

12th

ANNUAL REPORT

2002-03

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RANA SUGARS LIMITED

RANA SUGARS LIMITED



BOARD OF DIRECTORS

Shri Himmat Singh, IAS	<i>Chairman</i>
Shri V.P. Singh, IAS	<i>Director</i>
Shri S.S. Sekhon	<i>Director</i>
Shri A.S. Sodhi	<i>Director</i>
Shri S.A.S. Bajwa	<i>Director</i>
Mrs. Anjana Kapoor	<i>Director</i>
Shri Rajnish Tuli	<i>Director</i>
Rana Inder Partap Singh	<i>Director</i>
Rana Veer Partap Singh	<i>Director</i>
Dr. Y. P. Abbi	<i>Director (Nominee of IREDA)</i>
Rana Ranjit 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
Specialised Commercial Branch,
SCO 105-106, Sector 17-B,
Chandigarh-160 017

State Bank of Patiala
Commercial Branch
SCO 103-107, 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 Seviyan,
Teh. Baba Bakala,
Distt. Amritsar, Punjab

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RANA SUGARS LIMITED



NOTICE

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

Day : Tuesday
 Date : 30th September, 2003
 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, 2003 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Himmat Singh, IAS, 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 Shri S.A.S. Bajwa, 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 Mrs. Anjana Kapoor who was appointed as Additional Director of the Company on 31st October, 2002 and whose term of office expires under Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Rana Inder Partap Singh who was appointed as Additional Director of the Company on 31st October, 2002 and whose term of office expires under Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Rana Veer Partap Singh who was appointed as Additional Director of the Company on 31st October, 2002 and whose term of office expires under Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the Company has received a notice from a

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member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT Shri V.P. Singh, IAS who was appointed as Additional Director of the Company on 2nd September, 2003 and whose term of office expires under Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."

By order of the Board
for RANA SUGARS LIMITED

Place : Chandigarh
Dated : 2nd September, 2003

MANMOHAN K. RAINA
COMPANY SECRETARY

NOTES:

- The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item No. 6 to 9 set out above is annexed hereto.
- 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.
- Register of Members shall remain closed from 16th September, 2003 to 30th September, 2003 (both days inclusive).
- Members are requested to bring their copy of Annual Report alongwith them at the Meeting.
- 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 to 9

Mrs. Anjana Kapoor, Rana Inder Partap Singh and Rana Veer Partap Singh were appointed as Additional Directors of the Company by the Board of Directors at its meeting held on 31st October, 2002 and Shri V.P. Singh, IAS was appointed as Additional Director of the Company by the Board of Directors at its meeting held on 2nd September, 2003. According to the provisions of Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company, they hold office as Directors only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956 the Company has received notices from members proposing their candidature for appointment as Directors.

The Board consider it desirable that the Company should continue to avail their guidance and advice and hence, recommends the resolutions for approval of the shareholders.

Except Rana Ranjit Singh and the aforesaid Directors, no other Director of the Company is concerned or interested in the resolution.

By order of the Board
for RANA SUGARS LIMITED

Place : Chandigarh
Dated : 2nd September, 2003

MANMOHAN K. RAINA
COMPANY SECRETARY

RANA SUGARS LIMITED



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2003.

1. FINANCIAL RESULTS :

	(Rs. in lacs)	
	Current year ended 31.3.2003	Previous year ended 31.3.2002
Profit before interest, depreciation & tax	2033.60	1624.36
Less : Financial Expenses	898.42	925.89
Depreciation	577.61	402.91
Misc. expenses written off	25.16	26.67
Profit before Tax	532.41	268.89
Provision for Tax	41.93	20.57
Deferred liability of Tax	167.64	87.60
Excess Gratuity provision written back	21.89	—
Net profit after Tax	344.73	160.72
Profit carried forward to Balance Sheet	344.73	160.72
OPERATIONS :		
Cane Crushed (Qtls)	62,34,223	58,57,000
Production (Qtls)		
Sugar	6,35,612	5,42,186
Molasses	2,81,659	2,63,600
Electricity (Units)	4,02,39,201	1,04,86,129
Recovery (%)		
Sugar	10.26	9.35

2. DIVIDEND :

Due to deployment of funds in the business operations of the Company, your Directors have decided not to recommend any dividend.

3. DIRECTORS :

Mrs. Anjana Kapoor has been nominated as Director by Punjab Agro Industries Corporation Limited in place of Shri Sukhjot Singh who has since resigned from the Directorship of the Company.

Rana Gurjeet Singh and Rana Hardeep Singh have resigned from the directorship of the Company. Rana Inder Partap Singh and Rana Veer Partap Singh have been appointed as Directors of the Company in their respective places.

The nomination of Shri R.P. Singh has been withdrawn by IFCI Ltd. during the year.

The Punjab Energy Development Agency had nominated Mrs. Anjali Bhawra, IAS as a Director of the Company in place of Shri Gaggandip Singh, PCS and later on nominated Shri V.P. Singh, IAS as Director of the Company in place of Mrs. Anjali Bhawra.

The Board places on record the appreciation of useful contribution made by Rana Gurjeet Singh, Rana Hardeep Singh, Shri Gaggandip Singh, Mrs. Anjali Bhawra, Shri R.P. Singh and Shri Sukhjot Singh during their tenure.

Shri Himmat Singh, Shri A.S. Sodhi and Shri S.A.S. Bajwa, 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 :

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2003, 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, 2003 on a going concern basis.

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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 re-appointed M/s Verma, Verma & Associates, Cost Accountant, as the Cost Auditors of the Company for the year 2003-2004 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 of 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 Auditors' 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 form 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,
27th 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,
New No. 30 (Old No. 11),
Second Line Beach,
CHENNAI-600 001

The listing fee for 2003-2004 to all the above Stock Exchanges have been paid in 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.

The Directors also place on record their appreciation for valuable contribution and dedicated efforts for the employees of the company in sustaining its progress and growth.

For & on behalf of the Board

RANA RANJIT SINGH
MANAGING DIRECTOR

RAJNISH TULI
DIRECTOR

Place : Chandigarh

Dated : 2nd September, 2003

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ANNEXURE-A

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, 2003.

1. CONSERVATION OF ENERGY

The Company has installed most modern equipments to save and minimize energy consumption. The Company has installed three turbo alternator 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.

	Current Year	Previous Year
A. 1. ELECTRICITY		
a) Units Purchased	7,33,764	5,41,007
Total Amount (Rs.)	31,74,643	27,68,962
Rate per Unit (Rs.)	4.33	5.12
b) Own Generation		
i) Through D.G. Set		
Units	90,566	1,70,500
Units per litre of diesel oil	1.66	2.27
Cost per Unit (Rs.)	11.50	7.36
ii) Through Steam Turbine		
Units	6,57,17,260	2,76,12,927
Unit per Qtl. of Fuel	32.80	18.41
Cost per unit electricity (Rs.)	1.40	0.90
B. CONSUMPTION PER UNIT OF PRODUCT		
1. Electricity (KW/MT)	414.69	313.33
2. Bagasse (MT/MT)	2.72	2.55
3. Steam (MT/MT)	6.65	4.92
C. TECHNOLOGY ABSORPTION		
i) Research and Development :		
a) Research and development has continuously been carried out for improvement in quality of Sugarcane and to increase the area under Sugarcane 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 ensures development of Cane by providing various facilities to the Cane growers.	—	—
c) Amount incurred on Research and Development. (Rs. in lacs)	2.14	2.82
ii) Technology Absorption, Adoption 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)	0.16	0.13

for & on behalf of the Board

RANA RANJIT SINGH
MANAGING DIRECTOR

RAJNISH TULI
DIRECTOR

Place : Chandigarh

Dated : 2nd September, 2003

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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 eleven, of which ten are Non-Executive Directors and one Managing Director. The Board members include one nominee director of the lender 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 26th April, 2002, 10th June, 2002, 30th July, 2002, 2nd September, 2002, 31st October, 2002 and 31st January, 2003. 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	5	NED/PAIC	5
Shri V.P. Singh, IAS**	No	—	NED/PEDA	—
Rana Ranjit Singh	Yes	5	MD/PP	7
Rana Inder Partap Singh*	No	—	NED/PP	—
Rana Veer Partap Singh*	No	1	NED/PP	—
Shri A.S. Sodhi	Yes	6	NED	1
Shri S.A.S. Bajwa	Yes	6	NED	1
Shri S.S. Sekhon	No	4	NED/PEDA	—
Dr. Y.P. Abbi	No	1	NED/ND	—
Mrs. Anjana Kapoor*	No	2	NED/PAIC	2
Shri Rajnish Tuli	Yes	6	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 31st October, 2002.

** appointed on 2nd September, 2003

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

i) 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 three 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 S.A.S. Bajwa	Member	4
Shri Rajnish Tuli	Member	3

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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 one Non-Executive Director, Managing Director and Company Secretary as its members. The Committee met fourteen 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 Ranjit Singh	Chairman	14
Shri Rajnish Tuli	Member	13
Shri Manmohan K Raina	Member	14

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 present composition of the Shareholders/Investors Grievance Committee is as under :

<u>Name of the Member</u>	<u>Status</u>
Shri A. S. Sodhi	Chairman
Shri S.A.S. Bajwa	Member
Shri Rajnish Tuli	Member
Rana Inder Partap Singh	Member

In accordance with Clause 49 (VI) (D) of the Listing Agreement with Stock Exchanges the Board has authorised Shri Manmohan K. Raina, Company Secretary as Compliance Officer of the Company.

iii) Investors' Complaints received and resolved during the year

The Company has about 41,000 investors. The Company received 48 letters/complaints from the investors and all the letters/complaints received were attended/resolved and 9 share transfer requests were pending as on March 31, 2003, which were resolved on April 3, 2003.

d) Remuneration

The Company does not pay any remuneration to its directors except sitting fee to institutional nominees and outside professional directors. It pays 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>
2001-2002	30.09.2002	3.00 p.m.	The Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh.
2000-2001	24.09.2001	3.00 p.m.	— do —
1999-2000	28.09.2000	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.