477.12	2,015.06	13,710.39	137.57
Bio-Earth	M.T.			7,311.96	65.81	131,867.78	7,311.96	131,465.57	1,574.72	7,714.18	82.93
Traded Goods : Rectified Spirit	H.L.			11,527.26	115.34	23,392.26	11,527.26	181,72,274	104.01	16,747.25	80.73
				10,424.79	54.30	15,371.17	10,424.79	14,268.71	94.33	11,527.26	115.34
						38.63		38.63	0.48		

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 :

	Unit	Current Year		Previous Year	
		Quantity	Amount (Rs.in lacs)	Quantity	Amount (Rs.in lacs)
Molasses	M.T.	176,447.82	3,392.72	158,873.18	2,796.59
Rectified Spirit (Own Manufactured)	H.L.	250,364.01	-	240,252.28	-
Special Denatured Spirit	H.L.	91,824.10	1,051.13	76,491.53	837.86
Rectified Spirit Purchased	H.L.	1,520.00	10.35	9,200.00	86.60
Acetaldehyde (Own Manufactured)	M.T.	13,398.46	-	12,949.84	-
Acetic Acid (Own Manufactured)	M.T.	8,739.83	-	8,081.26	-
Acetic Acid Purchasd	M.T.	642.07	136.10	199.35	35.05
Ethyl Acetate	M.T.	363.61	113.88	-	-
Other		-	104.54		106.52
Total			4,808.72		3,862.60

c) C.I.F. Value of Imports (Alcohol) :

	-	-	-	-
--	---	---	---	---

d) Value of Raw Materials Consumed :

	Amount (Rs.in lacs)	%	Amount (Rs.in lacs)	%
i) Indigenous	4,798.37	99.78	3,827.55	99.09
ii) Imported (Chemicals including deemed)	10.35	0.22	35.05	0.01
Total	4,808.72	100.00	3,862.60	100.00

e) Value of Stores and Spare Parts Consumed :

i) Indigenous	186.79	100%	147.31	100%
ii) Imported (Chemicals including deemed) :	-	-	-	-
Total	186.79		147.31	

f) Earning in Foreign Currency :

	2163.21	-	419.97	-
--	---------	---	--------	---

g) Expenditure in Foreign Currency :

i) For Capital Goods				
a) Research & Development	-	-	-	-
b) Other (including installment on Foreign Currency Loans equivalent to Indian Rs. 92.54 lacs (previous year Rs. 113.50 lacs))	-	92.54	-	113.50
ii) Other expenses (including interest on Foreign Currency Loans equivalent to Indian Rs. 30.29 lacs (previous year Rs. 42.46 lacs))	-	30.29	-	42.46
Total	-	122.83	-	155.96

(11) Particulars of Segment Information as required by Accounting Standard (As-17) "Segment Reporting"

Rs in Lacs

	Sugar Division	Cogen Division	Distillery & Chemical Division	Total
A Revenue				
External Sales revenue	18,023.08	167.89	10,014.79	28,205.76
Inter Segment transfers	459.58			459.58
Inter Segment sales	256.24			256.24
Other Income	452.12	3.52	44.89	500.53
B Result				
Operating Profit	2,039.50	34.01	463.86	2,537.37
Interest Expenses	1,720.37	70.90	372.27	2,163.54
C Other information				
Share capital employed	3,224.85	1,896.24	1,955.71	7,076.80
Segment Assets	20,932.35	10,394.05	7,595.58	38,921.98
Segment liabilities	20,153.18	6,787.52	5,759.50	32,700.20
other unallocable corporate assets	735.38	0.00	119.64	855.02
Capital assets including CWIP	4,945.99	8,986.99	4,554.61	18,487.59
D Segment Depreciation				
Unallocated depreciation	299.13	42.48	218.03	559.64
	65.02		16.46	81.48
E Non cash expenses other than Depreciation	4.92		3.54	8.46

Significant Accounting Policies

- 1 Business segments are determined on the basis of goods manufactured and in accordance with Accounting Standard AS-17.
- 2 Segment Report is prepared in conformity with accounting policies adopted for preparing and presenting financial statements.
- 3 Inter-segment transfers are recorded at cost except for own generated Bagasse and Molasses, the cost of which are unascertainable and which are recorded at prevalent market prices.

(12) Related party disclosures As required by AS-18, "Related Party Disclosure" are given below

CATEGORY : I

Subsidiaries of the company
Godavari Investment & Finance Corporation Ltd. and Padmanabh Agencies Ltd.

CATEGORY : II

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

CATEGORY : III

Relative of Key Management Personnel
Maya S. Somaiya

Details of transactions with the related parties during the year

		(Rs in lacs)		
		Category I	Category II	Category III
1	Remuneration	-	59.22	-
2	Interest	-	1.95	5.19
3	Purchases	-	-	0.12
4	Loans & Advances	0.30	-	-
5	Unsecured Loans	-	15.46	57.43
6	Trade & other Creditors	-	13.09	-
7	Investments	4.98	-	-

13) Balances of Debtors, Creditors and Loans & Advances are subject to confirmations.

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

As per our Report of even date annexed

For AMBALAL THAKKAR & ASSOCIATES
Chartered Accountants

Rahul V. Hariyani
Partner

Place : Mumbai
Date : 29th August, 2003.

R. L. Somani
Senior Manager &
Company Secretary

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

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya Executive Director

Indubhai C. Patel
Kailash Pershad } Directors

P. M. Kavadia Whole-time Director

Place : Mumbai
Date : 28th August, 2003.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. Registration Details

Registration No. State Code
 Balance Sheet Date

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

Public Issue

Right Issue

Bonus Shares

Private Placement

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

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

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

Turnover & Other Income

Total Expenditure

+/- Profit/Loss Before Tax

+/- Profit / Loss After Tax

Earning per Share in Rs.

Dividend Rate %

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

Item Code No. (ITC Code)	<input type="text" value="1701.11"/>
Product Description	<input type="text" value="SUGAR"/>
Item Code No. (ITC Code)	<input type="text" value="2915.10"/>
Product Description	<input type="text" value="ACETIC ACID"/>
Item Code No. (ITC Code)	<input type="text" value="-"/>
Product Description	<input type="text" value="POWER"/>

R. L. Somani
Senior Manager &
Company Secretary

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

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya Executive Director

Indubhai C. Patel }
Kailash Pershad } Directors

P. M. Kavadia Whole-time Director

Place : Mumbai

Date : 28th August, 2003.

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2003

	Current Year		Previous Year	
	Rs. in Lacs		Rs. in Lacs	
A. Cash flow from Operating Activities :				
Net Profit / (Loss) before tax		373.83		229.93
Adjusted for :				
Depreciation	641.12		515.59	
Interest Received on Fixed Deposits and Others	(126.90)		(48.27)	
Profit on Sale of Assets	(88.56)		(6.59)	
Dividend Received	(0.51)		(0.34)	
Interest Expenses	2,163.54		2,128.75	
Provision for tax	-		(15.00)	
Proposed Dividend	(377.80)		(257.68)	
Prior period Adjustment	(202.68)	2,008.21	(52.43)	2,264.03
Operating Profit before Working capital changes		<u>2,382.04</u>		<u>2,493.96</u>
Adjustments for :				
Trade Receivables	(341.43)		(1,043.68)	
Inventories	(1,646.70)		(791.92)	
Loans & Advances	(391.63)		(553.82)	
Deferred Revenue	(132.33)		(22.96)	
Trade Payables & Provisions	1,435.82	(1,076.27)	1,124.55	(1,287.83)
Cash generated from operations		<u>1,305.77</u>		<u>1,206.13</u>
Taxes (Provisions , payables/(receipts))	(361.95)	(361.95)	178.75	178.75
NET CASH FROM OPERATING ACTIVITY		<u>1,667.72</u>		<u>1,027.38</u>
B. Cash flow from Investing Activities :				
Purchase of Fixed Assets	(2,831.93)		(9,759.28)	
Sale of Fixed Assets	130.83		38.94	
Purchase of Investments	(10.21)		(7.53)	
Interest Received on Fixed Deposits and Others	126.90		48.27	
Profit on Sale of Assets	88.56		6.59	
Dividend Received	0.51		0.34	
NET CASH USED IN INVESTING ACTIVITIES		<u>(2,495.34)</u>		<u>(9,672.67)</u>
C. Cash flow from Financing Activities :				
Proceeds from issue of Share Capital	700.00		1,423.25	
Amounts Borrowed (Net)	2,869.02		6,606.42	
Reserves on amalgamation	-		1,628.59	
Interest paid	(2,163.54)		(2,128.75)	
Grant Received (USAID)	129.94		166.30	
NET CASH USED IN FINANCING ACTIVITIES		<u>1,535.42</u>		<u>7,695.81</u>
Net changes in Cash & Cash equivalents		<u>707.80</u>		<u>(949.48)</u>
CASH & CASH EQUIVALENTS - (OPENING BALANCE)				
Cash & Bank Balance	1,094.22		241.32	
Cash Credit Account	(13,005.73)	(11,911.51)	(11,203.35)	(10,962.03)
CASH & CASH EQUIVALENTS - (CLOSING BALANCE)				
Cash & Bank Balance	624.59		1,094.22	
Cash Credit Account	(11,828.30)	(11,203.71)	(13,005.73)	(11,911.51)
		<u>707.80</u>		<u>(949.48)</u>

As per our Report of even date annexed

For AMBALAL THAKKAR & ASSOCIATES
Chartered Accountants

Rahul V. Hariyani
Partner

R. L. Somani
Senior Manager &
Company Secretary

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

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya Executive Director

Indubhai C. Patel
Kailash Pershad } Directors

P. M. Kavadia Whole-time Director

Place : Mumbai
Date : 29th August, 2003.

Place : Mumbai
Date : 28th August, 2003.

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

2002-2003

I. GODAVARI INVESTMENT AND FINANCE CORPORATION LTD.

- 1) The Company holds the whole of the Subscribed Capital of Rs. 5,00,000/- in the Subsidiary Company as at 31st March , 2003.
- 2) The Subsidiary Company made a profit of Rs. 1,419/-. In view of carried forward loss the subsidiary Company has not made provision for taxation. After adjusting previous year's loss of Rs. 2,09,795/-, the balance loss comes to Rs. 2,08,376/-, which has been carried to next year. The said Loss has been carried to Balance Sheet of the Subsidiary Company and no adjustment has been made in the Books of The Godavari Sugar Mills Limited for the same.
- 3) There has been no change in the interest of the Company in the Subsidiary Company during the year ended 31st March, 2003.
- 4) The advance to the Subsidiary Company as on 31st March, 2003 was Rs. NIL.

II. PADMANABH AGENCIES LTD.

- 1) The Company also holds whole of the Subscribed Capital of Rs. 1,00,000/- in the Subsidiary Company. There were no activities during the year in the Subsidiary Company.
- 2) The advance to the Subsidiary Company as on 31st March, 2003 was Rs. 29,850/-.

R. L. Somani
Senior Manager &
Company Secretary

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

S. K. Somaiya Chairman & Managing Director

Samir S. Somaiya Executive Director

Indubhai C. Patel } Directors

Kailash Pershad }

P. M. Kavadia Whole-time Director

Place : Mumbai

Date : 28th August, 2003.

DIRECTORS' REPORT

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

Your Directors submit herewith their Forty Eighth Annual Report and Audited Accounts of the Company for the year ended 31st March 2003. The working of the Company for the year resulted in Profit of Rs.1,419/- after providing for Income Tax of Rs.825/-.

After adjusting the brought forward Loss of Rs.2,09,795/-, the balance of loss works out to Rs.2,08,376/- which is carried to Balance Sheet. Your Directors do not recommend any dividend for the year.

Further during the year, pursuant to the provision of section 81 of the Companies Act 1956, the additional share capital of the company has increased from Rs.2,00,000/- to Rs. 5,00,000/- by issue of right shares to the existing shareholders. The company has called up call money @ 50/- per share on existing issued capital.

DIRECTORS :

Shri R.Venkaraman retires by rotation and being eligible, offers himself for re-appointment.

CONSERVATION OF ENERGY :

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

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

PARTICULARS OF EMPLOYEES :

There were no employees, employed during the year or part thereof drawing remuneration as mentioned in Section 217(2AA) of the Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT:

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied 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.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability.
- iv) The Directors have prepared the annual accounts on a going concern basis.

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

For and on behalf of the Board of Directors,

R. VENKATARAMAN
J. R. SHUKLA } Directors

PLACE : Mumbai

DATE : 27th August, 2003.

We have audited the Balance Sheet of Godavari Investment and Finance Corporation Ltd. As at 31st March, 2003 and the Annexed Profit and Loss Account for the year ended on that date and have to report that: -

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
2. In our opinion, proper Books of Accounts as required by law, have been kept by the Company so far as they appear from our examination of the Books.
3. The Balance Sheet and the Profit and Loss Account dealt with by this Report are in Agreement with the Books of Accounts.
4. In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003 and
 - b) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date: -

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 we further state that: -

1. As the Company does not have any Fixed Assets, Clause I & II of Para 4A of the Order do not apply. As the Company has not carried on any manufacturing or trading activity clause III, IV,V,VI,X,XI,XII,XIV,XVI of paragraph 4A of the Order are not applicable to the company.
2. There is no Stock of Stores and therefore Clauses Nos. III,IV,V, VI,X,XI,XII and XIV are not applicable.
3. Clause No.VII is not applicable, as the Company has not taken any loans, Secured or Unsecured, from the companies firm or other parties' listed Under Section 301(1B) of the Companies Act, 1956,during the year.
4. Clause No.VIII is not applicable as the Company has not granted any loans, secured or unsecured, to the companies, firms or other parties' listed under Section 301 or Section 370 (1B) of the Companies Act, 1956, during the year.
5. In our opinion, the parties to whom loans or advances

in the nature of loans are given are regular in repayment of loan amounts and interest payment. However, no stipulation has been provided for repayment of loan amount and interest.

6. In our opinion and in accordance with the information and explanation given to us there is adequate internal control procedure commensurate with the size of the company and the nature of its business and the quantum of purchase of stores.
7. Provision of Section 58A of the Companies Act, 1956 and the companies (Acceptance of deposits are not applicable as the company has not invited any deposits from the public.
8. As the company does not have paid -up capital exceeding Rs.25 lacs or average annual turnover exceeding Rs.2 cores for a period of three consecutive financial years proceeding the relevant financial year, provision regarding internal audit system are not applicable.
9. Maintenance of cost records has not been prescribed U/S 209(1) (d) of the Companies Act,1956 to the company.
10. In our opinion, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty and excise duty outstanding as on 31-3-2003 for a period of more then six months from date they became payable.
11. In our opinion no personal expenses of employees or directors have been charged to revenue account.
12. The company is not a Sick Industrial company within the meaning of clause (c) of sub -section (1) of Section 3 of the Sick Industrial companies (Special provisions) Act, 1985.
13. As regards service activities, Clause 4 B (ii) to 4 B (iv) are not applicable to the company.

For Y. S. MUZUMDAR & CO.
Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)

PLACE : Mumbai

DATE : 27th August, 2003.

SCHEDULE : 11 NOTES ON ACCOUNTS

Significant Accounting Policy

I. ACCOUNTING CONCEPT

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

II. INVESTMENTS

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

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

As per our report of even date

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

Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)

R. VENKATARAMAN

J. R. SHUKLA

} Directors

PLACE : Mumbai

DATE : 27th August, 2003.

PLACE : Mumbai

DATE : 27th August, 2003.

GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2003

		Rupees	31-03-2003 Rupees	31.03.2002 Rupees
SOURCE OF FUNDS :				
SHAREHOLDERS' FUNDS:				
(a) Share Capital	1	5,00,000		1,00,000
(b) Reserves & Surplus	2	<u>1,400</u>		<u>1,400</u>
			5,01,400	1,01,400
LOANS :				
(a) Secured Loans			-	-
(b) Unsecured Loans			-	-
TOTAL FUNDS EMPLOYED			<u>5,01,400</u>	<u>1,01,400</u>
APPLICATION OF FUNDS :				
INVESTMENTS	3		7,200	7,200
CURRENT ASSETS				
(a) Debtors	4	7,200		-
(b) Cash and Bank Balances	5	2,76,274		6,004
(c) Loans and Advances	6	<u>4,415</u>		<u>5,388</u>
		2,87,889		11,392
LESS CURRENT LIABILITIES & PROVISIONS				
(a) Current Liabilities	7	1,240		1,25,937
(b) Provisions	8	<u>825</u>		<u>1,050</u>
		2,065		1,26,987
NET CURRENT ASSETS			2,85,824	(1,15,595)
PROFIT & LOSS ACCOUNT			2,08,376	2,09,795
TOTAL FUNDS EMPLOYED			<u>5,01,400</u>	<u>1,01,400</u>
NOTES ON ACCOUNTS	11			

As per our report of even date

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

Chartered Accountants

Y. S. MUZUMDAR

(Proprietor)

PLACE : Mumbai

DATE : 27th August, 2003.

R. VENKATARAMAN

J. R. SHUKLA

} Directors

PLACE : Mumbai

DATE : 27th August, 2003.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

	SCHEDULES	31-03-2003 Rupees	31.03.2002 Rupees
INCOME :			
	9	7,200	4,110
		<u>7,200</u>	<u>4,110</u>
EXPENDITURE :			
Establishment and other Expenses	10	4,956	4,160
		<u>4,956</u>	<u>4,160</u>
PROFIT BEFORE TAX :			
Provision for Taxation		2,244	(50)
Net Profit / (Loss) for the Year		825	-
Balance Loss brought forward from last year		1,419	(50)
Loss available for Appropriations		<u>(2,09,795)</u>	<u>2,09,745</u>
		<u>(2,08,376)</u>	<u>(2,09,795)</u>
APPROPRIATIONS :			
Balance being loss Carried to Balance Sheet		<u>(2,08,376)</u>	<u>(2,09,795)</u>
NOTES ON ACCOUNTS :	11		

Accompanying to our report of even date annexed
For **Y. S. MUZUMDAR & CO.**
Chartered Accountants

Y. S. MUZUMDAR
(Proprietor)
PLACE : Mumbai
DATE : 27th August, 2003.

R. VENKATARAMAN
J. R. SHUKLA } Directors

PLACE : Mumbai
DATE : 27th August, 2003.

GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2003

	31-03-2003 Rupees	31-03-2002 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL :		
5,000 Ordinary (Equity) Shares of Rs.100/- each fully paid up	<u>5,00,000</u>	<u>5,00,000</u>
ISSUED AND SUBSCRIBED CAPITAL		
5000 Equity Shares of Rs.100/- each (previous years 2000 Equity Shares of Rs.100/- each on which Rs.50/-has been paid and called up, held by holding company The Godavari Sugar Mills Ltd.)	<u>5,00,000</u>	<u>1,00,000</u>
SCHEDULE 2 : RESERVE AND SURPLUS		
General Reserve	<u>1,400</u>	<u>1,400</u>
	<u>1,400</u>	<u>1,400</u>
SCHEDULE 3 : INVESTMENT		
720 Equity Shares of Rs.10/- each of Mamli Pvt. Ltd.	<u>7,200</u>	<u>7,200</u>
SCHEDULE 4 : DEBTORS		
Debts outstanding for a period exceeding six months considering good	-	-
less than six months	<u>7,200</u>	-
	<u>7,200</u>	-
SCHEDULE 5 : CASH & BANK BALANCE		
Cash on hand	2	280
In current account with Scheduled Bank	<u>2,76,272</u>	<u>5,724</u>
	<u>2,76,274</u>	<u>6,004</u>
SCHEDULE 6 : LOANS & ADVANCES		
Loans to cane growers	4,338	4,338
Income tax	77	1,050
	<u>4,415</u>	<u>5,388</u>
SCHEDULE 7 : CURRENT LIABILITIES		
Sundry Creditors	<u>1,240</u>	<u>1,25,937</u>
	<u>1,240</u>	<u>1,25,937</u>
SCHEDULE 8 : PROVISIONS		
Provision for Income Tax for the year	<u>825</u>	<u>1,050</u>
	<u>825</u>	<u>1,050</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

SCHEDULE 9 : INCOME

Consultancy Charges	7,200	-
Sundry Credit balance written back / excess provision	-	4,110
	<u>7,200</u>	<u>4,110</u>

SCHEDULE 10 : ESTABLISHMENT EXPENSES

Professional Tax	1,700	2,200
Miscellaneous Expenses	-	1,435
Fees & Stamps	2,100	-
Bank Charges	91	-
Audit Fees	1,065	525
	<u>4,956</u>	<u>4,160</u>

GODAVARI INVESTMENT AND FINANCE CORPORATION LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. Registration Details

Registration No.	9707	State Code	11
Balance Sheet Date	31 03 2003		

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

Public Issue	NIL	Right Issue	300
Bonus Shares	NIL	Private Placement	NIL

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

Sources of Funds	Total Liabilities	501	Total Assets	501
	Paid-up Capital	500	Reserves & Surplus	1
	Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds	Net Fixed Assets	NIL	Investments	7
	Net Current Assets	286	Misc. Expenditure	208

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

Turnover & Other Income	7	Total Expenditure	5
+/- Profit/Loss Before Tax	+ 2	+/- Profit / Loss After Tax	+ 1
Earning per Share in Rs.	0.28	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
Item Code No. (ITC Code)	NIL
Product Description	NIL
Item Code No. (ITC Code)	NIL
Product Description	NIL

As per our report of even date

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

Y. S. MUZUMDAR
(Proprietor)

PLACE : Mumbai

DATE : 27th August, 2003.

R. VENKATARAMAN

J. R. SHUKLA

} Directors

PLACE : Mumbai

DATE : 27th August, 2003.

DIRECTORS' REPORT

The Shareholders,
PADMANABH AGENCIES LIMITED ,
MUMBAI.

Your Directors submit herewith Fifth Annual Report and Audited Statement of Accounts of the Company for the year ended 31st March, 2003.

The Company has not yet commenced business activity.

During the year, pursuant to the provision of section 81 of the Companies Act, 1956, the additional share capital of the Company has increased from Rs.1,720/- to Rs.1,00,000/- by issue of right shares to the existing share holders.

Directors' Responsibility Statement:

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

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

CONSERVATION OF ENERGY ETC. :

The Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1998 with regard to annexing particulars about conservation of Energy/Technical absorption do not apply to your company.

EARNING / OUTGO IN FOREIGN EXCHANGE :

There was no Expenditure / Earning in Foreign Exchange during the year under Report.

PARTICULARS OF EMPLOYEES :

There were no employees, employed during the year or part thereof drawing remuneration as mentioned in section 217(2A) of the Companies Act, 1956.

AUDITORS :

You are requested to appoint Auditors and fix their remuneration.

For and on behalf of the Board of Directors,

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

PLACE : Mumbai

DATE : 28th August, 2003.

AUDITORS' REPORT TO THE SHAREHOLDERS

The Shareholders,
Padmanabh Agencies Ltd.
Mumbai.

We have audited the attached Balance Sheet of Padmanabh Agencies Ltd. as at 31st March, 2003 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 and report that:

- 1) No report is annexed as required by the Manufacturing and other Companies (Auditors Report) Order 1988 issued by the Company Law Branch in terms of Section 227 (4A) of Companies Act, 1956 as the Company has not commenced its operation during the year.
- 2) Further to our comment in paragraph 1 above we report that :
 - I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
 - II. In our opinion proper Books of Accounts required by Law have been kept by the Company so far as it appears from our examination.
 - III. The Balance Sheet dealt with this report is in agreement with the Books of Accounts.
 - IV. In our opinion, the Balance Sheet comply with the Accounting standards referred to in Sub section (3C) of section 211 of the Companies Act, 1956 as applicable to the Companies.
 - V. In our opinion and to the best of our information and according to the 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, 2003.

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

Y. S. MUZUMDAR
(Proprietor)

PLACE : Mumbai
DATE : 28th August, 2003.

PADMANABH AGENCIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2003

As at 31-03-2002	LIABILITIES	As at 31-03-2003	As at 31-03-2002	ASSETS	As at 31-03-2003
Rupees		Rupees	Rupees		Rupees
	I. AUTHORISED CAPITAL :			I. CASH AND BANK BALANCES :	
10,00,000	1,00,000 Shares of Rs.10/- each	10,00,000	9,319	Cash At Bank	1,07,237
	II. SUBSCRIBED CAPITAL :			II. MISCELLANEOUS EXPENDITURE :	
1,720	10,000 Shares of Rs. 10/- each Fully paid up	1,00,000	22,514	Preliminary Expenses	22,883
	III. CURRENT LIABILITIES AND PROVISIONS :				
29,850	Loans from The Godavari Sugar Mills Ltd.	29,850			
263	Outstanding Expenses	270			
30,113		30,120			
31,833	TOTAL RUPEES :	1,30,120	31,833	TOTAL RUPEES :	1,30,120

Since Commercial Activity has not commenced during the year 2002-2003, no Profit & Loss Account has been prepared.

Accompanying to our report of even date annexed

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

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

Y. S. MUZUMDAR
(Proprietor)

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

PLACE : Mumbai

DATE : 28th August, 2003.

PLACE : Mumbai

DATE : 28th August, 2003.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I. Registration Details

Registration No.
 Balance Sheet Date

State Code

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

Public Issue	<input type="text" value="NIL"/>	Right Issue	<input type="text" value="98"/>
Bonus Shares	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

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

	Total Liabilities	<input type="text" value="130"/>	Total Assets	<input type="text" value="130"/>
Sources of Funds	Paid-up Capital	<input type="text" value="100"/>	Reserves & Surplus	<input type="text" value="0"/>
	Secured Loans	<input type="text" value="0"/>	Unsecured Loans	<input type="text" value="30"/>
Application of Funds	Net Fixed Assets	<input type="text" value="0"/>	Investments	<input type="text" value="0"/>
	Net Current Assets	<input type="text" value="107"/>	Misc. Expenditure	<input type="text" value="23"/>
	Accumulated Losses	<input type="text" value="NIL"/>		

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

Turnover & Other Income	<input type="text" value="NIL"/>	Total Expenditure	<input type="text" value="NIL"/>
+/- Profit/Loss Before Tax	<input type="text" value="+"/> <input type="text" value="NIL"/>	+/- Profit / Loss After Tax	<input type="text" value="+"/> <input type="text" value="NIL"/>
Earning per Share in Rs.	<input type="text" value="NA"/>	Dividend Rate %	<input type="text" value="NA"/>

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

Item Code No. (ITC Code)	<input type="text" value="NIL"/>
Product Description	<input type="text" value="NIL"/>
Item Code No. (ITC Code)	<input type="text" value="NIL"/>
Product Description	<input type="text" value="NIL"/>
Item Code No. (ITC Code)	<input type="text" value="NIL"/>
Product Description	<input type="text" value="NIL"/>

As per our report of even date

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

S. K. SOMAIYA

S. S. SOMAIYA

} Directors

Y. S. MUZUMDAR
(Proprietor)

PLACE : Mumbai

DATE : 27th August, 2003.

PLACE : Mumbai

DATE : 27th August, 2003.