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69th
Annual Report
&
Accounts
2001-2003

Ravalgaon[®]

The Ravalgaon Sugar Farm Ltd.

The Ravalgaon Sugar Farm Ltd.

BOARD OF DIRECTORS	Shri HARSHAVARDHAN B. DOSHI (Chairman & Managing Director) Shri S. N. RAJADHYAX (Executive Director – Confectionery Division) upto 30.09.20 Shri GANGADHAR G. GADGIL Shri Y.P. DANDIWALA Shri M.B. BHIDE Shri MOORAD FAZALBHOY Shri MANSINGRAO J. JADHAV Shri D.S. KULKARNI
AUDITORS	M/s. K.S. AIYAR & CO. Chartered Accountants
SOLICITORS	M/s. MULLA & MULLA & CRAIGIE BLUNT & CAROE
BANKERS	DENA BANK BANK OF BARODA
REGISTERED OFFICE	Ravalgaon-423 108, Taluka Malegaon, Dist. Nasik, Maharashtra
CORPORATE OFFICE	Meher Chambers, 3rd Floor, Dr. S. B. Path, Ballard Estate, Mumbai 400 038 Telephone Nos.: 2261 3034 / 2261 3038 Fax No.: 2269 3047
FACTORY	Ravalgaon-423 108, Taluka Malegaon, Dist. Nasik, Maharashtra Telephone Nos.: (95-255) 2450274 / 2450238

ANNUAL GENERAL MEETING: at 9.30 A.M. on Thursday, the 31st July, 2003 at Krida Mandal Hall, Ravalgaon-423 108, Taluka Malegaon, Dist. Nasik, Maharashtra.

The practice of distributing copies of the Annual Report at the Annual General Meeting has been discontinued as a measure of economy. Members are, therefore, requested to bring their copies of the Annual Report to the Meeting.



NOTICE

NOTICE IS HEREBY GIVEN that the SIXTY-NINTH ANNUAL GENERAL MEETING of the Company will be held as scheduled below:

DAY : Thursday

DATE : 31st July, 2003

TIME : 9.30 A.M.

PLACE : At Krida Mandal Hall, Ravalgaon-423 108, Taluka Malegaon,
Dist. Nasik, Maharashtra.

To transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Directors' Report, the Auditors' Report and the Balance Sheet and Profit and Loss Account for the period ended 31st March, 2003.
2. To appoint a Director in place of Shri G. G. Gadgil, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri D. S. Kulkarni, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

By Order of the Board,

H. B. DOSHI
Chairman & Managing Director

Registered Office:

Ravalgaon-423 108
Taluka Malegaon
Dist. Nasik, Maharashtra

Dated : 20th June, 2003.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 24th July, 2003 to Thursday, the 31st July, 2003. (both days inclusive).
3. Members are requested to intimate change of address, if any, immediately.
4. Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed dividends upto the year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Kalachowki, Mumbai, Maharashtra. Members may approach the Company for assistance in this regard.
5. Securities and Exchange Board of India has notified your Company's equity shares for compulsory trading in dematerialised form from November 27, 2000. Accordingly, the Company has already signed an agreement with M/s. Intime Spectrum Registry Pvt. Ltd., 260, Shanti Ind. Estate, S. N. Road, Mulund (W), Mumbai 400 080 for connectivity for dematerialisation of the Company's shares with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). In view of the numerous advantages offered by Depository System, Members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.
6. Information required to be furnished under the Listing Agreement. As required under the Listing Agreement with the Stock Exchanges, the particulars of Directors who are proposed to be appointed, are given below:

- I. Name : Shri G. G. Gadgil
 Date of Birth : 25th August, 1923
 Qualification : M.A. (ECONOMICS), Bombay University
 Expertise : Business Economics
 Director of the Company since 29th July, 1971.
 He is also the Member of Remuneration Committee.
 Other Directorship : Not Applicable.
- II. Name : Shri D. S. Kulkarni
 Date of Birth : 8th September, 1931
 Qualification : B.A., L.L.B., – Advocate
 Expertise : Law - Specially Civil Law with Land Matters.
 Director of the Company since 14th March, 1997.

Other Directorship :

	Name of the Company	Position Held	Committee Type	Membership Status
1.	Acrow India Ltd.	Director	—	—



DIRECTORS' REPORT

To

The Members of

THE RAVALGAON SUGAR FARM LTD.

Your Directors present the Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2003.

FINANCIAL RESULTS:

	(Rs. in Lacs) 1st Oct., 2001 to 31st Mar. 2003	(Rs. in Lacs) 1st Oct., 2000 to 30th Sept., 2001
The Net Profit/Loss (-) is after providing for	- 488.87	199.45
(i) Depreciation	414.30	255.61
(ii) Prior Period Items	0.81	NIL
(iii) Exceptional Items	171.72	NIL
(iv) Provision for Taxation written Back (Net)	- 398.87	156.28
Add: Balance brought forward	—	90.00
Amount available for appropriation	- 488.87	289.45
Appropriations:		
Proposed Dividend	Nil	34.00
Tax on Proposed Dividend	Nil	3.46
Transfer to General Reserve	Nil	161.99
Transfer from General Reserve	488.87	Nil
Balance carried to Balance Sheet	Nil	90.00
	<u>488.87</u>	<u>289.45</u>

DIVIDEND:

In view of losses, your Directors express their inability to recommend any Dividend on Equity Shares.

OPERATIONS:

SUGAR

The following table gives the comparative figures of sugarcane crushed, sugar bags produced and the rate of recovery for the current accounting period and the previous accounting year.

	Current		Previous
	2002-2003	2001-2002	2000-2001
Sugarcane crushed in M.T.	2,42,719	2,84,415	4,51,196
Sugar Bags Nos.	2,51,000	2,92,000	5,01,555
Recovery	10.38%	10.23%	11.12%

It may be seen that substantial drop in the Sugarcane crushing over previous year is due to inadequate seasonal rainfall during the previous monsoon seasons, which affected the condition of standing cane in the cane area of the Company and also received set back in fresh plantation. The Company expects that there may be some reduction in the total crushing for the current year due to the reason mentioned above.

Your Company has to carry large inventory of sugar stocks over the previous year, due to inadequate releases received from the Government of India which has resulted into high interest/storage cost during the period under review. This has adversely affected the profitability of the Company.

SUGARCANE DEVELOPMENT:

The Company is continuing its efforts to introduce progressive varieties of Sugarcane which has resulted in maintaining the recovery.

CANDY SUGAR:

Candy sugar and Bura production was 14,271 bags during the period under review as compared to 27,741 bags during the previous year.

CONFECTIONERY:

Production of confectionery was 7,591 M.T. during the period under review as compared to the production of 6,459 M.T. for the previous year. The Company's thrust on its well known brands such as Pan Pasand, Mango Mood, Coffee Break, Hi Toffee etc. is continuing with the same vigour. These brands alongwith other traditional brands are receiving good response.

POLLUTION, ENVIRONMENT AND SAFETY:

Adequate anti-pollution measures for the protection of environment and industrial safety have been taken at your factory by installing effluent treatment plant, fly ash arrester in boilers etc. as per the norms prescribed by the Government.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that –

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made that are 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 period and the profit and loss account of the Company for that period.
- (c) Proper and sufficient care has been taken for maintaining 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.
- (d) The Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a management discussion and analysis report and a report on Corporate Governance are given as annexure "A" and "B" to the report. A certificate from the statutory Auditors of the Company regarding compliances of conditions of Corporate Governance is also annexed thereto.

SECRETARIAL COMPLIANCE CERTIFICATE:

A Secretarial Compliance Certificate pursuant to Section 383A of the Companies Act, 1956 is attached herewith as per Annexure — 'C'.

**AUDITORS' REPORT:**

Auditors in their report have made observations in respect of non provision for the present value of accrued gratuity liability pertaining to earlier years, Excise Duty and non provision for Income Tax liability as per the provisions of Section 115 JA of the Income Tax, 1961 for the period 1st October, 1999 to 30th September, 2000. Suitable explanation has been provided by way of notes 7,14,16 respectively of Schedule N (B) forming part of the Accounts. These notes should be considered as explanation by Directors as part of their report.

PARTICULARS REGARDING EMPLOYEES:

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being circulated to all the Shareholders excluding the aforesaid information. Shareholders, interested in obtaining this information, may write to the Registered Office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Statement giving particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earning and outgo as required under Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is annexed and forms part of this Report, as per Annexure — 'D'.

DIRECTORS:

Shri G. G. Gadgil and Shri D. S. Kulkarni retire by rotation under Article 152 of Articles of Association and being eligible offer themselves for re-appointment.

AUDITORS:

You are requested to appoint Auditors for the current year and authorise the Board to fix their remuneration. The retiring Auditors, M/s. K. S. Aiyar & Co., being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to place on record their sincere appreciation of the timely assistance and cooperation extended by Financial Institutions, Company's Bankers and various Government Agencies/Bodies and look forward to receive their continuous support.

Your Directors also wish to place on record their appreciation of the services rendered and co-operation extended by the workmen, staff, executives, dealers, customers and others concerned.

The Board of Directors also expresses its thanks to the shareholders for their support to and confidence reposed in the Company.

For THE RAVALGAON SUGAR FARM LTD.

H. B. DOSHI

Chairman & Managing Director

Registered Office:

Ravalgaon-423 108

Taluka Malegaon

Dist. Nasik, Maharashtra

Dated : 20th June, 2003.

ANNEXURE — A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY — STRUCTURE AND DEVELOPMENT:

The Company is engaged in the business of manufacture of Sugar and various Confectionery Products. It has manufacturing facilities at Ravalgaon (Maharashtra) and Corporate Office in Mumbai. The products manufactured by the Company at present include sugar, candy and confectionery etc.

BUSINESS OUTLOOK:

The performance of the Company during the period was adversely affected due to excessive production in Sugar Industry, adverse market conditions and carry over huge stock of sugar. Similarly the Company has to face stiff competition from imports of Confectionery products due to liberalisation. The Company is working towards cost reduction in all its activities to increase profitability. Overheads being scaled down at all locations including Corporate Office and Logistics and freight cost being review at all locations. Depot location being rationalised and the total number being reduced.

OPPORTUNITIES AND RISKS:

In view of the anticipated growth in the demand for the products of the Company in the years to come opportunities for the Company to improve its performance are enormous. The Company has also decided to improve its operating efficiency by incorporating various balancing equipments and also by placing emphasis on efficient and professional management of the available resources of the Company.

The plant and machinery of the Company are of the state of the art technology. The products of the Company are of the best quality and have been accepted by well known end users.

HUMAN/INDUSTRIAL RELATIONS:

Since the very inception of the Company, the industrial relations have been very cordial at all locations of the Company. The Company believes that manpower is the most valuable primary resource for the growth of the organisation. Therefore, the Company has recruited competent managerial personnel and has taken steps for strengthening their involvement in the Company's development and by installation of effective monitoring system for improving productivity.

INTERNAL CONTROL SYSTEM AND THE ADEQUACY:

The Company maintains adequate internal control systems, which provide among other things, reasonable assurance of recording the transaction of its operations in all materials respects and of providing protection against significant mis-use or loss of Company's assets.

CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw material costs and availability, change in Government regulations and tax structure, economic developments within India and other factors such as litigation and Industrial relations.

The Company assumes no responsibility in respect of forward looking statements which may be amended or modified in future on the basis of subsequent developments, information or events.

ANNEXURE — B

REPORT ON CORPORATE GOVERNANCE

This report on Corporate Governance forms the part of the Directors' Report. This section besides being in compliance with the mandatory listing agreement requirements gives an insight into the process of functioning of the Company.

Company's Philosophy on Code of Corporate Governance.

- To adopt internal and external measures to increase the level of transparency and accountability.
- To demonstrate to stakeholders that the Company is following right governance practices.
- To lead the Company towards high growth path of higher profits and revenue.
- To respect the laws of the land and rights of stakeholders and to get respect from all concerned.
- To uphold at all times fundamental values of accountability, probity and transparency in all areas of its operations and business practices.

Board of Directors

• Composition of Board of Directors

The Board of Directors of the Company comprises of seven Directors. Of these, one is whole-time Director including the Chairman and Managing Director, who is a promoter Director. The rest of the Board comprises six non-executive and independent Directors. They bring in their wide range of skills, considerable professional experience and expertise in respective fields. All the directors are professional. There has been change in the composition of the Board during the period from 1st October, 2001 to 31st March, 2003. Mr. S. N. Rajadhyax, Executive Director has tendered his resignation w.e.f. 1st October, 2002.

The composition is as under :

Name of the Director	Designation	Category	Status
Shri H. B. Doshi	Chairman & Managing Director	Executive	Promoter
Shri S. N. Rajadhyax Upto 30-9-2002	Director	Executive	Non-Independent
Shri G. G. Gadgil	Director	Non-Executive	Independent
Shri M. B. Bhide	Director	Non-Executive	Independent
Shri Y. P. Dandiwal	Director	Non-Executive	Independent
Shri Moorad Fazalbhoy	Director	Non-Executive	Independent
Shri D. S. Kulkarni	Director	Non-Executive	Independent
Shri M. J. Jadhav	Director	Non-Executive	Independent

None of the Directors is a member in more than ten committees or acts as a Chairman in more than five committees across all companies in which he is a Director.

• **Board Meetings and attendance record of each Director**

1. The Board of Directors met six times on 21st December, 2001, 31st January, 2002, 18th April, 2002, 26th July, 2002, 27th December, 2002 and 31st January, 2003.
2. The attendance record of each of the Directors at the Board Meetings during the period from 1st October, 2001 to 31st March, 2003 and of the last Annual General Meeting is as under:

Directors	No. of Board Meeting attended	Attendance at the last AGM
Shri H. B. Doshi	6	Yes
Shri S. N. Rajadhyax	2	No
Shri G. G. Gadgil	5	Yes
Shri M. B. Bhide	5	Yes
Shri Y. P. Dandiwala	5	No
Shri Moorad Fazalbhoj	4	No
Shri D. S. Kulkarni	5	Yes
Shri M. J. Jadhav	4	No

Board Procedures

The members of the Board have been provided with the requisite information mentioned in the listing agreements well before the Board Meetings and the same was dealt with appropriately. All the directors who are on various committees are within permissible limits of the listing agreements.

Details of Remuneration paid to the Directors for the period ended on 31st March, 2003 is as follows:

Name	Position held During the period	Salary and Allowances Rs. in Lac	Perquisites Rs. in Lac	Total Remuneration Rs. in Lac
Shri H. B. Doshi	Chairman and Managing Director	49.57	2.82	52.39
Shri S. N. Rajadhyax Upto 30-9-2002	Executive Director	9.56	0.75	10.31

No remuneration was paid to any non-executive directors other than the sitting fees aggregating Rs. 82,000/- for attending the Board Meetings/Audit Committee Meetings/Remuneration Committee Meetings. Further a sum of Rs. 1,80,000/- to a Director for ending legal services.

• **Committee of Directors Meetings:**

The Committee of Directors met three times on 29th October, 2001, 23rd January, 2002 and 28th February, 2003.