



Annual Report
1997-98



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 C.K. Maini	<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 8-C,
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

C O N T E N T S

Notice	3
Directors' Report	6
Auditors' Report	9
Balance Sheet	11
Profit & Loss Account	12
Schedules	13
Cash Flow Statement	22
Proxy Form	23

RANA SUGARS LIMITED



NOTICE

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

Day : Wednesday
 Date : 30th September, 1998
 Time : 4.00 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, 1998 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Rana Ranjit Singh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S.A.S. Bajwa, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri H.C. Jain, 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 Government of India (GOI), Ministry of Food & Consumer Affairs, Deptt. of Sugar & Edible Oils, New Delhi/ 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 GOI by way of second charge in favour of GOI for securing Loan of Rs. 1010.40 lacs out of Sugar Development Fund and by way of third charge on pari passu basis in favour of SBI, SBOP & BOB for securing Working Capital Limits of Rs. 3150 lacs, Rs. 2100 lacs and Rs. 1750 lacs respectively (both Fund Based and Non-Fund Based) together with interest, costs and other charges and expenses payable by the Company to GOI/SBI/SBOP/BOB in terms of the Loan Agreements entered or to be entered into between the Company and GOI/SBI/SBOP/BOB.

RESOLVED FURTHER THAT the aforesaid charges created/to be created by the Company in favour of GOI shall rank second subject and subservient to the first charge created/to be created in favour of the Industrial Finance Corporation of India Limited, Industrial Development Bank of India, Industrial Credit & Investment Corporation of India Limited, State Bank of India and State Bank of Patiala for their Term Loans granted/to be granted and will be prior to the third charge of SBI, SBOP & BOB for securing working capital facilities granted/to be granted to the Company.

RANA SUGARS LIMITED



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 a Special Resolution :

"RESOLVED THAT in accordance with the provisions of the Companies Act, 1956 the Memorandum and Articles of Association of the Company be amended so as to substitute the following against the articles Clause No. 168(1) (Clause pertaining to the powers of the Board of Directors)

Subject to the provisions of the Act, Memorandum or in these articles or Collaboration Agreement, the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other law or by the Memorandum or these Articles or by the Collaboration Agreement or otherwise to be exercised or done by the Company in general meeting provided further that in exercising any power or doing any act or thing the Board shall be subject to the provisions contained in that behalf in the Act, Memorandum or in these Articles or Collaboration Agreement or in any regulations including regulations made by the Company in General Meeting."

By order of the Board
for RANA SUGARS LIMITED

MANMOHAN K. RAINA
COMPANY SECRETARY

Place : Chandigarh
Dated : 31st August, 1998

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, 1998 to 30th September, 1998, (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 the 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.

RANA SUGARS LIMITED



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

The Board commends its acceptance.

Item No. 6

The Company has been sanctioned a loan of Rs. 1010.40 lacs by Government of India, Ministry of Food & Consumer Affairs, Deptt. of Sugar & Edible Oils, New Delhi, out of Sugar Development Fund. As per the terms and conditions of the letter of sanction issued by Government of India (GOI), the Company is required to create second charge on its fixed assets. SBI, SBOP & BOB from whom the Company is availing working capital limits have agreed to cede second charge in favour of GOI.

The Company has also been sanctioned enhanced 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. 3150 lacs (Rs. 2925 lacs Fund Based and Rs. 225 lacs Non Fund Based), Rs. 2100 lacs (Rs. 1950 lacs Fund Based and Rs. 150 lacs Non Fund Based) and Rs. 1750 lacs (Rs. 1625 lacs Fund Based and Rs. 125 lacs Non Fund Based) from State Bank of India, State Bank of Patiala and Bank of Baroda respectively which are already secured by hypothecation of raw-materials, semi finished goods, finished goods and book debts. As desired by these banks, these working capital facilities are to be further secured by way of third 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

The Punjab Agro Industries Corporation Limited (PAIC), one of the promoters of the Company, have desired that Article 168(1) of Articles of Association of the Company pertaining to Powers of Directors be altered in accordance with the Financial Collaboration Agreement dated 05.06.91 executed by PAIC with Private Promoters. Under the provisions of the Companies Act, 1956, the approval of the shareholders is required for alteration in the Articles of Association of the Company.

Shri A.R. Talwar, IAS, Chairman, Shri Om Sahai and Shri C.K. Maini, Directors of the Company are interested in this resolution being the nominees of PAIC.

By order of the Board
for RANA SUGARS LIMITED

MANMOHAN K. RAINA
COMPANY SECRETARY

Place : Chandigarh

Dated : 31st August, 1998

RANA SUGARS LIMITED



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventh Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1998.

1. FINANCIAL RESULTS :

	(Rs. in lacs)	
	Current year ended 31.3.1998	Previous year ended 31.3.1997
Profit before interest, depreciation & tax	1575.99	1260.98
Less : Financial Expenses	959.50	818.01
Depreciation	275.26	208.88
Misc. expenses written off	29.41	32.60
Profit before Tax	311.82	201.49
Provision for Tax	32.74	25.99
Net Profit after Tax	279.08	175.50
Profit carried forward to Balance Sheet	279.08	175.50
OPERATIONS :		
Cane Crushed (Qtls)	44,15,872	43,10,524
Production (Qtls)		
Sugar	4,12,015	4,14,755
Molasses	1,94,987	1,81,696
Recovery (%)		
Sugar	9.33	9.62

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 :

The production of sugar in the Country during the current season 1997-98 has

gone marginally lower at 125 lacs tonnes against 129 lacs tonnes during 1996-97. The internal consumption is expected to be about 145 lacs tonnes as opposed to 139 lacs tonnes last year. The Government has allowed import of sugar under OGL and over 7 lacs tonnes of sugar has been imported so far.

The Company's production of sugar has also decreased to 4.12 lacs quintals during the current year as compared to 4.15 lacs quintals during the last year. The main reasons attributed to this decrease was inadequate availability of sugarcane. The sugarcane was affected by grievances diseases like red rot resulting into uprooting of sugarcane by the farmers. This also resulted into low yield and recovery of sugar. However, the profitability of the Company has increased as compared to last year due to better realization price of sugar and molasses. The net profit of the Company has gone up to Rs. 279.08 lacs as compared to Rs. 175.50 lacs last year. The Company has maintained good quality of its product. It has envisaged to produce 7.00 lacs quintals of sugar during the ensuing season of 1998-99. 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 scheme of its crushing capacity from 2500 TCD to 5000 TCD and which is likely to be completed very soon. The Company has also taken up project regarding co-generation of surplus power and has been sanctioned required financial assistance by Government Agencies.

4. DIRECTORS :

Shri C.K. Maini has been nominated as Director of the Company by the Punjab Agro Industries Corporation Limited in

RANA SUGARS LIMITED



place of Shri Gaganjit Kashyap who has resigned from the Directorship of the Company.

Rana Ranjit Singh, Shri S.A.S. Bajwa and Shri H.C. Jain, 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 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 OM SAHAI
MANAGING DIRECTOR DIRECTOR

Place : Chandigarh

Dated : 31st August, 1998