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71st

Annual Report

&

Accounts

2004-2005

**Ravalgaon®**

**The Ravalgaon Sugar Farm Ltd.**

# The Ravalgaon Sugar Farm Ltd.

**BOARD OF DIRECTORS**

Shri HARSHAVARDHAN B. DOSHI  
(Chairman & Managing Director)

Shri GANGADHAR G. GADGIL

Shri Y. P. DANDIWALA

Shri M. B. BHIDE

Shri MOORAD FAZALBHOY

Shri MANSINGRAO J. JADHAV

Dr. 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, 3<sup>rd</sup> 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.: (02554) 270274 / 270238

**ANNUAL GENERAL MEETING:** at 9.30 A.M. on Friday the 30<sup>th</sup> September, 2005 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 SEVENTY-FIRST ANNUAL GENERAL MEETING of the Company will be held as scheduled below:

DAY : Friday

DATE : 30<sup>th</sup> September, 2005

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 financial year ended 31<sup>st</sup> March, 2005.
2. To declare Dividend.
3. To appoint a Director in place of Shri Y. P. Dandiwala, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Mansingrao J. Jadhav, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration

**SPECIAL BUSINESS:**

6. To consider, and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT in terms of the provisions of the Companies Act, 1956, the rules made thereunder and the articles of association of the Company, the directors of the Company be paid remuneration, by way of fee, not exceeding the maximum sum prescribed from time to time, for each meeting of the Board or a committee thereof attended by him.”

7. To consider, and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 81 (1-A) and other applicable provisions, if any, of the Companies Act, 1956 (Act), (including any statutory modification or re-enactment thereof for the time being in force) and any other statutory/regulatory authorities and subject to such approvals / consents / permissions / sanctions as may be required in accordance

with applicable laws, rules, regulations and guidelines and subject to such conditions as the authorities may impose at the time of granting their approvals / consents / permissions / sanctions and which may be agreed to by the Board of Directors of the Company (the "Board", which expression shall include any Committee thereof constituted by the Board), consent of the Company be and is hereby accorded to the Board to issue and allot, in one or more tranches and upon such terms and conditions as may be deemed appropriate by the Board, by way of preferential issue/private placement/public offer upto 3,00,000 Redeemable Preference Shares of Rs.100/- each of the Company for cash, at a price of Rs.100/- per Redeemable Preference Share.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above:

- a) The Board be and is hereby authorized to determine the form and terms of the Issue(s) of Redeemable Preference Shares, the class of investors to whom the Preference Shares are to be allotted, number of Preference Shares to be offered and allotted in each tranche.
- b) The Board may in its absolute discretion decide about the time or times to make the offer, issue and allotment of the aforesaid Preference Shares.
- c) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Preference Shares and also shall be entitled to vary, modify or alter any of the terms and conditions, including the size of the issue, as it may deem expedient.
- d) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of directors or any other officer or officers of the Company to give effect to the aforesaid resolution.

**RESOLVED FURTHER THAT** for giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Preference Shares and the utilisation of the issue proceeds of the Preference Shares for the Company's working capital, expansion plans, acquisitions, capital expenditure and other corporate initiatives etc., to prescribe the forms of application, enter into any agreements or other instruments, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as the Board may deem fit."

By Order of the Board,

**H. B. DOSHI**  
Chairman & Managing Director

**Registered Office :**  
Ravalgaon - 423 108  
Taluka Malegaon  
Dist. Nasik, Maharashtra.

**Dated : 22<sup>nd</sup> July, 2005**

## NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business as set out above is annexed hereto.
2. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 24<sup>th</sup> September, 2005 to Friday, the 30<sup>th</sup> September, 2005. (both days inclusive)
4. The Dividend on shares as recommended by the Directors for the year ended 31<sup>st</sup> March, 2005, if declared at the Annual General Meeting will be paid to those shareholders whose names appear on the Register of Members of the Company on 30<sup>th</sup> September, 2005 or on the Register of Beneficial Owners maintained by the Depositories as at the close of their business hours on 23<sup>rd</sup> September, 2005.
5. The members holding shares in physical form are requested to notify immediately details of any change / correction in their address etc. to the Company's Registrars and Share Transfer Agents. Members holding shares in demat account (electronic form) may notify any change to the Depository Participant.
6.
  - i) Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31<sup>st</sup> March, 1994 have been transferred to the General Revenue Account of the Central Government. The shareholders who have not encashed their dividend warrants upto the said period are requested to claim the amount from the Registrar of Companies, Maharashtra.
  - ii) The dividend for the financial years ended 31<sup>st</sup> March, 1995, 31<sup>st</sup> March, 1996 and 30<sup>th</sup> September, 1997 which remained unclaimed for 7 years from the date of declaration has been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 C of the Companies Act, 1956.
  - iii) Dividend for the financial year ended 30<sup>th</sup> September, 1998 which remains unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 26<sup>th</sup> February, 2006 pursuant to the provisions of Section 205 A & 205 C of the Companies Act, 1956.
  - iv) Shareholders are requested to note that no claim shall lie against the Company or the said Investor Education and Protection Fund after the transfer of unclaimed dividend to the fund.
7. The shares of the Company are under compulsory demat list of SEBI and therefore trading in equity shares can be done only in demat form. In case you have not demated your shares, you may do so by opening an account with any Depository Participant and completing the dematerialisation procedure.
8. With effect from 1<sup>st</sup> April, 2005 the Company's Registrars & Share Transfer Agent is **M/s. Amtrac Management Services Ltd.,** Plot No.101/102, 19<sup>th</sup> Street, MIDC Industrial Area, Satpur, Nasik - 422 007. Tel No. (0253) 2354032 / Fax No.(0253) 2351126 /

Email : amtrac\_nsk@sancharnet.in who will deal with all matters pertaining to equity shares of the Company held in physical form or demat form

9. At the ensuing Annual General Meeting, Shri Y. P. Dandiwalwa and Shri Mansingrao J. Jadhav retire by rotation and being eligible offer themselves for re-appointment. The information and details pertaining to these directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange are given below:

Shri. Y. P. Dandiwalwa, age 54, is a Director of the Company since 25<sup>th</sup> November, 1991. He holds B.Sc., L.L.B and Solicitor degrees and has vast experience in the profession of Law. He is a partner in Mulla & Mulla & Craigie Blunt & Caroe, Advocates, Solicitors and Notaries. He is the Chairman of Audit Committee and Remuneration Committee of the Company and also member of Investors / Shareholders Grievance Committee. He is a Director of Carina Finvest Ltd.

Shri. Mansingrao J. Jadhav, age 69, is a Director of the Company since 29<sup>th</sup> June, 1993. He holds a B.Sc. (A.N.S.I.) Sugar Technology Degree and has vast experience in the field of Sugar Manufacturing and Sugar Technology. He is the Chairman of Marvelous Group of Companies, Kolhapur.

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## EXPLANATORY STATEMENT

As required by Section 173 of the Companies Act ("the Act"), the following Explanatory Statement sets out the material facts relating to the special business under item Nos 6 and 7 mentioned in the accompanying Notice dated 22<sup>nd</sup> July, 2005.

### Item No.6

SEBI by its circular no.SEBI/CFD/DIL/CG/1/2004/12/10 dated 29<sup>th</sup> October, 2004 has revised the clause 49 of the listing agreement relating to Corporate Governance with effect from 31.12.2005.

As per the provisions of the clause 1 (B) of the revised clause 49 of the listing agreement entered into by the Company with the Stock Exchange, Mumbai all fees/compensation, if any, paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in general meeting.

Your Company is paying Rs.2000/- as fees per meeting to each of the non-executive director for attending meetings of the Board and/or committee thereof as against the maximum permissible amount of Rs.20,000/- prescribed presently under the provisions of the Companies Act 1956. Considering the experience and expertise of the non-executive directors the payment of sitting fees of Rs.2000/- for attending the meeting of the Board or committee thereof is very reasonable and well within the prescribed limit as stated above.

The resolution under item No.6 authorizes the Board of Directors to fix the fees payable to the Board of Directors for attending meetings of the Board and committee thereof within the maximum limit permissible under the provisions of the Companies Act, 1956.

The Board commends the Resolution for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of the fees paid/payable to them.

#### **Item No.7**

The Company is proposing to issue Redeemable Preference Shares to augment its working capital requirements, capital expenditure, and other corporate initiatives.

Under the provisions of section 81 of the Companies Act, 1956, in the event that in a further issue of securities the shares are not offered to the existing equity shareholders in the ratio of the shares already held by them, the Company would require their approval by way of a special resolution.

The Special Resolution has therefore been proposed under the provisions of Section 81 (1-A) of the Companies Act, 1956 in view of the fact that the Redeemable Preference Shares will be offered to persons who may or may not be the existing members.

The Redeemable Preference Shares to be issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and the terms of issue. The Preference Shares shall be entitled to dividend as per the scheme.

The proposed resolution is in the interest of the Company and the Board commends the Special Resolution for approval of the shareholders.

The Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of their shareholdings.

By Order of the Board

*Registered Office :*  
Ravalgaon – 423 108  
Taluka Malegaon  
Dist. Nasik, Maharashtra.

H. B. DOSHI  
CHAIRMAN & MANAGING DIRECTOR

Dated : 22<sup>nd</sup> July, 2005

## DIRECTORS' REPORT

To,  
The Members of  
**THE RAVALGAON SUGAR FARM LTD.**

Your Directors present the 71<sup>st</sup> Annual Report together with the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March, 2005.

### FINANCIAL RESULTS:

	(Rs. in Lacs) Year Ended 31 <sup>st</sup> March, 2005	(Rs. in Lacs) Year Ended 31 <sup>st</sup> March, 2004
Net Profit is after providing for	454.08	96.62
i) Depreciation	245.75	256.39
ii) Prior Period Items	43.32	190.60
iii) Provision for Taxation	228.27	168.59
Add: Surplus brought forward	90.00	90.00
Amount available for appropriation	544.08	186.62
<b>Appropriations:</b>		
Proposed Dividend	34.00	17.00
Tax on Proposed Dividend	4.77	2.18
Transfer to General Reserve	415.31	77.44
Balance carried to Balance Sheet	90.00	90.00

### DIVIDEND:

Your Directors recommend Dividend of 100% on 68,000 Equity Shares of Rs.50/- each for the year ended 31<sup>st</sup> March, 2005.

### OPERATIONS:

#### SUGAR

The following table gives the comparative figures of sugarcane crushed, sugar bags produced and the rate of recovery for the financial year under review and previous financial year.

	Current Year 2004-2005	Previous Year 2003-2004
Sugarcane crushed in M. T.	75,015	1,80,226
Sugar Bags Nos.	71,650	1,97,500
Recovery	9.55%	10.95%

Due to inadequate rainfall during the previous monsoon seasons, the condition of standing crop and fresh plantation in the cane area of the Company was badly affected. This resulted in substantial drop in the sugarcane crushing quantity for the current year. However, the Company expects that the crushing season 2005-06 would be reasonably good.



## **CANDY SUGAR:**

The unsatisfactory crushing season also affected the Candy sugar and Bura production. Candy sugar and Bura production was only 10 bags during the financial year under review as compared to 4612 bags during the previous financial year.

## **CONFECTIONERY:**

Production of confectionery was 3163 MT during the financial year under review as compared to the production of 3902 MT during the previous year. The Company concentrated on brands such as Pan Pasand, Mango Mood, Coffee Break, Hi Toffee etc. These brands along with other traditional brands are receiving good response.

## **POLLUTION, ENVIRONMENT AND SAFETY:**

Adequate anti-pollution measures for the protection of environment 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. Necessary industrial safety measures have also been taken at your factory, which has resulted in better protection of workers and no major accident has taken place in the factory.

## **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 with explanatory note relating to material departures.
- (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 year 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 AND MANAGEMENT DISCUSSION & ANALYSIS:**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis 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 annexed herewith as Annexure - 'C'.

## **AUDITORS' REPORT:**

Auditors in their report have made observations in respect of non provision for the present value of accrued gratuity liability, non recomputation of depreciation and non provision of Excise Duty on closing stock of finished goods. Suitable explanation has been provided by way of note 5, 9 and 11 respectively in Schedule N (B) forming part of the Accounts. These notes should be considered as explanation by Directors as part of their report. Further as mentioned in clause

(iv) of Annexure referred to in Para 3 of Audit Report, adequate measures are being taken to strengthen the internal controls with reference to weaknesses observed in sale of goods and services.

#### **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 are 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 to and forms part of this Report, as per Annexure - 'D'.

#### **DIRECTORS:**

Shri Y. P. Dandiwalla and Shri Mansingrao J. Jadhav 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 financial year 2005-06 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 for 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 for the co-operation extended / services rendered by the workmen, staff, executives, dealers, customers and all others concerned.

Your Directors also express thanks to the shareholders for their support to and confidence reposed in the Company.

For THE RAVALGAON SUGAR FARM LTD.

*Registered Office :*  
Ravalgaon – 423 108  
Taluka Malegaon  
Dist. Nasik, Maharashtra.

H. B. DOSHI  
CHAIRMAN & MANAGING DIRECTOR

Dated : 22<sup>nd</sup> July, 2005