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72nd

Annual Report

&

Accounts

2005-2006

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 (upto 29.07.2006) Shri Y. P. DANDIWALA Shri M. B. BHIDE Shri MOORAD FAZALBHOY Shri MANSINGRAO J. JADHAV (upto 19.01.2006) 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 rd Floor, Dr. S. B. Path, Ballard Estate, Mumbai 400 038 Telephone Nos.: 2261 3034 / 2261 3038 / 2218 6479 Fax No.: 2269 3047
FACTORY	Ravalgaon - 423 108, Taluka Malegaon, Dist. Nasik, Maharashtra Telephone Nos.: (02554) 270274 / 270238
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) 235 4032 Fax : (0253) 235 1126

ANNUAL GENERAL MEETING: at 3.00 P.M. on Saturday the 30th September, 2006 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.

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NOTICE

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

DAY : Saturday
DATE : 30th September, 2006
TIME : 3.00 P.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, 2006.
2. To declare Dividend.
3. To appoint a Director in place of Dr. D. S. Kulkarni, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri M. B. Bhide, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration

By Order of the Board,

H. B. DOSHI
Chairman & Managing Director

Registered Office :
Ravalgaon – 423 408
Taluka Malegaon
Dist. Nasik, Maharashtra.

Dated : 29th July, 2006

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 23rd September, 2006 to Saturday, the 30th September, 2006. (both days inclusive)
3. The Dividend on shares as recommended by the Directors for the year ended 31st March, 2006, 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 30th September, 2006 or on the Register of Beneficial Owners maintained by the Depositories as at the close of their business hours on 22nd September, 2006.
4. The members holding shares in physical form are requested to notify immediately details of any change or 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.
5.
 - 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, and 30th September, 1998 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, 1999 which remains unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government on 22nd March, 2007 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.
6. 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.

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7. At the ensuing Annual General Meeting, Dr. D. S. Kulkarni and Shri M. B. Bhide 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:

Dr. D. S. Kulkarni, age 74, is a Director of the Company since 14th March, 1997. He holds B.A., L.L.B., and Ph.D. Degrees and has vast experience in the profession of Law. He specialises in Land Matters. He has been conferred a doctorate by Yashwantrao Chawan Mukht Vidyapeeth for his research thesis on the subject "Awareness on Eradication of Corruption". He is the Chairman of Investors / Shareholders Grievance Committee of the Company. He is also a Director of Acrow India Ltd.

Shri M. B. Bhide, age 73, is a Director of the Company since 25th November, 1991. He is B.E. (Mech.) and B.E. (Elec.) and he is having vast experience in Sugar Engineering and Technology. He is a Director of Acrow India Ltd., J. P. Mukherji & Associates Pvt. Ltd., and Jyoti Sugar Engineering Pvt. Ltd. He is member of the Audit Committee of the Company.

By Order of the Board

H. B. DOSHI
Chairman & Managing Director

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

Dated : 29th July, 2006

72nd Annual Report

DIRECTORS' REPORT

To,
The Members of
THE RAVALGAON SUGAR FARM LTD.

Your Directors present the 72nd Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2006.

FINANCIAL RESULTS:

	(Rs. in Lacs) Year Ended 31 st March, 2006	(Rs. in Lacs) Year Ended 31 st March, 2005
Net Profit is after providing for	239.75	454.08
i) Depreciation	211.60	245.75
ii) Prior Period Items	-5.45	43.32
iii) Provision for Taxation	150.73	228.27
Add: Surplus brought forward	90.00	90.00
Amount available for appropriation	329.75	544.08
Appropriations:		
Proposed Dividend	34.00	34.00
Tax on Proposed Dividend	4.77	4.77
Transfer to General Reserve	200.98	415.31
Balance carried to Balance Sheet	90.00	90.00
	329.75	544.08

DIVIDEND:

Your Directors recommend Dividend of 100% on 68,000 Equity Shares of Rs.50/- each for the year ended 31st March, 2006.

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 2005-2006	Previous Year 2004-2005
Sugarcane crushed in MT	1,79,519	75,015
Sugar Bags Nos.	1,77,300	71,650
Recovery	9.88%	9.55%

Good monsoon in plantation area improved the availability of sugarcane for the season 2005-06. The encouraging monsoon season and resultant increase in plantation area is expected to further improve the availability of sugar cane for the season 2006-07. The Company expects the crushing season 2006-07 to be reasonably good.



CANDY SUGAR

The non availability of sufficient sugarcane for manufacturing candy sugar and unhealthy competition from smaller units affected candy sugar production. However, the small units have taken its toll and are facing closure. During the current crushing season improvement in the availability of sugarcane and demand for good quality candy sugar, it is expected that normal candy sugar production will resume.

CONFECTIONERY

Production of confectionery was 2783 MT during the financial year under review as compared to the production of 3163 MT during the previous year.

Recently some of the major players have sold confectionery business to relatively new entrants. The management, therefore, sees a good opportunity to encash on this development whereby it's traditionally popular brands like Pan Pasand, Mango Mood, Coffee Break as well as other products are expected to see renewed and increasing interest.

However, state taxes and local municipal taxes like octroi etc. are causing difficulties and affecting the costs and the growth of the business.

POLLUTION, ENVIRONMENT AND SAFETY:

Various equipments are installed as a 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 amount of Fixed Deposits accepted by the company'as at 31st March, 2006 was Rs.434.94 Lacs. In addition unclaimed deposits amounting to Rs.6.48 Lacs were outstanding as on 31st March, 2006 out of which deposits amounting to Rs. 0.80 Lacs have since been repaid / renewed. There are no overdue deposits.

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 compliance of the 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, measures have been taken/ 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:

Dr. D. S. Kulkarni and Shri M. B. Bhide retire by rotation under Article 152 of Articles of Association and being eligible offer themselves for re-appointment.

During the year Shri Mansingrao J. Jadhav resigned from the Board w.e.f. 19th January, 2006. Shri Gangadhar G. Gadgil also resigned from the Board w.e.f. 29th July, 2006. The Board recorded the appreciation for the contributions made by them during their tenure on the Board.

AUDITORS:

You are requested to appoint Auditors for the current financial year 2006-07 and authorise the Board to fix their remuneration. The retiring Auditors, M/s. K. S. Aiyar & Co, being eligible, offer themselves for re-appointment.

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COST AUDITORS :

M/s. P. D. Phadke & Associates, Cost Accountants have been appointed to conduct Cost Audit for the year ended 31st March, 2006. They will submit their report to the Department of Company Affairs, Government of India.

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 : 29th July, 2006

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. The prices of sugar have also been favourable. 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 in nearby plantation areas and continuous efforts in vital areas like cane development, procurement and management, are expected to ensure regular availability of sugarcane.

Sugar prices are very volatile and 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 stiff competition and increase in costs mainly material costs affects the sales and margins. However some of the major players have sold confectionery business to relatively new entrants which may provide a good opportunity for development of company's confectionery segment.

HUMAN / INDUSTRIAL RELATIONS:

The Company believes that manpower is the most valuable resource for the growth of any