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70th
Annual Report
&
Accounts
2003-2004

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 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.: (95-2554) 270274 / 270238

ANNUAL GENERAL MEETING: at 11.30 A.M. on Thursday, the 30th September, 2004 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 SEVENTIETH ANNUAL GENERAL MEETING of the Company will be held as scheduled below:

DAY : Thursday

DATE : 30th September, 2004

TIME : 11.30 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 31st March, 2004.
2. To declare Dividend.
3. To appoint a Director in place of Shri M. B. Bhide, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Moorad Fazalbhoj, who retires by rotation and, being eligible, offers himself for reappointment.
5. 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 : 30th July, 2004.

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 23rd September, 2004 to Thursday, the 30th September, 2004, (both days inclusive).
3. ***The Dividend on shares as recommended by the Directors for the year ended 31st March, 2004, if declared at the meeting will be paid to those members whose names stand on the Company's Registered of Members as on 30th September, 2004, within stipulated time.***
4. Members are requested to intimate change of address, if any, immediately.
5. Members who desire payment of dividend directly to the Bank should register such Mandates with the Company on or before 23rd September, 2004.
6. Pursuant to Section 205 A of the Companies Act, 1956, all unclaimed dividend upto the year ended 31st March, 1996 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.
7. 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.
8. At the ensuing Annual General Meeting, Shri M. B. Bhide and Shri Moorad Fazalbhoi 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(VI)(A) of the Listing Agreement with the Stock Exchange. The particulars of Directors who are proposed to be appointed, are given below:

Shri Manohar B. Bhide, age 72, is a Director of the Company since 25th November, 1991. He is Graduate in B.E. (Mech.) and B.E. (Elec.) and he is having vast experience in Sugar Engineering and Technology. He is a Director of the Board of Acrow India Ltd., J. P. Mukherji & Associates Pvt. Ltd., and Jyoti Sugar Engineering Pvt. Ltd. He is also a member of the Audit Committee of the Company.

Shri Moorad Fazalbhoi, age 59, 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 Management. He is a Director of the Board of Photophone Comel Pvt. Ltd., Photophone Pvt. Ltd., Indovest Holding Pvt. Ltd., Multimedia Advertising Pvt. Ltd., Mordern Media & Exhibitions Pvt. Ltd. and Silver Ocean Investment Pvt. Ltd. He is also a member of the Audit Committee of the Company.

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 financial year ended 31st March, 2004.

FINANCIAL RESULTS:

	(Rs. in Lacs) 1st April, 2003 to 31st March, 2004	(Rs. in Lacs) 1st Oct., 2001 to 31st March, 2003 (18 Months)
The Net Profit/Loss is after providing for	96.62	- 488.87
(i) Depreciation	256.39	414.30
(ii) Prior Period Items	190.60	0.81
(iii) Exceptional Items	NIL	171.72
(iv) Provision for Taxation	168.59	- 398.87
Add: Surplus brought forward	90.00	—
Amount available for appropriation	186.62	- 488.87
Appropriations:		
Proposed Dividend	17.00	NIL
Tax on Proposed Dividend	2.18	NIL
Transfer to General Reserve	77.44	NIL
Transfer from General Reserve	NIL	488.87
Balance carried to Balance Sheet	90.00	NIL

DIVIDEND:

Your Directors recommend Dividend of 50% on Equity Shares of Rs. 50/- each for the year ended 31st March, 2004 which includes 25% Special Dividend on the occasion of 70th Annual General Meeting.

OPERATIONS:

SUGAR

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

	Current Year 2003-2004	Previous Period	
		2002-2003	2001-2002
Sugarcane crushed in M.T.	1,80,226	2,42,719	2,84,415
Sugar Bags Nos.	1,97,500	2,51,000	2,92,000
Recovery	10.95%	10.38%	10.23%

It may be seen that substantial drop in the Sugarcane crushing over previous year is due to inadequate seasonal rainfall during the previous monsoon season which affected the condition of

standing crop 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.

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 4612 bags during the financial year under review as compared to 14271 bags during the previous year.

CONFECTIONERY:

Production of confectionery was 3902 MT during the financial year under review as compared to the production of 7591 MT for the previous period. 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 along with 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 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:

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 recomputation of depreciation, 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, 10, 12, 14 of Schedule O (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 M. B. Bhide and Shri Moorad Fazalbhoy 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 : 30th July, 2004

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.

BUSINESS OUTLOOK:

The Financial Statement have been prepared in compliance with the requirement of the Company's Act, 1956 and generally accepted Account standard in India. The management of the Ravalgaon Sugar Farm Ltd. accepted responsibility for integrity and objective of this financial statement as well as for various estimates/judgements used in preparation of this statement. The estimate and or judgments have been made on consistent/reasons and prudent basis to reflect true and fair picture of state of affairs and profit of the Company.

Performance of the Company during the period has improved due to continuous efforts by the Company in vital area such as cane development, cane procurement, cane management, repairs & maintenance, reduction in processing losses/processing optimization have resulted in better performance during the year.

Moreover, the Company is being working towards cost reduction in all its activity to increase profitability of the Company.

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

As regards the risks of Sugar Industry is sugar production is influenced by climatic vagaries. Sugarcane by nature is a weather resistant crop and mostly remains unaffected by moderately high or low rainfall. The steps initiated by the Company to strengthen irrigation facilities across its command area will alleviate the risk of low rainfall.

Sugar prices exhibit volatility and is 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 mills. The Company has a detailed system of monitoring prices and the booking of orders so as to mitigate price volatility and optimize returns.

Uncertainties in Government policies and regulations governing sugar industry in India continue to pose a serious risk to the sugar industry. The price for sugarcane to be paid to farmers by a manufacturer is fixed by the Government.

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 THEIR ADEQUACY:

The Company maintains adequate internal control systems, which provide among other things, reasonable assurance of recording the transaction of its operations in all material 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 part of the Directors' Report. This section besides being in compliance with the mandatory listing agreement requirement 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 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 no change in the composition of the Board during the financial year from 1st April, 2003 to 31st March, 2004.

The composition is as under:

Name of the Director	Designation	Category	Status
Shri H. B. Doshi	Chairman & Managing Director	Executive	Promoter
Shri G. G. Gadgil	Director	Non-Executive	Independent
Shri M. B. Bhide	Director	Non-Executive	Independent
Shri Y. P. Dandiwalla	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

- **Board Meetings and attendance record of each Director:**

1. The Board of Directors met four times on 20th June, 2003, 31st July, 2003, 31st October, 2003 and 30th January, 2004.