

13th  
ANNUAL REPORT  
2003-2004



RANA SUGARS LIMITED

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

Shri Himmat Singh, IAS	<i>Chairman</i>
Shri S.S. Rajput, 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>
Shri Baljit Singh	<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-160 009

**Bank of Baroda**

Sector 22-B,  
Chandigarh-160 022

**UCO Bank**

Sector 17-B,  
Chandigarh-160 017

**REGD. OFFICE**

SCO 49-50, Sector 8-C,  
Madhya Marg,  
Chandigarh-160 009

**WORKS**

Vill. Buttar Seviyan,  
Teh. Baba Bakala,  
Distt. Amritsar, Punjab

**C O N T E N T S**

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# RANA SUGARS LIMITED



## NOTICE

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

**Day** : Saturday  
**Date** : 30th October, 2004  
**Time** : 3.30 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, 2004 and the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Rajnish Tuli, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Anjana Kapoor, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Rana Inder Partap Singh, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri S.S. Rajput, IAS who was appointed as Additional Director of the Company on 31st October, 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."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Shri Baljit Singh who was appointed as Additional Director of the Company on 30th July, 2004 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."
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 the provisions of Sections 198, 269, 309, 310 & Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the necessary consents and

**RANA SUGARS LIMITED**

approvals as may be required under various statutes, approval be and is hereby accorded for the fixation of remuneration of Rana Ranjit Singh, Managing Director w.e.f. 1st May, 2004 for the remainder of the tenure of the Managing Director as per the detail give below :

**SALARY** : Rs. 75,000/- per month.

**PERQUISITES** : These will be, in addition to salary. Perquisites are classified as follows :

- A.(i) Perquisites such as furnished accomodation or House Rent Allowance, provision of gas, electricity, water, furnishings and maintenance in respect of such accommodation, medical re-imbusement for self and family, club fees, leave benefits, leave travel concessions for self and family and personal accident insurance. The monetary value of such perquisites shall be restricted to a maximum of Rs. 1,00,000/- per month.
- (ii) Company's contribution to Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on perquisites referred to in (i) above to the extent these either singly or put together are not taxable under the Income Tax Act as applicable from time to time. Gratuity payable shall not exceed half a month's salary for each completed year of service. Such gratuity and the encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on perquisites.
- (iii) Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to Rana Ranjit Singh or appropriate recoveries made from his salaries as per Income Tax Act, 1961 towards the use of car for personal purposes.
- (B) In the event of loss or inadequacy of profits in any financial year during the term of the Managing Director, subject to the necessary approvals, if any, Rana Ranjit Singh will be paid the remuneration specified above as minimum remuneration subject to the limits set out in Schedule XIII of the Companies Act, 1956 from time to time."
10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED that subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contract (Regulation) Act, 1956 and the Rules framed thereunder, listing agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed and imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded for de-listing of equity shares of the Company from Delhi Stock Exchange Association Limited, Jaipur Stock Exchange Limited and Madras Stock Exchange Limited and Rana Ranjit Singh, Managing Director and Shri Manmohan K. Raina, Company Secretary be and are hereby authorised severally to take necessary action and to sign and file all the relevant documents/applications/papers in this regard on behalf of the Company."

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

"RESOLVED that subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contract (Regulation) Act, 1956 and the Rules framed thereunder, listing agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed and imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded for listing of equity shares of the Company with National Stock Exchange of India Limited, Mumbai and Rana Ranjit Singh, Managing Director and Shri Manmohan K. Raina, Company Secretary be and are hereby authorised severally to take necessary action and to sign and file all the relevant documents/applications/papers in this regard on behalf of the Company."

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12. 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 UCO Bank all the immovable properties of the Company, both present and future, and the whole or substantially the whole of the underaking of the Company or such of them as may be agreed to between the Board and UCO Bank by way of pari passu third charge in favour of UCO Bank for securing Working Capital Limits of Rs. 675.00 lacs sanctioned by UCO Bank together with interest, costs and other charges and expenses payable by the Company to UCO Bank in terms of the Loan Agreement entered or to be entered into between the Company and UCO Bank.

The mortgages and charges to be created in favour of UCO Bank for its working capital limits shall be subject and subservient to the first mortgages/charges of IFCI, IDBI, ICICI and IREDA for their Term Loans/Capital Subsidy/Soft Loan granted/to be granted by them and shall also be subject and subservient to the second charge created/to be created in favour of Govt. of India for its loan of Rs. 1010.40 lacs out of Sugar Development Fund and shall rank pari-passu with the third charge created/to be created in favour of SBI, SBOP & BOB for their 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.”

By order of the Board  
for RANA SUGARS LIMITED

Place : Chandigarh

Dated : 29th September, 2004

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 7 to 12 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) Members are requested to bring their copy of Annual Report alongwith them at the Meeting.
- (d) 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.
- (e) Subject to the provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be payable, to those members whose names appear in the Register of Members as on October 30, 2004. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 7 & 8**

Shri S.S. Rajput, IAS was appointed as Additional Director of the Company by the Board of Directors at its meeting held on 31st October, 2003 and Shri Baljit Singh was appointed as Additional Director of the Company by the Board of Directors at its meeting held on 30th July, 2004. 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

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257 of the Companies Act, 1956 the Company has received notices from members proposing their candidature for appointment as Directors.

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

Except Shri S.S. Rajput, IAS and Shri Baljit Singh, no other Director of the Company is concerned or interested in the resolution.

**Item No. 9**

The Members at their 11th Annual General Meeting held on 30th September, 2002 had approved the appointment of Rana Ranjit Singh, Managing Director for a period of five years w.e.f. 31st January, 2002 without any remuneration for a period of one year from the date of his appointment. The period of one year has since expired on 30th January, 2003. Under the provisions of Schedule XIII annexed to the Companies Act, 1956, Rana Ranjit Singh is entitled for a maximum remuneration of Rs. 1,75,000/- per month including all allowances and perquisites. The Remuneration Committee has approved the salary and perquisites of Rs. 1,75,000/- per month to Rana Ranjit Singh w.e.f. 1st May, 2004 in its meeting held on 30th July, 2004. Further, the Board of Directors in its meeting held on 30th July, 2004 has approved the total remuneration @ Rs. 1,75,000/- per month including all allowances and perquisites as per details given in the notice w.e.f. 1st May, 2004.

The Directors recommend the resolution for your acceptance.

Rana Ranjit Singh, Rana Inder Partap Singh and Rana Veer Partap Singh may be deemed to be concerned or interested in passing of this resolution.

**Item No. 10**

The shares of the Company are listed at Bombay, Ludhiana, Delhi, Jaipur & Madras Stock Exchanges. The shares of the Company is traded only at the Stock Exchange, Mumbai due to setting up Online Trading Centres all over the country. In order to save expenses of listing fee, it is proposed that the shares of the Company be got de-listed from Delhi Stock Exchange Association Limited, Jaipur Stock Exchange Limited and Madras Stock Exchange Limited.

**Item No. 11**

The Shares of the Company is not listed at National Stock Exchange of India Limited, Mumbai. The shares of most of the Companies are traded mostly at the Stock Exchange, Mumbai and National Stock Exchange of India Limited through Online Trading Centres all over the Country. It is, therefore, proposed that the shares of the Company be also got listed at National Stock Exchange of India Limited, Mumbai.

The Directors recommend the resolutions set out at Item No. 10 and 11 of the notice for approval of the shareholders.

**Item No. 12**

The Company has been sanctioned Working Capital Limits of Rs. 675.00 lacs by UCO Bank, Sector 17-B, Chandigarh. This working capital limit of Rs. 675.00 lacs are already secured by hypothecation of raw-materials, semi finished goods, finished goods and book debts. However, as desired by the Bank, this Working Capital Facilities is 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.

By order of the Board  
for RANA SUGARS LIMITED

Place : Chandigarh  
Dated : 29th September, 2004

MANMOHAN K. RAINA  
COMPANY SECRETARY

# RANA SUGARS LIMITED



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2004.

### 1. FINANCIAL RESULTS :

(Rs. in lacs)

	Current year ended 31.3.2004	Previous year ended 31.3.2003
Profit before interest, depreciation & tax	2580.34	2033.60
Less : Financial Expenses	899.14	898.42
Depreciation	610.01	577.61
Misc. expenses written off	17.37	25.16
Profit before Tax	1053.82	532.41
Provision for Tax	73.84	41.93
Deferred liability of Tax	270.30	167.64
Excess Gratuity provision written back	—	21.89
Net profit after Tax	709.68	344.73
Balance brought forward from previous year	522.80	378.08
Balance available for Appropriation	1232.48	722.81
<b>Appropriations</b>		
Proposed Dividend	348.29	—
Corporate Dividend Tax	44.62	—
Transfer to General Reserve	200.00	200.00
Profit carried to Balance Sheet	639.57	522.80

### OPERATIONS :

Cane Crushed (Qtls)	65,13,204	62,34,223
<b>Production (Qtls)</b>		
Sugar	6,45,754	6,35,612
Molasses	3,01,658	2,81,659
Electricity (Units)	4,01,13,823	4,02,39,201

The company has earned highest ever net profit of Rs. 709.68 lacs during the current year. It has maintained good quality of its product. The Company is setting up a Distillery Unit of 60 KL with a total project cost of Rs. 35 crores. The Company is also planning to set up a Mono-Ethylene Glycol (MEG) Project with a capacity of 20000 TPA at a cost of about Rs. 120 crores.

### 2. DIVIDEND :

Your Directors have recommend a dividend of Rs. 1/- per share on each equity shares of paid up value of Rs. 10/- each for the year

ended 31st March, 2004.

The above dividend recommended by the Board of Directors, if approved at the forthcoming Annual General Meeting will be paid to all those shareholders whose names appear in the Register of Members on the record date to be fixed for the same.

### 3. DIRECTORS :

Shri Baljit Singh has been appointed as Director of the Company during the year.

The Punjab Energy Development Agency has nominated Shri S.S. Rajput, IAS as a Director of the Company in place of Shri V.P. Singh, IAS.

The Board places on record the appreciation of useful contribution made by Shri V.P. Singh during his tenure.

Shri Rajnish Tuli, Mrs. Anjana Kapoor and Rana Inder Partap Singh, 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, 2004, 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, 2004 on a going concern basis.

**RANA SUGARS LIMITED****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 Accountants, as the Cost Auditors of the Company for the year 2004-2005 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 2004-2005 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.

The Board of Directors in its meeting held on 30th July, 2004 has approved the de-listing of shares of the Company from Delhi Stock Exchange Association Limited, Jaipur Stock Exchange Limited and Madras Stock Exchange Limited due to non-trading of the shares at these Stock Exchanges. The Board of Directors has also approved listing of shares of the Company with National Stock Exchange of India Limited, Mumbai.

**12. ACKNOWLEDGEMENT :**

Your Directors express their gratitude for the co-operation guidance and support received from the Government agencies and departments, financial institution, Banks, the customers and suppliers, dealers, agents and shareholders whose continued patronage has been source of strength of the Company.

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels who through their competence, hard work, solidarity, co-operation & support have enabled the Company to achieve consistent growth.

For & on behalf of the Board

**RANA RANJIT SINGH**  
MANAGING DIRECTOR

**RAJNISH TULI**  
DIRECTOR

Place : Chandigarh

Dated : 6th September, 2004



**RANA SUGARS LIMITED****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, 2004.

**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.

	<u>Current Year</u>	<u>Previous Year</u>
<b>A. 1. ELECTRICITY</b>		
a) <b>Units Purchased</b>	<b>11,02,184</b>	7,33,764
Total Amount (Rs.)	<b>47,54,375</b>	31,74,643
Rate per Unit (Rs.)	<b>4.31</b>	4.33
b) <b>Own Generation</b>		
i) Through D.G. Set		
Units	<b>54,740</b>	90,566
Units per litre of diesel oil	<b>3.46</b>	1.66
Cost per Unit (Rs.)	<b>5.70</b>	11.50
ii) Through Steam Turbine		
Units	<b>6,50,15,332</b>	6,57,17,260
Unit per Qtl. of Fuel	<b>31.48</b>	32.80
Cost per unit electricity (Rs.)	<b>1.47</b>	1.40
<b>B. CONSUMPTION PER UNIT OF PRODUCT</b>		
1. Electricity (KW/MT)	<b>404.78</b>	414.69
2. Bagasse (MT/MT)	<b>3.21</b>	2.72
3. Steam (MT/MT)	<b>6.48</b>	6.65
<b>C. TECHNOLOGY ABSORPTION</b>		
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)	<b>88.83</b>	2.14
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	<b>NIL</b>	NIL
<b>D. FOREIGN EXCHANGE EARNINGS AND OUTGO</b>		
a) Foreign Exchange Earnings	<b>NIL</b>	NIL
b) Foreign Exchange Outgo (Rs. in lacs)	<b>9.83</b>	0.16

for & on behalf of the Board

**RANA RANJIT SINGH**  
MANAGING DIRECTOR

**RAJNISH TULI**  
DIRECTOR

Place : Chandigarh

Dated : 6th September, 2004

# RANA SUGARS LIMITED



ANNEXURE 'B'

## REPORT ON CORPORATE GOVERNANCE

### a) Company's Philosophy

The Company's Philosophy on Corporate Governance envisages achieving highest standard of accountability, transparency and equity in all its spheres and in all its dealing with stakeholders. Your Company continues to follow procedures and practices in conformity with the code of Corporate Governance. The Company is committed to establish and diligently follow the highest standard of Corporate Governance in its pursuit of profitable growth and enhancement of shareholders value.

### 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 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, five Board Meetings were held on 30th April, 2003, 29th July, 2003, 2nd September, 2003, 31st October, 2003 and 21st January, 2004. 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	3	NED/PAIC	3
Shri S.S. Rajput, IAS*	No	—	NED/PEDA	—
Rana Ranjit Singh	No	3	MD/PP	5
Rana Inder Partap Singh	Yes	1	NED/PP	6
Rana Veer Partap Singh	No	—	NED/PP	—
Shri A.S. Sodhi	Yes	4	NED	1
Shri S.A.S. Bajwa	Yes	5	NED	1
Shri S.S. Sekhon	No	2	NED/PEDA	—
Dr. Y.P. Abbi	No	—	NED/ND	—
Mrs. Anjana Kapoor	No	5	NED/PAIC	1
Shri Rajnish Tuli	Yes	4	NED/PAIC	1
Shri Baljit Singh**	No	—	NED	—

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, 2003.

\*\* appointed on 30th July, 2004

### c) Committees of the Board

The Board had constituted four Committees which are-(a) Audit Committee (b) Share Transfer Committee (c) Shareholders/Investors Grievance Committee (d) Remuneration 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 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	3
Shri S.A.S. Bajwa	Member	4
Shri Rajnish Tuli	Member	3
Shri Baljit Singh	Member	—