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73rd
Annual Report
&
Accounts
2006-2007

Ravalgaon[®]

The Ravalgaon Sugar Farm Ltd.

The Ravalgaon Sugar Farm Ltd.

BOARD OF DIRECTORS	Shri HARSHAVARDHAN B. DOSHI (Chairman & Managing Director) Shri Y. P. DANDIWALA Shri M. B. BHIDE Shri MOORAD FAZALBHOY 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	Showroom no. 10, Arcade, Ground Floor World Trade Centre, Cuffe Parade, Mumbai 400 005 Telephone Nos.: (022) 22187987 / 22184291/ 22186479 Fax No.: (022) 22184294
FACTORY	Ravalgaon – 423 108, Taluka Malegaon, Dist. Nasik, Maharashtra Telephone Nos.: (02554) 270274 / 270238 Fax No.: (02554) 270284
REGISTRAR & SHARE TRANSFER AGENT	M/s Amtrac Management Services Ltd. Plot No. 101/102, 19th Street, MIDC Industrial Area, Satpur, Nasik - 422 007 Tel.: (0253) 2354032 Fax: (0253) 2351126

ANNUAL GENERAL MEETING: at 10.00 A.M. on Saturday, 29th September, 2007 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-THIRD ANNUAL GENERAL MEETING of the Company will be held as scheduled below:

DAY : Saturday
 DATE : 29th September, 2007
 TIME : 10.00 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 31st March 2007.
2. To appoint a Director in place of Shri Moorad Fazalbhoj who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to 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 : 17th August, 2007

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 Saturday, the 22nd September, 2007 to Saturday, the 29th September, 2007. (both days inclusive)
3. The members holding shares in physical form are requested to notify immediately details of any change / correction in their address, bank particulars etc. to the Company's Registrars

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and Share Transfer Agents. Members holding shares in demat account (electronic form) may notify any change to the Depository Participant.

4. i) Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st 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 31st March, 1995, 31st March, 1996, 30th September, 1997, 30th September, 1998 and 30th September, 1999 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 205C of the Companies Act, 1956.
- iii) Dividend for the financial year ended 30th September, 2000 which remains unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 25th January, 2008 pursuant to the provisions of Section 205 A & 205 C of the Companies Act, 1956. The shareholders are requested to apply for claim of the Unclaimed Dividend for the financial year ended 30th September, 2000 and thereafter.
- 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.
5. 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.
6. At the ensuing Annual General Meeting, director Shri Moorad Fazalbhoy retires by rotation and being eligible offers himself for re-appointment. The information and details pertaining to the director to be provided vide Clause 49 of the Listing Agreement with the Stock Exchange are given below:

Shri Moorad Fazalbhoy age 62 years is a director of the Company since 23rd march 1992. He is Graduate from York University, Toronto in business course and he is having vast experience in general business management. He is director of Photophone Pvt Ltd., Photophone Comtel Pvt Ltd., Morden Media & Exhibitions Pvt Ltd., Indovest Holding Pvt Ltd., Silver Ocean Investment Pvt Ltd., Amedeo Software Pvt. Ltd. He is also member of Audit Committee and Remuneration Committee of the company.

On behalf of the Board of Directors

H. B. DOSHI
Chairman & Managing Director

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

Dated : 17th August, 2007



DIRECTORS' REPORT

To,
The Members of
THE RAVALGAON SUGAR FARM LTD.

Your Directors present the 73rd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2007.

FINANCIAL RESULTS:

	Year Ended 31 st March, 2007 (Rs. in Lacs)	Year Ended 31 st March, 2006 (Rs. in Lacs)
Net Profit /loss(-) is after providing for	-304.25	239.75
i) Depreciation	206.78	211.60
ii) Prior Period Items	68.72	-5.45
iii) Provision for Taxation (including deferred tax)	-129.28	150.72
Less Transfer from General Reserve	304.25	—
Add: Surplus brought forward	90.00	90.00
Amount available for appropriation	90.00	329.75
Appropriations:		
Proposed Dividend	—	34.00
Tax on Proposed Dividend	—	4.77
Transfer to General Reserve	—	239.75
Balance carried to Balance Sheet	90.00	90.00

DIVIDEND:

In view of loss for the year the Board of Directors has not recommended any Dividend for the year ended 31st March, 2007.

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 2006-2007	Previous Year 2005-2006
Sugarcane crushed in MT	3,66,356	1,79,519
Sugar Bags Nos.	3,87,650	1,77,300
Recovery	10.58%	9.88%

Good monsoon in plantation areas improved the availability of sugarcane for the season 2006-07. The encouraging monsoon season and resultant increase in plantation areas is expected to further improve the availability of sugar cane for the season 2007-08. However the cost of sugarcane vis-à-vis sugar prices has been a cause of concern.

CANDY SUGAR:

The unhealthy competition from unorganized sector poses problems for candy sugar business. The company is taking steps to use the candy plant for production of high-grade sugar as in the past. Production of Candy sugar and Bura was Nil during the financial year.

CONFECTIONERY:

Production of confectionery was 2567 MT during the financial year under review as compared to the production of 2780 MT during the previous year. The Company concentrated on brands such as Pan Pasand, Mango Mood, Coffee Break, etc. These brands along with other traditional brands are receiving good response.

POLLUTION, ENVIRONMENT AND SAFETY:

Various equipments are installed as an anti-pollution measure for the protection of environment at your factory. The norms prescribed by the Government are also adhered to. 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.

FIXED DEPOSITS:

The total amount of Fixed Deposits as at 31st March, 2007 was Rs.434.04 Lacs. There are no overdue deposits except unclaimed deposits amounting to Rs.5.41 Lacs as on 31st March, 2007 out of which deposits amounting to Rs. 0.90 Lacs have since been repaid / renewed.

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 notes 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 of 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' respectively 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 13 respectively in Schedule N (B) forming part of the Accounts. These notes should be considered as explanation by the Board of Directors as part of their report. Further as mentioned in clause (iv) of Annexure referred to in Para 3 of Audit Report, measures are taken /being taken to strengthen the internal controls to avoid weaknesses observed in sale of goods and services or any other area.

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:

Director Shri Moorad Fazalbhoi retires by rotation under Article 152 of Articles of Association and being eligible offers himself for re-appointment.

AUDITORS:

You are requested to appoint Auditors for the current financial year 2007-08 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.

H. B. DOSHI
Chairman & Managing Director

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

Dated : 17th August, 2007.

ANNEXURE – A MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY – STRUCTURE AND DEVELOPMENT:

The Company is engaged in the manufacture of Sugar and various Confectionery Products. It has manufacturing facility at Ravalgaon (Maharashtra) and Corporate Office in Mumbai.

BUSINESS OUTLOOK:

Generally there has been increase in demand for sugar year to year, but availability of sugarcane varies on climatic conditions. The Sugar Industry in India is regulated by the Government and is dependent on a host of external forces. There is also a strong co-operative segment in the Sugar Industry.

As regards availability of sugarcane there has been improvement and further improvement is expected due to better monsoon and resultant increase in plantation areas. However the prices of sugar have been very unfavourable. The sales of confectionery division was affected by various factors like competition, increase in costs etc.

OPPORTUNITIES AND RISKS:

In view of the anticipation of continuous growth in the demand for the products of the Company, the Company is expected to have good opportunity to improve its performance. Efforts are made to improve its operating efficiency by taking various steps like installing balancing equipments, more efficient use of the available resources. 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 well accepted in the market.

Sugar Industry by nature is a seasonal industry, dependent on the sugarcane crop. Sugarcane being a relatively weather resistant crop is not much affected by marginal changes in climatic conditions. However good rainfall is a must. The steps taken to improve irrigation facilities and other measures have resulted in more and regular availability of sugarcane.

However sugar prices are very volatile and have been very unfavourable. These are not controlled by any single player due to the fragmented nature of the industry. Prices are also affected by the sales allocations made by the Government of India on a monthly basis as well as stocks held by the sugar mills. The Company has a detailed system of monitoring prices and of booking the orders so as to mitigate price volatility and optimize returns.

Uncertainties in Government policies and regulations governing sugar industry in India also continues to pose risk to the sugar industry. The price for sugarcane to be paid to farmers by a manufacturer is also decided by the Government policy from time to time. The Company is therefore vulnerable to the changes in Government Policy and climatic conditions.

As regards confectionery, the competition from outside sources has been increasing. The competition and increase in costs, mainly material costs affect the sales and margins.

**HUMAN / INDUSTRIAL RELATIONS:**

The Company believes that manpower is the most valuable resource for its growth. Industrial relations have generally been very cordial. The Company has recruited competent managerial personnel and the personnel policies ensure strengthening the involvement of all in the development of company.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company maintains adequate internal control systems and makes need based suitable changes therein to strengthen the same. The system provides among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant mis-use or loss of Company's assets.

CAUTIONARY STATEMENT:

Statements made in 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 expectations 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 availability and costs thereof, change in Government regulations, tax structure, economic developments within India.

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 part of the Directors' Report. This report besides being in compliance of the mandatory requirement of the Listing Agreement 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 propriety, transparency and accountability.
- To demonstrate to stakeholders that the Company is following right corporate governance practices.
- To lead the Company towards high growth path and enhance stakeholders' value.
- To respect the laws of the land and rights of stakeholders and to get respect from all concerned.

Board of Directors

• Composition of Board of Directors

The Board of Directors of the Company comprises of five Directors consisting of a Chairman and Managing Director, who is also a promoter Director and four non-executive independent Directors. They bring in their wide range of skills, professional experience and expertise in respective fields. During the financial year from 1st April, 2006 to 31st March, 2007 except resignation of Shri G.G.Gadgil, Director w.e.f. 29th, July, 2006 there is no change in the composition of Board.

The composition is as under:

Name of the Director	Designation	Category	Status
Shri H. B. Doshi	Chairman & Managing Director	Executive	Promoter
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

The non executive directors do not hold any equity shares of the company.

• Board Meetings and attendance record of each Director

1. The Board of Directors met five times i.e. on 13th April, 2006, 29th, July, 2006, 30th September, 2006, 31st, October, 2006 and 29th January 2007.
2. The attendance record of each of the Director at the Board Meetings during the financial year from 1st April, 2006 to 31st March, 2007 and at the last Annual General Meeting is as under: