

# 11th ANNUAL REPORT 2001-02

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## RANA SUGARS LIMITED

**RANA SUGARS LIMITED****BOARD OF DIRECTORS**

Shri Himmat Singh, IAS  
 Shri Gaggandip Singh, PCS  
 Rana Gurjeet Singh  
 Shri S.S. Sekhon  
 Shri A.S. Sodhi  
 Shri S.A.S. Bajwa  
 Shri Sukhjot Singh,  
 Shri Rajnish Tuli  
 Rana Hardeep Singh  
 Shri R.P. Singh  
 Dr. Y.P. Abbi  
 Rana Ranjit Singh

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

**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 ELEVENTH ANNUAL GENERAL MEETING of the Members of the Company shall be held as scheduled below :-

Day : Monday  
Date : 30<sup>th</sup> September, 2002  
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 31<sup>st</sup> March, 2002 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Rana Gurjeet 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 Rajnish Tuli, 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 though fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions under Section 269, Schedule XIII and other applicable provisions of the Companies Act 1956, Rana Ranjit Singh be and is hereby appointed as Managing Director of the Company for a period of five years w.e.f. 31<sup>st</sup> January, 2002.

RESOLVED FURTHER that Rana Ranjit Singh will not be paid any remuneration for a period of one year from the date of his appointment."

By order of the Board  
for Rana Sugar Limited

Place : Chandigarh                      Manmohan K. Raina  
Dated : 2nd Sept., 2002              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 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 16<sup>th</sup> September, 2002 to 30<sup>th</sup> September, 2002 (both days inclusive).
- (d) Members are requested to (i) bring their copy of Annual Report at the Meeting.  
(ii) Send their queries, if any, to reach the Company's Registered Office at Chandigarh at least 10 days before the date of meeting so that information can be made available at the meeting

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO. 6**

The Board of Directors in its meeting held on 31<sup>st</sup> January, 2002 had approved the appointment of Rana Ranjit Singh as Managing Director of the Company for a period of 5 years w.e.f. 31<sup>st</sup> January, 2002 without any remuneration for the first one year.

Under the provision of Articles 172 (B) of Articles of Association of the Company, the consent of the shareholders in General Meeting is required for appointment of Managing Director.

Your Directors recommend the resolution.

None of the Directors except Rana Ranjit Singh, Rana Gurjeet Singh and Rana Hardeep Singh is interested in the resolution.

By order of the Board  
for Rana Sugars Limited

Place : Chandigarh                      Manmohan K. Raina  
Dated : 2nd Sept., 2002              Company Secretary

# RANA SUGARS LIMITED



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eleventh Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2002.

### 1. Financial Results :

	Current year ended 31.3.2002	Rs. in lacs Previous year ended 31.3.2001
Profit before interest, depreciation & tax	1624.36	1636.51
Less : Financial Expenses	925.89	924.12
Depreciation	402.91	374.91
Misc. expenses written off	26.67	27.88
Profit before Tax	268.89	309.60
Provision for Tax	20.57	26.24
Deferred liability of Tax	87.60	-
Net profit after Tax	160.72	283.36
Profit carried forward to Balance Sheet	160.72	283.36
OPERATIONS :		
Cane Crushed (Qtls.)	58,57,000	52,99,803
Production		
Sugar (Qtls.)	5,42,186	4,99,891
Molasses (Qtls.)	2,63,600	2,13,927
Recovery (%)		
Sugar	9.26	9.43

The Company has produced 5.42 lac quintals of sugar as compared to 5.00 lac quintals during the last year. It has earned a net profit of Rs. 160.72 lacs as compared to Rs. 283.36 lacs last year. The main reason for the reduction in net profit was low price of sugar in the market as compared to last year. There was fall in the recovery of the sugar through out the State during the year due to geo-physical factors in the area. The Company has maintained good quality of its product.

### 2. 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.

### 3. DIRECTORS :

Shri Himmat Singh, IAS has been nominated as Chairman-cum-Director by Punjab Agro Industries Corporation Limited in place of Shri A. R. Talwar, IAS who has

since resigned from the Chairmanship and Directorship of the Company.

Rana Gurjeet Singh resigned from the post of Managing Director and Rana Ranjit Singh has been appointed as Managing Director of the Company during the year.

The Board places on record the appreciation of useful contribution made by Rana Gurjeet Singh as Managing Director of the Company.

Shri Gaggandip Singh, PCS has been nominated as Director by Punjab Energy Development Agency in place of Shri P.S. Aujla, IAS who has resigned from the Directorship of the Company.

Shri Rajnish Tuli has been nominated as Director by Punjab Agro Industries Corporation Limited in place of Shri Om Sahai who has resigned from the Directorship of the Company.

The Board places on record the appreciation of useful contribution made by Shri A.R. Talwar, IAS, Shri P.S. Aujla, IAS and Shri Om Sahai during their tenure.

Rana Gurjeet Singh, Shri S.A.S. Bajwa and Shri Rajnish Tuli, Directors retire by rotation and being eligible offer themselves for re-appointment.

### 4. 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 :

- that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2002, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- that the directors had selected such accounting policies and applied them consistently and made judgments 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.
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in

# RANA SUGARS LIMITED



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 31<sup>st</sup> March, 2002 on a going concern basis.

## 5. FIXED DEPOSITS :

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

## 6. 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.

## 7. COST AUDITORS :

The Board of Directors has appointed M/s. Verma, Verma & Associates as the Cost Auditors of the Company for the year 2002-2003 under Section 233 B of the Companies Act, 1956 which has been approved by the Central Government.

## 8. 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.

## 9. 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 for Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed as annexure 'A' and forms part of the Report.

## 10. CORPORATE GOVERNANCE :

As required under Listing Agreement with Stock Exchanges, a report on the Corporate Governance alongwith Auditor's Certificate on compliance of conditions of Corporate Governance are enclosed as annexure 'B' & 'C' and report of Management Discussion

and Analysis is attached as annexure 'D' and the reports from the part of the Directors' Report.

## 11. INFORMATION PURSUANT TO LISTING AGREEMENT WITH THE STOCK EXCHANGES :

The names and addresses of the Stock Exchanges where the Company's shares are listed are :-

1. The Ludhiana Stock Exchange Association Limited,  
Feroze Gandhi Market,  
LUDHIANA-141 001.
2. The Stock Exchange,  
Phiroze Jeejeebhoy Towers,  
27<sup>th</sup> Floor, Dalal Street,  
MUMBAI-400 001.
3. The Delhi Stock Exchange Association Limited,  
DSE House,  
3/1, Asaf Ali Road,  
NEW DELHI-110 002.
4. The Jaipur Stock Exchange Limited,  
Stock Exchange Building,  
Jawahar Lal Nehru Marg,  
Malviya Nagar, JAIPUR-302 017
5. Madras Stock Exchange Limited,  
Exchange Building,  
Post Box No. 183,  
11, Second Line Beach,  
CHENNAI-600 001.

The listing fee for 2002-2003 to all the above Stock Exchanges have been paid on time and there being neither delisting nor suspension of shares from trading during the period under review.

## 12. ACKNOWLEDGEMENT :

Your Directors wish to place on record their appreciation for the valuable support and co-operation of the agencies and departments of the Central and State Governments, the Financial Institutions and Banks, the customers and suppliers, agents, dealers and shareholders whose continued support has been source of strength of the Company.

For & on behalf of the Board

Rana Ranjit Singh  
Managing Director

Place : Chandigarh  
Dated : 2nd Sept., 2002

Sukhjot Singh  
Director

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## ANNEXURE A TO THE DIRECTORS' REPORT FOR THE YEAR 2001-2002

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, 2002.

### 1. CONSERVATION OF ENERGY

The Company has installed most modern equipment to save and minimise energy consumption. The Company has installed three Turbo Alternators sets with power generation capacity of 21,500 KW. 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.

### A. ELECTRICITY

	Current Year 31.03.2002	Previous Year 31.03.2001
<b>PURCHASED</b>		
- Unit Purchased	5,41,007	6,73,580
- Total Amount (Rs.)	27,68,962	25,32,049
- Rate Per Unit (Rs.)	5.12	3.76
<b>OWN GENERATION</b>		
- Through D.G. Set		
Unit	1,70,500	1,13,825
Units per litre of Diesel Oil	2.27	2.61
Cost Per Unit (Rs.)	7.36	5.56
- Through Steam Turbine		
Units	2,76,12,926.70	2,20,97,580
Unit per Qtl. of Fuel	18.41	16.83
Cost Per Unit Electricity (Rs.)	0.90	0.71

### B. CONSUMPTION PER UNIT OF PRODUCT

- Electricity (KW/MT)	313.33	403.17
- Bagasse (MT/MT)	2.55	2.63
- Steam (MT/MT)	4.92	4.88

### C. TECHNOLOGY ABSORPTION

#### i) Research & Development

a) Research & Development has continuously been carried out for improvement in quality of sugarcane and to increase the area under the sugarcane crop which will ensure its greater availability resulting into more production & better quality of cane and higher yield thereby directly reducing the cost of production

b) The Company is trying to improve quality of Cane & ensure development of Cane by providing various facilities to the Cane growers.

(c) Amount incurred on Research & Development (Rs. in lacs)	2.82	3.91
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#### ii) Technology Absorption, Adoption and innovation.

a) Latest technology has been adopted in the plant to maximise production, yield and better quality along with minimum consumption of energy.

b) Technology Imported	Nil	Nil
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### D. FOREIGN EXCHANGE EARNINGS & OUTGO

a) Foreign Exchange Earnings	Nil	Nil
b) Foreign Exchange Outgo (Rs. in lacs)	0.13	0.25

For & on behalf of the Board

Place : Chandigarh  
Dated : 2nd Sept., 2002

Rana Ranjit Singh  
Managing Director

Sukhjot Singh  
Director

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## ANNEXURE 'B' REPORT ON CORPORATE GOVERNANCE

### a) Company's Philosophy

The Company believes in good Corporate Governance as it is an important instrument for investors' protection. Your Company is guided by its vision and mission statement and the Corporate Governance Code. It will, therefore, be its constant endeavor to achieve long term corporate goals.

### b) Board of Directors

The present strength of the Board of Directors is twelve, of which eleven are Non-Executive Directors and one Managing Director. The Board members include two nominee directors of the lenders and three representatives of Punjab Agro Industries Corporation Limited and two representatives of Punjab Energy Development Agency.

During the year under review, six Board Meetings were held on 30th April, 2001, 18th June, 2001, 30th July, 2001, 27th August, 2001, 31st October, 2001 and 31st January, 2002. The composition of the Board of Directors and their attendance at the Board meetings during the year and at the last Annual General Meeting as also number of other directorships in Indian Public Limited Companies are as follows :-

Name of Directors	Attendance at last AGM	No. of Board meetings attended	Category of Director	Other Directorship
Shri Himmat Singh, IAS*	No	--	NED/PAIC	8
Shri Gaggandip Singh, PCS*	No	--	NED/PEDA	1
Rana Gurjeet Singh	Yes	1	NED/PP	10
Rana Ranjit Singh	Yes	5	MD/PP	10
Rana Hardeep Singh	No	--	NED/PP	5
Shri Sukhjit Singh	Yes	5	NED/PAIC	Nil
Shri A.S. Sodhi	No	4	NED	Nil
Shri S.A.S. Bajwa	Yes	4	NED	1
Shri S. S. Sekhon	Yes	2	NED/PEDA	1
Shri R.P. Singh	No	5	NED/ND	3
Dr. Y. P. Abbi	No	--	NED/ND	2
Shri Rajnish Tuli*	No	--	NED/PAIC	4

NED-Non Executive Director, ND-Nominee Director, PP-Private Promoter

MD-Managing Director, PAIC-Punjab Agro Industries Corporation Ltd.

PEDA-Punjab Energy Development Agency

\*appointed on 26th April, 2002.

### c) Committees of the Board

The Board had constituted three Committees which are-(a) Audit Committee (b) Share Transfer Committee (c) Shareholders/Investors Grievance Committee :

#### i) Audit Committee

##### 1) Terms of reference :

The Board has defined the scope of Audit Committee to cover all areas provided for under section 292A of the Companies Act, 1956 and Clause-49 of the Listing Agreement of Stock Exchanges.

##### ii) Composition

The Audit Committee comprises of four Non-Executive Directors and Company Secretary is the Secretary of the Committee. The Committee met four times during the year and the attendance of members at the meetings was as follows :

Name of the Member	Status	No. of meeting attended
Shri A. S. Sodhi	Chairman	4
Shri R. P. Singh	Member	3
Shri S.A.S. Bajwa	Member	2
Shri Rajnish Tuli*	Member	--

\*appointed on 26th April, 2002.



# RANA SUGARS LIMITED



## II) Share Transfer Committee

### i) Term of reference :

The Committee has been formed to approve the matters relating to transfer, transmission and issue of duplicate certificates etc.

### ii) Composition :

The Committee comprises of two Non-Executive Directors, Managing Director and Company Secretary as its members. The Committee met seventeen times during the year and the attendance of members at the meetings was as follows :

<u>Name of the Member</u>	<u>Status</u>	<u>No. of meeting attended</u>
Rana Gurjeet Singh	Chairman	17
Rana Ranjit Singh	Member	17
Shri Rajnish Tuli*	Member	--
Shri Manmohan K. Raina	Member	17

\*appointed on 26th April, 2002.

## III) Shareholders/Investors Grievance Committee

### i) Term of reference :

The Committee has been formed to review and redressal of investors' grievances, regarding allotment of securities, issue of Duplicate Share Certificate, dematerialization of shares etc. and other allied matters.

### ii) Composition :

The Committee comprises of three Non-Executive Directors. The Company Secretary is the Compliance Officer of the Company. The Committee met two times since its formation during the year and the attendance of members at the meetings was as follows :

<u>Name of the Member</u>	<u>Status</u>	<u>No. of meetings attended</u>
Shri A. S. Sodhi	Chairman	2
Shri Sukhjit Singh	Member	2
Rana Gurjeet Singh	Member	2

### iii) Investors' Complaints received and resolved during the year

The Company has about 43,000 investors. After the formation of the Shareholders/Investors Grievance Committee, the Company received 50 letters/complaints from the investors and all the letters/complaints received were attended/resolved and 15 share transfer requests were pending as on March 31, 2002, which were resolved on April 3, 2002.

## d) Remuneration

The Company does not pay any remuneration to its directors except sitting fee to institutional nominees and outside professional directors. It pay sitting fee of Rs. 3000/- for attending each Board Meeting and Audit Committee Meeting.

## e) General Body Meetings

The last three Annual General Meetings of the Company were held as under :-

<u>Financial year</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>
2000-2001	24.9.2001	3.00 p.m.	The Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh.
1999-2000	28.9.2000	3.00 p.m.	-- do --
1998-1999	30.9.1999	3.00 p.m.	-- do --

## f) Disclosures

- i) There are no materially significant transactions with the related parties viz. promoters, directors or the management, their subsidiaries or relatives, etc. that may have a conflicting potential conflict with the interest of the Company at large.



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- ii) No penalties or strictures have been imposed on the Company by the Stock-Exchange or SEBI or any matter related to capital markets for non-compliance by the Company.

**g) Means of Communication**

- i) The quarterly, half-yearly and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. The results are normally published in Indian Express, Dainik Tribune/Amar Ujala.
- ii) Management Discussion and analysis Report forms part of this Annual Report and given separately.

**h) General Shareholder's Information**

- i) 11th Annual General Meeting
- Venue : The Institution of Engineers (India)  
Madhya Marg, Sector 19-A, Chandigarh
- Time : 3.00 P.M.
- Date : 30th September, 2002
- ii) Tentative Financial Calendar
- |                                                |                      |
|------------------------------------------------|----------------------|
| Audited Annual Results (2001-02)               | September, 2002      |
| Publication of Audited Results                 | --                   |
| First Quarter Results                          | end of July, 2002    |
| Mailing of Annual Report                       | September 4, 5, 2002 |
| Half Yearly Results (Limited Review)           | end of October, 2002 |
| Mailing of Half Yearly Results to Shareholders | mid November, 2002   |
| Third Quarter Results                          | end of January, 2002 |
| Audited Annual Results (2002-03)               | end of August, 2003  |

**iii) Book Closure**

The register of members and share transfer books of the Company shall remain closed from Monday, 16th September, 2002 to Monday, 30th September, 2002 (both days inclusive).

**iv) Dividend**

Due to deployment of funds in the business operations of the Company no dividend was recommended by the Directors of the Company.

**v) Listing on Stock Exchanges and Stock Codes**

The names of the stock exchanges at which the equity shares of the Company are listed and the respective stock codes are as under :

S. No.	Name of the Stock Exchange	Stock Code
1.	The Ludhiana Stock Exchange Association Ltd.	---
2.	The Stock Exchange, Mumbai	7490
3.	The Delhi Stock Exchange Association Ltd.	---
4.	Jaipur Stock Exchange Ltd.	---
5.	Madras Stock Exchange Ltd.	---

**vi) Market Price Data**

(Amount in Rs.)

Month	Bombay Stock Exchange	
	High	Low
April, 2001	3.90	1.50
May, 2001	3.25	2.00
June, 2001	3.30	2.00
July, 2001	3.50	1.60
August, 2001	3.05	1.70
September, 2001	2.40	1.55
October, 2001	2.40	1.50
November, 2001	2.75	1.75