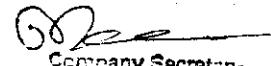


VERIFIED TRUE COPY


Company Secretary
Rana Sugars Limited
Chandigarh

8th

Annual Report
1998-99

Report  junction.com



RANA SUGARS LIMITED

RANA SUGARS LIMITED



BOARD OF DIRECTORS

Shri A.R. Talwar, IAS
 Rana Gurjeet Singh
 Shri Om Sahai
 Shri Sukhjit Singh
 Rana Ranjit Singh
 Rana Hardeep Singh
 Shri A.S. Sodhi
 Shri S.A.S. Bajwa
 Dr. R.S. Kanwar
 Shri H.C. Jain
 Shri R.P. Singh
 Shri R. Subramanian

Chairman
 Managing Director
 Director
 Director
 Director
 Director
 Director
 Director
 Director
 Director (Nominee of IFCI)
 Director (Nominee of IREDA)

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-160 018

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

CONTENTS

Notice	3
Directors' Report	7
Auditors' Report	11
Balance Sheet	13
Profit & Loss Account	14
Schedules	15
Cash Flow Statement	26
Proxy Form	27

RANA SUGARS LIMITED



NOTICE

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

Day : Thursday
Date : 30th September, 1999
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, 1999 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri A.S. Sodhi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Rana Hardeep Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. R.S. Kanwar, 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 Managing Director 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 the Industrial Finance Corporation of India Limited (IFCI) and Indian Renewable Energy Development Agency Limited (IREDA) 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 IFCI/IREDA by way of first charge on pari passu basis in favour of IFCI for securing term loan of Rs. 1400.00 lacs and in favour of I R E D A for securing term loan of Rs. 1660.00 lacs together with interest, costs and other charges and expenses payable by the Company to IFCI & IREDA in terms of the loan agreements entered or to be entered into between the Company and IFCI/IREDA.

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 pursuant to the provisions of Sections 94 and other

RANA SUGARS LIMITED



applicable provisions, if any, of the Companies Act, 1956, the authorised share capital of the Company be and is hereby increased from Rs.22,00,00,000 (Rupees Twenty Two Crores only) divided into 2,20,00,000 (Two Crores Twenty Lacs) equity shares of the Rs.10/-each to Rs.35,00,00,000 (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crores Fifty Lacs) equity shares of Rs.10/- each."

8. To consider and, if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered in the following manner :

In existing Clause V, for the words and figures "Rs. 22,00,00,000 (Rupees Twenty Two Crores only) divided into 2,20,00,000 (Two Crores Twenty Lacs) equity shares of Rs.10/- each", the words and figures "Rs.35,00,00,000 (Rupees Thirty Five Crores Only) divided into 3,50,00,000 (Three Crores Fifty Lacs) equity shares of Rs.10/-each", be substituted."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner :

In Article 5, the words and figures Rs. 22,00,00,000 (Rupees Twenty Two Crores only) divided into 2,20,00,000 (Two Crores Twenty Lacs) equity shares of Rs.10/- each

the words and figures "Rs.35,00,00,000 (Rupees Thirty Five Crores Only) divided into 3,50,00,000 (Three Crores Fifty Lacs) equity shares of Rs.10/- each" be substituted."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals and permissions as may be necessary and subject to such conditions and modifications as may be prescribed, which may be agreed upon by the Board of Directors of the Company (hereinafter referred to as "The Board") who are hereby authorised to agree to and accept the same, the consent of the members be and is hereby accorded to the Board to allot and issue 1,10,11,000 Equity Shares of the Company of Rs.10/- each at par aggregating to Rs.11,01,10,000 to private promoters and Punjab Energy Development Agency and / or any other Government Institution/Agency in terms of stipulation made by IFCI and IREDA, on preference basis and the Board is authorised to take all such necessary steps in this regard".

By order of the Board
for RANA SUGARS LIMITED

MANMOHAN K. RAINA
COMPANY SECRETARY

Place : Chandigarh
Date : 1st September, 1999

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 10 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 Regd. Office not less than 48 hours before the meeting.
- (c) Register of members shall remain closed from 16th September, 1999 to 30th September, 1999 (both days inclusive).
- (d) Members are requested to bring their copy of Annual Report along with 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 7 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 224 A 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.

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 term loan of Rs.1400.00 lacs by The Industrial Finance Corporation of India Limited (IFCI) and a loan of Rs.1660.00 lacs by Indian Renewable Energy Development Agency Limited (IREDA). In terms of Loan Agreements executed by the Company with IFCI and IREDA, the Company is required to create first charge on its all the immovable properties in favour of IFCI and IREDA on pari passu basis.

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 to 9

As per the financing plan approved by the

RANA SUGARS LIMITED



IFCI regarding financing the expansion scheme of the Company's crushing capacity from 2500 TCD to 5000 TCD, the Company is required to raise additional share capital of Rs.389.60 lacs. Similarly, in terms of Letter of Sanction issued by IREDA sanctioning term loan of Rs.1,660.00 lacs for the Company's Co-generation Power Project, the Company is required to raise additional share capital of Rs.711.50 lacs.

Thus in order to raise additional share capital of Rs.1101.10 lacs as mentioned aforesaid, the Company is required to enhance its authorised share capital, which is proposed to be raised to Rs.35.00 Crores from existing Rs.22.00 Crores.

The draft resolution incorporated in the Notice is recommended for your consideration and adoption.

Shri R.P. Singh and Shri R. Subramanian, Directors of the Company may be deemed to be interested in this resolution being the nominee of IFCI and IREDA respectively.

ITEM NO. 10

As per the Financing Plan approved by the IFCI regarding financing the expansion scheme of the Company's crushing capacity from 2500 TCD to 5000 TCD, the private promoters of the Company

have to bring in additional share capital of Rs.389.60 lacs. Similarly, in terms of Letter of Sanction issued by IREDA regarding term loan of Rs.1,660 lacs, the private promoters are required to bring in additional share capital of Rs.456.50 lacs and State Government/PEDA is required to contribute Rs.255 lacs as share capital. Under the provisions of Section 81(1A) of the Companies Act, 1956, the permission of shareholders is required for further issue of capital to any person in any manner whatsoever. Under the aforesaid circumstances, it is proposed that private promoters of the Company and PEDDA may be allotted 1,10,11,000 equity shares of Rs.10/- each at par aggregating to Rs.11,01,10,000/-, on preference basis.

The Board recommends the resolution for the approval.

By order of the Board
for RANA SUGARS LIMITED

MANMOHAN K. RAINA
COMPANY SECRETARY

Place : Chandigarh
Date : 1st September, 1999.

RANA SUGARS LIMITED



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1999.

1. FINANCIAL RESULTS :

Rs. in lacs

	Current Year ended 31.03.1999	Previous Year ended 31.03.1998
Profit before interest depreciation & tax	1424.12	1575.99
Less : Financial Expenses	976.15	959.50
Depreciation	268.63	275.26
Misc. expenses written off	29.29	29.41
Profit before Tax	150.05	311.82
Provision for Tax	11.29	32.74
Net Profit after Tax	138.76	279.08
Profit carried forward to Balance Sheet	138.76	279.08

OPERATIONS :

Cane Crushed (Qtls.)	44,20,972	44,15,872
Production (Qtls.)		
Sugar	3,81,390	4,12,015
Molasses	1,65,279	1,94,987
Recovery (%)		
Sugar	8.63	9.33

2. SUGAR INDUSTRY & FUTURE OUTLOOK :

The production of sugar in the Country during the current season 1998-99 has gone up to 154 lac tonnes against 125 lac tonnes during 1997-98. The internal consumption is expected to be about 148 lac tonnes as opposed to 145 lac tonnes last year.

During the year the Company's production of sugar has decreased to 3.81 lac quintals as compared to 4.12 lac quintals during the last year. The main reason attributed to this decrease was inadequate availability of sugarcane due to climatic factors. The sugarcane was also affected by serious diseases like Red Rot. This resulted into low yield and recovery of sugar. The net profit of the Company has gone down to Rs.138.76 lacs as compared to Rs.279.08 lacs last year. The Company has maintained good quality of its product. It has envisaged to produce 6.50 lac quintals of sugar during the ensuing season of 1999-2000. In order to achieve this target, the Company has brought an area of 50,000 acres under cane cultivation in its catchment area.

The Company has completed its expansion scheme of its crushing capacity from 2500 TCD to 5000 TCD. The Company has now taken up project regarding Co-generation of surplus power.

3. DIVIDEND :

Due to insufficient profit during the year the Board of Directors has not recommended any dividend.

4. DIRECTORS :

Shri Sukhjit Singh has been nominated as Director of the Company by The Punjab Agro Industries Corporation Limited in place of Shri C.K. Maini who has resigned from the Directorship of the Company.

Shri R.P. Singh has been nominated as Director of the Company by The Industrial Finance Corporation of India Limited in place of Shri Rakesh Kapoor whose nomination has been withdrawn.