

10th
ANNUAL REPORT
2000-01



RANA SUGARS LIMITED
RANA SUGARS LIMITED.

RANA SUGARS LIMITED



BOARD OF DIRECTORS

Shri A. R. Talwar, IAS	<i>Chairman</i>
Shri Om Sahai	<i>Director</i>
Shri Sukhjot Singh	<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>
Shri R. P. Singh	<i>Director (Nominee of IFCI)</i>
Dr. Y. P. Abbi	<i>Director (Nominee of IREDA)</i>
Shri P. S. Aujla	<i>Director (Nominee of PEDDA)</i>
Shri S. S. Sekhon	<i>Director (Nominee of PEDDA)</i>
Rana Gurjeet Singh	<i>Managing Director</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 Seviyan,
Teh. Baba Bakala,
Distt. Amritsar, Punjab

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RANA SUGARS LIMITED



NOTICE

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

Day : Monday
 Date : 24th September, 2001
 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, 2001 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Sukhjit Singh, 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 Shri A.S. Sodhi, 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 an Ordinary 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 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 IREDA by way of first charge on pari passu basis in favour of IREDA for securing Soft Loan of Rs. 755.71 lakhs and Capital Subsidy of Rs. 430.04 lakhs together with interest, costs and other charges and expenses payable by the Company to IREDA in terms of the Loan Agreements entered or to be entered into between the Company and IREDA.

RESOLVED FURTHER THAT the aforesaid charges/mortgages created/to be created by the Company in favour of IREDA shall rank pari passu to the first mortgages/charges of IFCI, IDBI & ICICI for securing term loans and will be prior to the second charge of Govt. of India for securing loan out of Sugar Development Fund and the third charge of SBI, SBOP & BOB for securing working capital facilities.

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 Section 81(1A) of the Companies Act, 1956 and the relevant provisions of listing agreements with the Stock Exchanges where the shares of the Company

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are listed, and subject to SEBI Guidelines on Preferential Allotments and such other provisions or laws as may be applicable, consent of the members be and is hereby accorded to the Board of Directors for further issue of share capital by way of allotment of 37,35,200 equity shares of the face value of Rs. 10/- each at par to Rana Gurjeet Singh & Associates, namely Rana Gurjeet Singh, Rana Ranjit Singh & Mrs. Rajbans Kaur, private promoters of the Company and 25,50,000 equity shares of the face value of Rs. 10/- each at par to Punjab Energy Development Agency (PEDA) aggregating to 62,85,200 equity shares of the face value of Rs. 10/- each at par aggregating to Rs. 6,28,52,000/-, on preferential basis, in terms of stipulation made by Ministry of Non-Conventional Energy Sources / Indian Renewable Energy Development Agency Limited and the Board is authorised to take all such necessary steps in this regard."

By order of the Board
for RANA SUGARS LIMITED

Place : Chandigarh
Dated : 27th August, 2001

MANMOHAN K. RAINA
COMPANY SECRETARY

NOTES:

- (a) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item No. 6 & 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 / herself 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 17th September, 2001 to 29th September, 2001 (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. 6

The Company has been sanctioned Soft Loan of Rs. 755.71 lakhs by Indian Renewable Energy Development Agency Limited (IREDA) against grant sanctioned to IREDA by Govt. of India. The Company has also been sanctioned a Capital Subsidy of Rs. 430.04 lakhs by Govt. of India, Ministry of Non-Conventional Energy Sources (MNES) through IREDA to part finance the cost of the Co-generation Power Project of the Company which is being set up at the existing premises at Village Buttar Seviyan, Tehsil Baba Bakala, District Amritsar, Punjab. In terms of Loan/Subsidy Agreements executed by the Company with IREDA, the Company is required to create first charge on its all the immovable properties in favour of 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 except Dr. Y.P. Abbi being the Nominee Director of IREDA.

Item No. 7

As per the financing plan approved by IFCI Limited regarding financing the expansion scheme of the Company's crushing capacity from 2500 TCD to 5000 TCD, Rana Gurjeet Singh & Associates, private promoters had to bring in additional share capital of Rs. 389.60 lakhs. Similarly, Indian Renewable Energy Development Agency Limited (IREDA) while sanctioning the term loan of Rs. 1660.00 lakhs, had stipulated that Rana Gurjeet Singh & Associates, private promoters shall bring in additional share capital of Rs. 456.50 lakhs and State Government through Punjab Energy Development Agency (PEDA) shall bring in equity contribution of Rs. 255.00 lakhs to part finance the cost of Company's Co-generation Power Project. Rana Gurjeet Singh, Rana Ranjit Singh, Mrs. Rajbans Kaur and Mrs. B.K. Nagra, the private promoters had already brought in Rs. 727.58 lakhs against the total additional equity contribution of Rs. 846.10 lakhs and 7275800 equity shares @ Rs. 10/- each at par have since been allotted to them on preferential basis under Section

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81(1A) of the Companies Act, 1956. Later on, the Means of Finance of the aforesaid Co-generation Power Project were revised by IREDA/Ministry of Non-conventional Energy Sources (MNES) as per detail given below :-

S.No.	Source	Previous Amount	(Rs. in lakhs) Revised Amount
A.	EQUITY SHARE CAPITAL		
1.	Equity of Rana Gurjeet Singh & Associates, Promoters	456.50	711.50
2.	Equity contribution by State Government through Punjab Energy Development Agency	255.00	255.00
B.	LOANS, GRANTS, SUBSIDY ETC.		
1.	Term Loan of IREDA	1660.00	49.29
2.	Capital Subsidy by MNES through IREDA	—	430.04
3.	Soft Loan @ 9% interest by IREDA against grant sanctioned to IREDA by Govt. of India, MNES	—	755.71
4.	Grant from the USAID under the ABC Component of the GEP project.	—	169.96
	TOTAL	2371.50	2371.50

Rana Gurjeet Singh & Associates, private promoters are now required to bring in balance amount of Rs. 373.52 lakhs and PEDDA is required to bring in Rs. 255.00 lakhs as equity contribution for Co-generation Power Project of the Company which is being set up at the existing premises at Village Buttar Seviyan, Tehsil Baba Bakala, District Amritsar, Punjab. The necessary detail/disclosure (called for the purpose of consideration of the preferential allotment) in accordance with Regulation 3(1)(c)(ii) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 is as under :-

I. Allottee Details :	Name	Relation
a) Name of the Allottee (s) and its relation, if any, with the existing promoters or persons in control over the Target Company (T.C.) Names of persons deemed to be acting in concert with the allottee (all referred as "Acquirer" hereinafter) who will be holding more than 5% in T.C. shall also be disclosed.	1. Rana Gurjeet Singh 2. Rana Ranjit Singh 3. Mrs. Rajbans Kaur 4. Punjab Energy Development Agency	Managing Director & Existing Promoter Director & Existing Promoter Existing Promoter N.A. However, Punjab Energy Development Agency is the nodal agency established for promotion and development of non-conventional energy projects in the State of Punjab.

II. Acquisition Details :

Acquisition Details

a) No. and % of shares proposed to be allotted pursuant to special resolution u/s 81(1A) - preferential allotment.	62,85,200	18.03%		
b) No. and % of shares proposed to be allotted to each of the allottee(s) mentioned at (1).above	Existing holding %	Proposed Allotment % on expended capital	No. of Shares Proposed to be allotted	Post issue Equity %
ALLOTTEE				
1. Rana Gurjeet Singh	10.52	3.97	1383140	12.59
2. Rana Ranjit Singh	11.35	6.55	2282060	15.85
3. Mrs. Rajbans Kaur	3.50	0.20	70000	3.07
4. Punjab Energy Development Agency	Nil	7.31	2550000	7.31
	25.37	18.03	6285200	38.82

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- c) Price at which allotment is proposed Rs. 10/- per share (at par)
The allotment price is in accordance with SEBI Preferential Offer guidelines dated 4.8.94 and subsequent amendments thereof.
- d) Purpose of and the reason of the said allotment As stipulated by Indian Renewable Energy Development Agency Limited/Ministry of Non-Conventional Energy Sources to part finance the cost of the Co-generation Power Project of the Company of Rs. 2371.50 lakhs.
- e) Consequential changes, if any, in Board of Directors PEDAs has right to nominate any two Directors on the Board of the Company in terms of Financial Collaboration Agreement dated 28th March, 2000 executed by the Company, Private Promoters and PEDAs. The strength of the Board of Directors shall increase accordingly.

f) Consequential changes, if any, in the share holding pattern of the target company	Pre Allotment		Post Allotment	
	No	%	No.	%
1. Promoter Group				
a) Acquirer (s)				
i) Rana Gurjeet Singh	3004994	10.52	4388134	12.59
ii) Rana Ranjit Singh	3243304	11.35	5525364	15.85
iii) Mrs. Rajbans Kaur	1000001	3.50	1070001	3.07
Total (a)	7248299	25.37	10983499	31.51
b) Others				
i) Private Promoters	3677501	12.87	3677501	10.55
ii) Punjab Agro Industries Corporation Ltd.	6100000	21.35	6100000	17.50
c) Total (a+b)	17025800	59.59	20761000	59.56
2. Other Acquirer (s)				
Punjab Energy Development Agency	Nil	Nil	2550000	7.31
3. MFs/FIs/FIs	66900	0.23	66900	0.19
4. Public	11483100	40.18	11483100	32.94
Total Paid up equity capital of Target Company	28575800	100.00	34861000	100.00
g) Consequential changes, if any in Voting Rights				
1. Promoters				
a) Acquirer (s)		25.37		31.51
b) Others		34.22		28.05
c) Total for promoter group		59.59		59.56
2. Other Acquirer (s)				
Punjab Energy Development Agency		Nil		7.31
3. MFs/FIs/FIs		0.23		0.19
4. Public		40.18		32.94

Voting rights would change in tandem with shareholding pattern.

- h) Whether the said allotment would result in change in control over the company. There shall be no change in control over the Company after the allotment of proposed equity shares on preferential basis.

The Directors, therefore, recommend the resolution to be carried as Special Resolution.

None of the Directors of the Company is interested or concerned in the proposed resolution except Rana Gurjeet Singh and Rana Ranjit Singh being the interested Directors and Shri P.S. Aujla and Shri S.S. Sekhon, being the nominee Directors of PEDAs.

By order of the Board
for RANA SUGARS LIMITED

Place : Chandigarh
Dated : 27th August, 2001

MANMOHAN K. RAINA
COMPANY SECRETARY

RANA SUGARS LIMITED



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2001.

1. FINANCIAL RESULTS :

	(Rs. in lacs)	
	Current year ended 31.3.2001	Previous year ended 31.3.2000
Profit before interest, depreciation & tax	1636.51	1588.25
Less : Financial Expenses	924.12	1034.64
Depreciation	374.91	364.28
Misc. expenses written off	27.88	30.97
Profit before Tax	309.60	158.36
Provision for Tax	26.24	9.42
Net Profit after Tax	283.36	148.94
Profit carried forward to Balance Sheet	283.36	148.94
OPERATIONS :		
Cane Crushed (Qtls)	52,99,803	49,52,994
Production (Qtls)		
Sugar	4,99,891	4,89,356
Molasses	2,13,927	2,07,970
Recovery (%)		
Sugar	9.43	9.88

2. SUGAR INDUSTRY & FUTURE OUTLOOK:

During the current year the sugar production in the country has gone upto 188 lac tonnes which is all time highest, against 182 lac tonnes during 1999-2000. The internal consumption is expected to be about 158 lac tonnes as compared to 150 lac tonnes last year.

The Company has also increased its production of sugar to 5.00 lac quintals as compared to 4.89 lac quintals during the last year. It has earned a net profit of Rs. 283.36 lacs as compared to Rs. 148.94 lacs last year. However, there was fall in the recovery of the sugar during the year as the sugarcane in the area was affected by serious diseases like wilt and red-rot. The Company has maintained good quality of its product. It has envisaged to produce 6.75 lac quintals of sugar during the ensuing season of 2001-2002. In order to achieve this target the Company has brought an area of 60000 acres under cane cultivation in its catchment area.

The Company's project regarding co-generation of surplus power is under implementation which is likely to be completed during next season.

3. DIVIDEND :

Due to deployment of funds in the business operations of the Company, your Directors

have decided not to recommend any dividend. However, with the commissioning of Co-generation Power Project, the Company is hopeful to yield better return in future.

4. DIRECTORS :

Dr. R.S. Kanwar resigned from the directorship of the Company due to personal reasons during the year. Dr. Y.P. Abbi has been nominated as Director of the Company by Indian Renewable Energy Development Agency Limited in place of Shri R. Subramanian. Shri H.C. Jain has expired on 22.8.2001. The Board placed on record the appreciation of useful contribution made by Dr. R.S. Kanwar, Sh. R. Subramanian and Sh. H.C. Jain during their tenure.

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

Shri P.S. Aujla and Shri S.S. Sekhon have been nominated Directors of the Company by Punjab Energy Development Agency.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, it is hereby confirmed :

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- (iii) that the Directors had taken proper and sufficient care for the maintenance of 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.
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2001 on a going concern basis.

6. AUDIT COMMITTEE :

The Company has constituted an Audit Committee of the Directors, pursuant to the provisions of the Companies (Amendment)