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**The Ravalgaon Sugar Farm Ltd.**  
**78th Annual Report**

BOARD OF DIRECTORS	MR. HARSHAVARDHAN B. DOSHI (Chairman & Managing Director)  MR. NIHAL DOSHI (Executive Director)  MR. Y. P. DANDIWALA  MR. M. B. BHIDE  MR. M. Y. FAZALBHOY  MR. A. S. ASHTEKAR
AUDITORS	M/s V. SANKAR 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 Tel. No.: (02554) 270274 / 270238, Fax No.: (02554) 270284
CORPORATE OFFICE	52, 5th Floor, Maker Tower 'F', Cuffe Parade, Mumbai - 400 005. Tel No.: (022) 22184291 / 22186479, Fax No.: (022) 22184294
FACTORY	Ravalgaon - 423 108, Taluka Malegaon, Dist. Nasik, Maharashtra. Tel. No.: (02554) 270274 / 270238, Fax No.: (02554) 270284
REGISTRAR & SHARE TRANSFER AGENT	Freedom Registry Ltd. Plot No. 101/102, 19 th Street, MIDC Industrial Area, Satpur, Nasik - 422007. Tel No. : (0253) 2354032. Fax : (02353) 2351126.

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ANNUAL GENERAL MEETING: at 10:30 A.M. on Thursday, 20th December 2012 at Krida Mandal Hall, Ravalgaon - 423108, 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.

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## The Ravalgaon Sugar Farm Ltd.

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### NOTICE

NOTICE is hereby given that the 78th Annual General Meeting of the Company will be held as scheduled below,

DATE : Thursday, 20th December 2012 TIME: 10:30 A. M.  
PLACE : Krida Mandal Hall, Ravalgaon-423 108,  
Taluka Malegaon, Dist. Nasik, Maharashtra.

To transact the following business :

### ORDINARY BUSINES:

- 1 To consider and adopt the Audited Balance Sheet for the period of 18 months ended 30th September 2012 and Profit and Loss Account for the period of 18 months ended 30th September 2012 alongwith the reports of the Auditors and the Board of Directors.
- 2 To declare dividend on equity shares of the Company.
- 3 To appoint a Director in place of Mr. M. B. Bhide who retires by rotation and, being eligible, offers himself for reappointment.
- 4 To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary resolution.

### Ordinary Resolution

“RESOLVED THAT M/s V Sankar Aiyar and Co. Chartered Accountants, (Regn. No. 109208W), be and are hereby appointed as Auditors of the company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as shall be fixed by the Board of Directors of the company”

By Order of the Board

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

Dated : 7th November 2012

**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 IT'S 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 Wednesday, 12th December 2012 to Thursday, 20th December 2012 (both days inclusive).
- 3 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 and Share Transfer Agents. Members holding shares in demat account (electronic form) may notify any change to the Depository Participant.
- 4
  - i) The dividend for the financial years ended 30th September, 1997, 30th September, 1998, 30th September, 1999, 30th September, 2000, 30th September, 2001, 31st March 2004 and 31st March 2005 which remained unclaimed for 7 years from the date of declaration have been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.
  - ii) 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 Details of Director seeking Re-appointment at the forthcoming Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

1	<b>Name of Director</b>	<b>Mr. M. B. Bhide</b>
2	Date of Birth	18th September 1932
3	Experience in Specific Functional area and Position held	Associated with Sugar Industry for last many years
4	Qualification	Mechanical & Electrical Engineer
5	Directorship in other Companies (Excluding foreign Companies)	Yes
6	Shareholding	Nil

On behalf of the Board of Directors

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

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

Dated : 7th November 2012

## The Ravalgaon Sugar Farm Ltd.

### DIRECTORS' REPORT

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

Your Directors present the 78th Annual Report together with the Audited Accounts of the Company for the period of 18 months ended 30th September 2012.

	18 months ended 30th Sept. 2012 (Rs. In Lacs)	Year Ended 31 st March 2011 (Rs. In Lacs)
<b>FINANCIAL RESULTS:</b>		
Net Profit / (Loss) after providing for	(844.65)	3.33
i) Depreciation	338.39	225.56
ii) Prior Period Items	-	0.23
iii) Provision for Taxation (including Deferred Tax)	(37.61)	8.14
Add: Surplus brought forward	1099.84	1156.78
Amount available for appropriation	255.19	1106.11
<u>Appropriation:-</u>		
Proposed Dividend	3.40	51.00
Tax on Proposed Dividend	0.55	8.27
Transfer to General Reserve	-	1.00
<b>Balance carried to Balance Sheet</b>	<b>251.24</b>	<b>1099.84</b>

### DIVIDEND:

Your Directors have recommended Dividend of 10% (Rs. 5/- per equity share on 68,000 equity shares of 50/- each) for the period of 18 months ended 30th September 2012. The dividend, if declared at AGM, will be paid to those shareholders whose names appear in the Register of Members of the Company on 20th December 2012 or on the Register of Beneficial Owners maintained by the Depositories as per the details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. for the purpose of payment of dividend.

### OPERATIONS:

#### SUGAR:

The following table gives the comparative figures of sugarcane crushed, sugar bags produced and the rate of recovery for the period of 18 months under review and previous financial year.

	Current Period	Previous Year
Sugarcane crushed in MT	182195	149938
Sugar MTs	19508	15557
Recovery	10.70%	10.47%

Late monsoon reduced the availability of sugarcane for the season 2011-12. this resulted in low area under Sugarcane plus low yields per acre.

#### 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, Production for candy sugar and Bura was nil during the period.

#### CONFECTIONERY:

Production of confectionery was 2708 MT during the period under review as compared to 2569 MT during the previous year. The Company concentrated on brands such as Pan Pasand, Mango Mood, Coffee Break, etc.

**POLLUTION AND 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 deposit as at 30th September 2012 was 488.79 lacs. There are no overdue deposits except unclaimed deposits amounting to Rs.6.77 Lacs as on 30th September 2012.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- a) In the preparation of 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 that are made 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 period 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:**

Persuant to clause 49 of the Listing Agreement with the Stock Exchange, a "Management Discussion & 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 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. Suitable explanation have been provided by way of note 32 forming part of Financial Statement. This note 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 Companies (Particulars of Employees) Rule 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 Company at its Registered Office.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**

Statement giving particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings 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:**

Mr. M. B. Bhide, director 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 Current financial year 2012-13 and authorise the Board to fix their remuneration. The retiring Auditors, M/s V. Sankar 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.**

**HARSHAVARDHAN B. DOSHI**

Chairman & Managing Director

**Registered Office:**

Ravalgaon - 423 108, Taluka Malegaon,  
Dist. Nasik, Maharashtra,

Dated : 7th November 2012

**ANNEXURE “A” TO DIRECTORS’ REPORT****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:**

The Sugar Industry in India comes under The Essential Commodities Act, 1955 and therefore is regulated by the Government. Being an agro based industry, performance is largely dependant on weather and rainfall in the area of operation. 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:**

There is good demand for the products of the Company. Efforts are made to improve its operating efficiency by taking various steps like installing balancing equipments, more efficient use of the available resources, etc. The products of the Company have been well accepted in the market.

Sugar Industry by nature is a seasonal industry, dependent on the sugarcane crop. Sugarcane needs good rainfall. This year the rainfall was not satisfactory resulting in lower availability of sugarcane.

More so the sugar prices have also been volatile and have been very unfavourable. These are not controlled by any single player due to large number of units in the country. 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.

Uncertainties in Government policies and regulations governing sugar industry in India also continues to pose risk to the sugar industry. The 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 been very cordial.

The Company has recruited competent managerial personnel at various levels and personnel policies aim to 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 misuse 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” TO DIRECTORS’ REPORT****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.

## CORPORATE GOVERNANCE

### Company's Philosophy on Code of Corporate Governance.

The Company's Corporate Governance principles have a strong pedigree of fairness, transparency, ethical processes and good practices. The core values of the organization include Quality, Trust, Leadership and Excellence. At RSFL, Governance has been a journey and we are continuously benchmarking our governance standards to global practices. These efforts give us the confidence of having put in place the right building blocks for future growth in prudent and sustained manner. This emanates from our strong belief that sound governance is integral to creating value on a sustainable basis.

Company complies with the requirements as laid down in Clause 49 of the Listing Agreement with the Stock Exchanges.

#### 1 Governance Structure

**i) Board of Directors** - The Member of the Board are free to bring up any matter of discussion at the Board Meeting and the functioning is democratic. The Board is equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment and minimization procedures and new initiatives proposed by the company. The Board thus play a key role in framing policies for ensuring and enhancing good governance. Besides its primary role of setting corporate strategies and goal and monitoring corporate performance, the Board directs and guides the activities of the Management towards achieving corporate goals, seeks accountability with a view to achieve sustained and consistent growth aimed at adding value for its stakeholders.

**ii) Committees of Directors** - The Board has constituted the following committees viz. Audit Committee, Remuneration Committee and Shareholders / Investors Grievance Committee. Each of the Committee has been mandated to operate within a given framework.

#### 2 Board of Directors

##### Composition of Board of Directors

The Board of Directors consists of professionals drawn from diverse fields, who bring in a wide range of skills and experience to the Board. The Board is broad-based and consists of eminent individuals drawn from management, technical, financial and marketing fields. The Company is managed by the Board of Directors in coordination with the senior management team. The day-to-day operations of the Company are conducted by the Chairman and Managing Director, subject to overall supervision and control of the Board of Directors. The Non-Executive Directors and Independent Directors bring external and wider perception and independence in the decision making process. The composition of the Board of Directors, meets with the requirement of Clause 49 (1) (A) of the Listing Agreement. None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees ( as specified in Clause 49 ), across all companies in which they are Directors.

### BRIEF PROFILE:

Brief resume of all the Directors, nature of their expertise in the specific functional areas and also the numbers of other companies in which they hold directorships, memberships/chairmanships of Board Committees and their shareholding in the company is given hereunder.

#### 1 Mr. Harshavardhan B. Doshi - Chairman & Managing Director

Mr. Harshavardhan B. Doshi is a science graduate from University of Mumbai. He is son of late Mr. Bharat Gulabchand Doshi, one of the Founder Members of the company. He joined the Board in 1984. He has been associated with Sugar Industry for over three decades.

Mr. Harshavardhan B. Doshi is also Chairman of Acrow India Limited.

Mr. Harshavardhan B. Doshi is the promoter of the company and holds 2070 shares of the company in his name as on 30th September 2012.

#### 2 Mr. Yazdi P. Dandiwalwa - Director

Mr. Yazdi P. Dandiwalwa is a senior partner of M/s Mulla & Mulla & Craigie Blunt & Caroe, a leading firm of Advocates and Solicitors in Mumbai. He has been in practice for over three decades and has vast experience in the legal field and in particular on matters relating to corporate laws, banking and taxation.

Mr. Yazdi P. Dandiwalwa joined the Board in 1991.

Mr. Yazdi P. Dandiwalwa is a member of Audit Committee. He is also member of the Shareholders / Investor Grievance Committee and Remuneration Committee.

Mr. Yazdi P. Dandiwalwa is Non Executive Independent Director of the Company and he does not hold any share of the company in his name as on 30th September 2012.



**3 Mr. Moorad Fazalbhoj - Director**

Mr. Moorad Fazalbhoj, is B.A (Hons) from York University, Toronto. He has been associated with the company since 1992. He has held several senior positions in his career including Chairman & Managing Director of Photophone Limited and Chairman of Photophone Comel Private Limited.

Mr. Moorad Fazalbhoj is a member of Audit Committee and member of Remuneration Committee.

Mr. Moorad Fazalbhoj is Non Executive Independent Director of the company and he does not hold any shares of the company in his name as on 30th September 2012.

**4 Mr. Manohar B. Bhide - Director**

Mr. Manohar B. Bhide is a Mechanical & Electrical Engineer having passed with distinction and has secured 2nd rank in the Pune University. He is fellow of the Institute of Engineers of India. Mr. Bhide had a long tenure with Walchandnagar Industries Limited before he retired as General Manager ( Marketing).

Mr. Bhide also worked as Resident Director in Sugar Corporation of Uganda for two and half years.

Mr. Bhide is Chairman of Audit Committee of the company and member of Remuneration Committee.

Mr. Bhide is Non Executive Independent Director of the company and he does not hold any shares of the company in his name as on 30th September 2012.

**5 Mr. Nihal H. Doshi - Executive Director**

Mr. Nihal H. Doshi joined the Board of Directors in 2008. Prior to joining Ravalgaon on an executive basis in 2011, Mr. Doshi was an Associate at Quadrangle Group, a private equity firm headquartered in New York, USA, focused on investments in media, communications and information services. Prior to joining Quadrangle Group, Mr. Doshi worked for Credit Suisse in the Mergers and Acquisitions group.

Mr. Doshi graduated with a Bachelor of Science, magna cum laude, in economics from the Wharton School at the University of Pennsylvania.

Mr. Nihal Doshi is son of Mr. H. B. Doshi. He does not hold any shares of the company in his name as on 30th September 2012.

**6 Mr. Ashok S. Ashtekar - Director**

Mr. Ashok Ashtekar joined the Board of Directors in October 2009. He is an Engineer.

Mr. Ashok Ashtekar is Non Executive Independent Director of the company and he does not hold any shares of the company in his name as on 30th September 2012. He is a member of the Audit Committee.

**ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING.**

Seven Board of Directors Meeting were held during period of 18 months ended 30th September 2012 on:

25th April 2011, 25th July 2011, 12th August 2011, 21st October 2011, 25th January 2012, 9th May 2012 and 27th July 2012

The details in regard to attendance of Directors at the Board Meeting / Shareholders Meetings, the number of Directorship(s) held in Indian, public limited companies and the position of Membership/Chairmanship of Audit Committees and shareholders' investors grievance in such Indian public limited companies are given below.

Name of the Director	Category	No. of Board Meetings attended	Attendance at the last AGM	Directorship in other Public Ltd. companies	No. of Board Committee positions held in other companies	
					Chairman	Member
Mr. H. B. Doshi	Promoter	7	Yes	2	1	-
Mr. M. B. Bhide	Independent	1	No	1	-	-
Mr. Y. P. Dandiwal	Independent	3	No	2	-	-
Mr. Moorad Fazalbhoj	Independent	7	No	0	-	-
Mr. Ashok Ashtekar	Independent	5	No	1	-	-
Mr. Nihal H. Doshi	Promoter	7	Yes	2	-	-

**Note:** \* This excludes directorship in Foreign Companies, Private Companies, Companies formed under section 25 of the Companies Act, 1956, Govt. Bodies and Directorship in The Ravalgaon Sugar Farm Ltd.

It is to be noted that the Non Executive Independent Directors of the company have no stake in the shareholding of the company.

## The Ravalgaon Sugar Farm Ltd.

### Board Procedures

The Board generally meets once in quarter to review the quarterly business and financial performance of the Company. These Meetings are scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial / business plans financial results and the same are tabled at the meeting.

The Agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases, the same is tabled at the meeting. The Minutes of the Board Meetings are also circulated in advance to all Directors and confirmed at subsequent Meeting. The Board reviews the performance of the Company every quarter vis-a-vis the targets set by them and helps in a major strategic decisions and policy formulations. The Members of the Board are also free to recommend the inclusion of any matter for discussion in consultation with the Chairman.

The Board members are briefed at every Board Meeting, on overall performance of the Company, with presentations by Business Heads and Senior Management. The performance vis-a-vis budgets are also presented to the Members of the Board. The information as specified in Annexure (1) (A) to Clause 49 of the Listing Agreement is regularly made available to the Board. The Minutes of Audit Committee and other Committees of the Board are circulated in advance to all Directors, regularly placed before the Board and noted by the Board.

### Audit Committee :

The composition, quorum, powers, role, review of information, scope, etc., of the Audit Committee is in accordance with the Section 292A of the Companies Act, 1956 and the provisions of Clause 49 II. (A), (B), (C), (D) and (E) of the Listing Agreement. The Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors. The Audit Committee inter-alia provides assurance to the Board on the adequacy of the internal control systems and financial disclosures. The Terms of Reference of the Audit Committee are as per the provisions and requirements of the Listing Agreements with the Stock Exchanges and in accordance with the Section 292A of the Companies Act, 1956. These broadly include approval of Annual Internal Audit Plan, review of financial reporting system, internal controls system, discussion on quarterly, half-yearly and annual financial results, interaction with Statutory and Internal Auditors, In-camera meeting with Statutory and Internal Auditors, recommendation for the appointment of Statutory and Cost Auditors and fixing their remuneration, appointment and remuneration of Internal Auditors, Review of Business Risk Management Plan, Management Discussions & Analysis, Review of Internal Audit Reports, significant related party transactions. The Company has framed the Audit Committee Charter for the purpose of effective compliance of Clause 49 of the Listing Agreement. In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice. Additionally, the following terms of reference were issued to the Audit committee by the Board of Directors:

(a) to consider and recommend to the Board the following:

- (i) investment guidelines for treasury operations;
- (ii) Capital expenditure for enhancement of production capacity (excluding capital expenditure for normal maintenance / repairs / replacement).

(b) to review the Annual Budget.

(c) to take note of the significant decisions taken, or important developments considered at the Management Committee/Working Board Meetings.

(d) to carry out any other duties that may be delegated to the Audit Committee by the Board of Directors from time-to-time.

The Audit Committee, while reviewing the Annual Financial Statements also reviewed the applicability of various Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. Compliance of the Accounting Standards as applicable to the company has been ensured in the preparation of the Financial Statements for the period of 18 months ended 30th Sep. 2012. The Company has appointed a firm of Chartered Accountants as Internal Auditors to review the internal control systems of the Company and to report thereon. The report of the Internal Auditors is reviewed by the Audit committee.

### The Members of the Audit Committee comprised of the following:

Name	Designation	Category & Status	Qualification required to be a member
Mr. M. B. Bhide	Chairman	Non-Executive Independent Director	He has requisite accounting and managerial expertise
Mr. Y. P. Dandiwala	Member	Non-Executive Independent Director	He has requisite accounting and managerial expertise
Mr. M. Y. Fazalbhoj	Member	Non-Executive Independent Director	He has requisite accounting and managerial expertise
Mr. A. S. Ashtekar	Member	Non-Executive Independent Director	He has requisite accounting and managerial expertise