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AGM	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
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6th

**Annual
Report
1996-97**

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RANA SUGARS LIMITED

RANA SUGARS LIMITED**BOARD OF DIRECTORS**

Shri A. R. Talwar, IAS	<i>Chairman</i>
Rana Gurjeet Singh	<i>Managing Director</i>
Shri Om Sahai	<i>Director</i>
Shri Gaganjit Kashyap	<i>Director</i>
Rana Ranjit Singh	<i>Director</i>
Rana Hardeep Singh	<i>Director</i>
Shri A. S. Sodhi	<i>Director</i>
Shri S. A. S. Bajwa	<i>Director</i>
Dr. R. S. Kanwar	<i>Director</i>
Shri H. C. Jain	<i>Director</i>
Shri Rakesh Kapoor	<i>Director (Nominee of IFCI)</i>

COMPANY SECRETARY

Manmohan K. Raina

AUDITORS

Kansal Singla & Associates
Chartered Accountants
SCO 1114-15, Sector 22-B,
Chandigarh-160 022

BANKERS

State Bank of India
Industrial Finance Branch
Sector 22-C,
Chandigarh-160 022

State Bank of Patiala
Industrial Finance Branch
Sector 17-A,
Chandigarh-160 017

Bank of Baroda
Sector 22-B,
Chandigarh-160 022

REGD. OFFICE

SCO 49-50, Sector 8-C,
Madhya Marg,
Chandigarh-160 018

WORKS

Vill. Buttar Savian,
Teh. Baba Bakala,
Distt. Amritsar, Punjab

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RANA SUGARS LIMITED



NOTICE

Notice is hereby given that the SIXTH ANNUAL GENERAL MEETING of the Members of the Company shall be held as scheduled below:-

Day : Tuesday
Date : 30th September, 1997
Time : 3.00 P.M.
Place : The Institution of Engineers (India)
Madhya Marg, Sector 19-A,
Chandigarh

to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Annual Accounts for the financial year ended 31st March, 1997 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Om Sahai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri A.S. Sodhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Rana Hardeep Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution with or without modification(s) as a Special Resolution:
"RESOLVED THAT M/s Kansal Singla & Associates, Chartered Accountants, Chandigarh the retiring Auditors be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix their remuneration for the said period."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) of the Companies Act, 1956, to the Board of Directors of Rana Sugars Limited (hereinafter called the Company) for mortgaging/charging in favour of State Bank of India (SBI)/State Bank of

Patiala (SBOP)/Bank of Baroda (BOB) all the immovable properties of the Company, both present and future, and the whole or substantially the whole of the undertaking of the Company or such of them as may be agreed to between the Board and SBI/SBOP/BOB by way of pari passu second charge in favour of SBI, SBOP and BOB for securing Working Capital Limits of Rs. 2025 lacs, Rs. 1350 lacs and Rs. 1125 lacs respectively (both Fund Based and Non-Fund Based) together with interest, costs and other charges and expenses payable by the Company to SBI/SBOP/BOB in terms of the Loan Agreement entered or to be entered into between the Company and SBI/SBOP/BOB.

RESOLVED FURTHER THAT the aforesaid charges created/to be created by the Company in favour of the said Banks shall rank subsequent to the first/prior charge created/to be created in favour of the Industrial Finance Corporation of India Limited (IFCI), Industrial Development Bank of India (IDBI), Industrial Credit & Investment Corporation of India Limited (ICICI), State Bank of India (SBI) and State Bank of Patiala (SBOP) for their Term Loans granted/to be granted to the Company.

RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all arrangements/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Rana Gurjeet Singh be and is hereby re-appointed as Managing Director of the Company for a period of 5 years w.e.f. 27th July, 1997 on the same remuneration terms."

By order of the Board
for RANA SUGARS LIMITED

MANMOHAN K. RAINA
COMPANY SECRETARY

Place : Chandigarh
Dated : 1st September, 1997

RANA SUGARS LIMITED



NOTES :

- (a) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item No. 5 to 7 set out above is annexed hereto.
- (b) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
- (c) Register of Members shall remain closed from 16th September, 1997 to 30th September, 1997 (both days inclusive).
- (d) Members are requested to bring their copy of Annual Report alongwith them at the Meeting.
- (e) Members desirous of seeking any further information about the accounts and/or operations of the Company are requested to send their queries to the Secretary of the Company atleast seven days in advance of the Meeting so that the information, to the extent practicable, can be made available at the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5

Section 224A of the Companies Act, 1956 provides for appointment or re-appointment of auditors at an Annual General Meeting by a Special Resolution in case 25% or more of the subscribed share capital of a Company is held by the Public Financial Institutions/Government Companies/Central Government/State Governments/Nationalised Banks/Insurance Companies.

The Punjab Agro Industries Corporation Limited, a Government Company, holds more than 25% of the subscribed share capital of the Company. It is, therefore, necessary to re-appoint the auditors by passing a Special Resolution.

None of the Directors is interested or concerned in this resolution.

The Board commends its acceptance.

Item No. 6

The Company has been availing Working Capital Facilities from State Bank of India in consortium with State Bank of Patiala and Bank of Baroda. These working capital limits of Rs. 2025 lacs (Rs. 1800 lacs Fund based and Rs. 225 lacs Non Fund Based), Rs. 1350 lacs (Rs. 1200 lacs Fund Based and Rs. 150 lacs Non Fund Based) and Rs. 1125 lacs (Rs. 1000 lacs Fund Based and Rs. 125 lacs Non Fund Based) from State Bank of India, State Bank of Patiala and Bank of Baroda respectively are already secured by hypothecation of raw-materials, semi finished goods, finished goods and book debts. However, as desired by these Banks, these Working Capital Facilities are to be further secured by way of second charge on the Fixed Assets of the Company.

As per provisions of Section 293 (1)(a) of the Companies Act, 1956, the Board of Directors of the Company is required to be authorised by the Shareholders at the General Meeting for creating the charge/mortgage on immovable properties of the Company. Therefore, the Members' approval is being sought.

None of the Directors of the Company is interested or concerned in the proposed resolution.

Item No. 7

Rana Gurjeet Singh was appointed as Managing Director of the Company w.e.f. 27th July, 1992 without any remuneration for a period of one year. The shareholders of the Company at the Third Annual General Meeting held on 28th September, 1994 had fixed the remuneration and perquisites of Rana Gurjeet Singh w.e.f. 1st April, 1994 as per detail given below:

SALARY

Rs. 50,000/- per month.

PERQUISITES

These will be, in addition to salary, and will be restricted to any amount equal to the annual salary or Rs. 4,50,000/- per annum, whichever is less. Perquisites are classified into three categories A, B and C as follows :

CATEGORY - A

i) Residential Accommodation :

Expenditure by the Company on furnished accommodation subject to a ceiling of 60% of the salary, over and above 10% payable by him. The expenditure incurred by the Company on gas, electricity, water etc. shall be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of the salary. In case the Company does not provide the furnished residential accommodation, HRA @ 50% of the salary would be payable.

ii) Medical reimbursement :

Expenditure incurred for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.

iii) Leave Travel Concession :

For self and family once in a year.

iv) Fees for Club :

Subject to a maximum of two clubs. This will not include admission and life membership fee.

v) Personal Accident Insurance :

Personal Accident Insurance premium not to exceed Rs. 4,000/- per annum.

CATEGORY - B

i) Provident Fund and Superannuation Fund or Annuity Fund :

Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent, these either singly or put together, are not taxable under the Income Tax Act.

ii) Gratuity :

Gratuity payable shall not exceed half month's salary for each completed year of service.

iii) Leave Encashment :

As per Company rules and will not be included in computation of ceiling of perquisites.

CATEGORY - C

The provision of car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls of telephone and use of car for private purpose shall be billed by the Company. In the event of any loss or inadequacy of profits, the aforesaid salary and perquisites be considered as the minimum payable salary.

The tenure of Rana Gurjeet Singh as Managing Director of the Company has expired on 26th July, 1997. He has managed the affairs of the Company very efficiently and successfully as Managing Director of the Company. The Board of Directors in its meeting held on 29th May, 1997 has re-appointed Rana Gurjeet Singh as Managing Director of the Company for a further period of five years w.e.f. 27th July, 1997 on the same remuneration terms as mentioned above.

The Directors recommend the resolution for your approval. None of the Directors except Rana Gurjeet Singh is in any way concerned or interested in the resolution.

By order of the Board
for RANA SUGARS LIMITED

MANMOHAN K. RAINA
COMPANY SECRETARY

Place : Chandigarh
Dated : 1st September, 1997

RANA SUGARS LIMITED



DIRECTORS REPORT

Your Directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1997.

1. FINANCIAL RESULTS :

(Rs. in lacs)

	Current year ended 31.3.1997	Previous year ended 31.3.1996
Profit before interest, depreciation & tax	1260.98	1129.14
Less : Financial Expenses	818.01	744.55
Depreciation	208.88	196.40
Misc. expenses written off	32.60	48.85
Profit before Tax	201.49	139.34
Provision for Tax	25.99	—
Net Profit after Tax	175.50	139.34
Profit carried forward to Balance Sheet	175.50	139.34

OPERATIONS :

Cane Crushed (Qtls)	43,10,524	41,45,705
Production (Qtls)		
Sugar	4,14,755	3,68,354
Molasses	1,81,696	1,78,454
Recovery (%)		
Sugar	9.62	8.89

2. FIXED DEPOSITS :

The Company has not accepted any deposits under Section 58-A of the Companies Act, 1956 during the year under review.

3. SUGAR INDUSTRY & FUTURE OUTLOOK :

During the current season the sugar

production in the Country has declined as compared to last year's production. The production of sugar during the current season has decreased to 128 lacs tonnes as compared to 164 lacs tonnes of last season.

However, the Company has increased its production of sugar to 4.45 lacs quintals during the current season as compared to 4.32 lacs quintals of sugar of last season. It has achieved excellent quality of its product. The Company has envisaged to produce 6.50 lacs quintals of sugar during the ensuing season of 1997-98. In order to achieve this target the Company has brought an area of 50000 acres under cane cultivation in its catchment area.

The Company has taken up the expansion programme of its crushing capacity from 2500 TCD to 5000 TCD and its application for financial assistance is under consideration of Financial Institutions. The Company has also taken up project regarding co-generation of surplus power and has submitted necessary applications for financial assistance to Government Agencies/Financial Institutions which are under their consideration.

4. DIRECTORS :

Shri A.R. Talwar, IAS has been nominated by the Punjab Agro Industries Corporation Limited on the Board of the Company as Chairman cum Director in place of Shri B.R. Bajaj, IAS.

Shri Om Sahai, Shri A.S. Sodhi and Rana Hardeep Singh, Directors retire by rotation and being eligible offer themselves for re-appointment.

5. AUDITORS :

M/s Kansal Singla & Associates, Chartered Accountants, Chandigarh, Statutory Auditors of the Company, retire at the

RANA SUGARS LIMITED



conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

As required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed and forms part of the Report.

7. PARTICULARS OF EMPLOYEES :

None of the employees is covered under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

8. PERSONNEL :

There has been full harmony in the inter personal relations of the employees. Your Directors wish to place on record their sincere appreciation of the devotion and dedicated efforts put in by the employees at all levels.

9. ACKNOWLEDGEMENT :

Your Directors acknowledge with gratitude the assistance and co-operation extended by the Financial Institutions, Banks, concerned departments of Government of Punjab & Government of India and shareholders of the Company.

For & on behalf of the Board

RANA GURJEET SINGH GAGANJIT KASHYAP
MANAGING DIRECTOR DIRECTOR

Place : Chandigarh
Dated : 1st September, 1997

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RANA SUGARS LIMITED



ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR 1996-97

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1997.

1. CONSERVATION OF ENERGY

The Company has installed most modern equipments to save and minimize energy consumption. The Company has installed two turbo alternate sets of 2500 KW each with aggregate power generation capacity of 5000 KVV. The entire requirement of power is met through captive generation. The Company has also made standby arrangement of Diesel Generating sets.

To achieve maximum conservation of energy, the Company has put up high pressure boilers and matching turbo alternators and prime movers. The Company has also installed electrical motors of appropriate size and continuous centrifugals in place of batch type centrifugals.

	Current Year	Previous Year
A. 1. ELECTRICITY		
a) Units Purchased	17,18,280	8,55,660
Total Amount (Rs.)	38,71,562	18,82,159
Rate per Unit (Rs.)	2.25	2.20
b) Own Generation		
i) Through Diesel Generator		
Units	2230	450
Units per litre of diesel oil	1.24	1.64
Cost per Unit (Rs.)	5.89	4.28
ii) Through Steam Turbine		
Unit	1,42,39,451	1,22,83,178
Cost per unit fuel (Rs.)	0.09	0.07
Cost per unit electricity (Rs.)	0.41	0.43
2. FIRE WOOD		
Qty. (Tonnes)	—	170
Cost (Rs.)	—	1,86,796
Rate per tonne (Rs.)	—	1098.80
B. CONSUMPTION PER UNIT OF PRODUCT		
1. Electricity (KW/MT)	384.80	355.76
2. Bagasse (MT/MT)	3.23	2.33
3. Steam (MT/MT)	6.76	5.51
4. Fire Wood (MT/MT)	—	0.005
C. TECHNOLOGY ABSORPTION		
i) Research and Development :		
a) Research and Development has continuously been carried out for improvement in quality of Sugar Cane and to increase the area under Sugar Cane Crop which will ensure its greater availability resulting into more production and better quality of Cane and higher yield thereby directly reducing the cost of production.	—	—
b) The Company is trying to improve quality of Cane and ensure development of Cane by providing various facilities to the Cane growers.	—	—
c) Amount incurred on Research and Development (Rs. in lacs)	12.90	3.84
ii) Technology Absorption, Adaption and Innovation :		
a) Latest technology has been adopted in the plant to maximize production, yield and better quality alongwith minimum consumption of energy.		
b) Technology imported	NIL	NIL
D. FOREIGN EXCHANGE EARNINGS AND OUTGO		
a) Foreign Exchange Earnings	NIL	NIL
b) Foreign Exchange Outgo (Rs. in lacs)	NIL	1.35

for & on behalf of the Board

RANA GURJEET SINGH
MANAGING DIRECTOR

GAGANJIT KASHYAP
DIRECTOR