

16th
Annual Report
2006 - 07



RANA SUGARS LIMITED

RANA SUGARS LIMITED**BOARD OF DIRECTORS**

Rana Ranjit Singh
 Rana Inder Pratap Singh
 Shri A.S. Sodhi
 Shri S.A.S. Bajwa
 Shri Baljit Singh
 Shri S.K. Duggal
 Rana Veer Pratap Singh
 Shri S.S. Sekhon
 Shri M.P. Singh
 Dr. Y.P. Abbi

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

COMPANY SECRETARY

Manmohan K. Raina

AUDITORS

Kansal Singla & Associates
 Chartered Accountants
 SCO 80-81, 4th Floor,
 Sector 17-C, Chandigarh 160 017

BANKERS

State Bank of India
 Sector 17-B, Chandigarh-160 017

State Bank of Patiala
 Sector 8-C, Chandigarh-160 009

Bank of Baroda
 Sector 22-B, Chandigarh-160 022

UCO Bank
 Sector 17-B, Chandigarh-160 017

State Bank of Bikaner & Jaipur
 Sector 17-D, Chandigarh-160 017

State Bank of Hyderabad
 Sector 34-A, Chandigarh-160 031

State Bank of Indore
 Sector 34-A, Chandigarh-160 031

State Bank of Mysore
 New Delhi

REGD. OFFICE

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

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RANA SUGARS LIMITED



NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the members of the Company shall be held as scheduled below :-

Day : Saturday
 Date : 29th December, 2007
 Time : 2.00 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 30th September, 2007 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S.K. Duggal, 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 M.P. Singh, 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.”

By order of the Board
 for RANA SUGARS LIMITED

MANMOHAN K. RAINA
 COMPANY SECRETARY

Place: Chandigarh
 Dated: 4th December, 2007

NOTES :

- (a) 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.
- (b) Members are requested to bring their copy of Annual Report alongwith them at the Meeting.
- (c) 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.
- (d) The Company has extended the current financial year by six months. As such, the current financial year of the Company comprises of a period of 18 months from 1st April, 2006 to 30th September, 2007. The Registrar of Companies, Jalandhar has accorded its approval for the same.

RANA SUGARS LIMITED



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Accounts of your Company for the year ended 30th September, 2007.

1. FINANCIAL RESULTS :

(Rs. in lacs)

	Current year ended 30.9.2007	Previous year ended 31.3.2006
Profit before interest, depreciation & tax	3011.42	3576.19
Less: Financial Expenses	2283.56	624.79
Depreciation	1569.01	682.86
Misc. expenses written off	113.07	42.28
Profit /Loss before Tax	(954.22)	2226.26
Provision for Tax	98.37	185.50
Deferred liability of Tax	(242.04)	127.57
Less: Fringe Benefit Tax, Wealth Tax & Earlier Year Provision for Tax	59.80	24.74
Add: Earlier Year Provision for Tax W/Back	19.68	—
Prior period income/(expenses)	(1.96)	3.80
Net profit/Loss after Tax	(852.63)	1892.25
Balance brought forward from Previous year	2914.60	1522.35
Balance available for Appropriation	2061.97	3414.60
Appropriations		
Transfer to General Reserve	—	500.00
Profit carried to Balance Sheet	2061.97	2914.60
OPERATIONS:		
Cane Crushed (Qtls)	67,41,420	49,57,169
Production (Qtls)		
Sugar (Qtls)	6,66,539	4,47,520
Molasses (Qtls)	2,95,697	2,39,465
Electricity (Units)	3,61,34,250	3,31,59,713
Rectified Spirit (BL)	1,24,82,125	3,82,272
Extra Neutral Alcohol (BL)	1,03,61,827	5,12,387
Denatured Spirit (BL)	46,53,683	1,30,214

The Company suffered a loss of Rs.852.63 lacs as compared to net profit of Rs.1892.25 lacs last year. The Company suffered loss during the year due to high purchase price of sugarcane, low sugar prices, carrying cost of large stocks, increase in depreciation and higher financial expenses during the year due to availing of various loans for

setting up new units.

The Company has completed the expansion scheme of its co-generation of power increasing its capacity from 20MW to 30 MW in its Power Unit at Village Buttar Seviyan, Punjab. Further the Company has started commercial production in its Sugar Mill situated at Vill. Belwara, U.P. and commercial production at the sugar mill situated at Vill. Karim Ganj, U.P. will start in the ensuing sugar season.

2. DIVIDEND:

Due to inadequacy of profits, your Directors express their inability to recommend dividend for the year ended 30th September, 2007.

3. ALLOTMENT OF SECURITIES:

On 30th April, 2007, the Company has allotted 4,10,93,424, 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each to various investors redeemable after 12 years.

4. DIRECTORS:

Shri S.K. Duggal, Shri S.A.S. Bajwa and Shri M.P. Singh, Directors retire by rotation and being eligible offer themselves for re-appointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts for the financial year ended 30th September, 2007, 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 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;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance

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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 30th September, 2007 on a going concern basis.

6. FIXED DEPOSITS:

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

7. 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.

8. 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 2007-2008 under Section 233 B of the Companies Act, 1956 which has been approved by the Central Government.

9. 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.

10. 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.

11. 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.

12. INFORMATION PURSUANT TO LISTING AGREEMENT WITH THE STOCK EXCHANGES:

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

1. Bombay Stock Exchange Limited,
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400 001.
2. National Stock Exchange of India Limited,
"Exchange Plaza",
Bandra-Kurla Complex, Bandra (E),
MUMBAI - 400 051.

The listing fee for 2007-2008 to above Stock Exchanges have been paid in time and there being neither delisting nor suspension of shares from trading during the period under review.

13. ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the continued co-operation to the Company received from various departments of the Central and State Government, Bankers, Financial Institutions, Dealers and Suppliers and also acknowledge the contribution made by the employees.

The Board also wishes to place on record its gratitude to the valued customers, members and investing public for their continued support and confidence reposed in the Company.

For & on behalf of the Board

RANA RANJIT SINGH
CHAIRMAN

RANA INDER PRATAP SINGH
MANAGING DIRECTOR

Place : Chandigarh

Dated : 4th December, 2007

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Annexure 'A'

ANNEXURE TO THE DIRECTORS REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2007 (18 MONTHS)

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 30TH SEPTEMBER, 2007

1. CONSERVATION OF ENERGY

The Company has installed most modern equipment to save the minimise energy consumption. The Company has installed three Turbo Alternators sets with power generation capacity of 43,000 KW. The entire requirement of power is met through captive generation. The Company has also made stand by arrangement of Diesel Generation 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 30.09.2007	Previous Year 31.03.2006
Purchase		
- Unit Purchased	16,87,362	7,84,619
- Total Amount (Rs.)	99,14,277	63,73,742
- Rate Per Unit (Rs.)	5.88	8.12
Own Generation		
- Through D.G. Set (Sugar Division)		
Unit	2,12,927	1,24,390
Units per litre of Diesel Oil	2.56	1.93
Cost Per Unit (Rs.)	11.84	14.42
- Through Steam Turbine (Sugar Division)		
Units	5,76,88,505	4,95,55,762
Unit per Qtl. of Fuel	26.83	32.18
Cost Per Unit Electricity (Rs.)	2.02	1.77
- Through D.G. Set (Distillery Division)		
Units	14,55,866	-
Units per litre of Diesel Oil	2.83	-
Cost Per Unit (Rs.)	10.64	-
- Through Steam Turbine (Distillery Division)		
Units	1,11,32,007	6,74,106
Unit per Qtl. of Fuel	0.00	297.62
Cost Per Unit Electricity (Rs.)	0.00	6.43
B. Consumption Per Unit of Product		
Sugar		
- Electricity (KW/MT)	330.88	350.66
- Bagasse (MT/MT)	2.09	2.07
- Steam (MT/MT)	3.94	4.10
Distillery		
- Electricity (KL/MT)	475.52	657.75
- Fuel (Rice Husk)/Diesel (KL/MT)	1.49	2.21
- Steam (KL/MT)	4.08	6.33

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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 there by 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)	3.26	14.02
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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 Earning & Outgo

a) Foreign Exchange Earning	Nil	Nil
b) Foreign Exchange Outgo (Rs. in lacs)	1789.21	519.94

For & on behalf of the Board

RANA RANJIT SINGH
CHAIRMAN

RANA INDER PRATAP SINGH
MANAGING DIRECTOR

Place: Chandigarh
Dated: 4th December, 2007

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ANNEXURE 'B'

REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy on Code of Governance

Your Company is committed to good Corporate Governance in all its activities and processes and has been practicing the same since inception. It has been a core belief and practice with the Company to consider itself the custodian and trustee of all the constituencies of business customers, business associates, shareholders and society. The Company firmly believes that any meaningful policy on the Corporate Governance must provide empowerment to the executive management of the Company and simultaneously create a mechanism of checks and balances which ensures that the decision making power vested in executive management are used with care and responsibility to meet shareholders and stakeholders aspirations.

b) Board of Directors

The present strength of the Board of Directors is ten, of which eight are Non-Executive Directors, one Chairman and one Managing Director. The Board members include one nominee director of the IREDA and two representative of Punjab Energy Development Agency.

During the year under review, twelve Board Meetings were held on 28th April, 2006, 15th May, 2006, 28th July, 2006, 29th August, 2006, 5th October, 2006, 31st October, 2006, 9th November, 2006, 31st January, 2007, 14th March, 2007, 30th April, 2007, 26th June, 2007 & 31st July, 2007. The composition of the Board of Directors and their attendance at the Board meetings during the year and at the last Annual General Meeting and number of directorships in other companies are as follows:

Name of Director	Attendance at last AGM	No. of Board meetings attended	Category of Director	Other Directorships
Rana Ranjit Singh	No	3	CH/PP	6
Rana Inder Pratap Singh	Yes	8	MD/PP	8
Rana Veer Pratap Singh	Yes	4	NED/PP	3
Shri A. S. Sodhi	Yes	11	NED	1
Shri S. A. S. Bajwa	Yes	12	NED	1
Shri S. K. Duggal	Yes	12	NED	10
Shri Baljit Singh	Yes	12	NED	—
Shri S. S. Sekhon	Yes	3	NED/PEDA	—
Shri M. P. Singh	Yes	1	NED/PEDA	—
Dr. Y. P. Abbi	No	1	NED/IN	—

CH – Chairman, MD - Managing Director, PP - Private Promoter, NED - Non Executive Director, IN – Institutional Nominee, PEDA - Punjab Energy Development Agency

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 seven times during the year and the attendance of members at the meetings was as follows:

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<u>Name of the Member</u>	<u>Status</u>	<u>No. of meetings attended</u>
Shri A. S. Sodhi	Chairman	7
Shri S. A. S. Bajwa	Member	7
Shri Baljit Singh	Member	7
Shri S. K. Duggal	Member	7

II) Share Transfer Committee

i) Terms of reference:

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

ii) Composition:

The Committee comprises of three Non-Executive Directors as its members. The Committee met twenty eight 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 meetings attended</u>
Shri A. S. Sodhi	Chairman	28
Shri S. K. Duggal	Member	28
Rana Veer Pratap Singh	Member	28

III) Shareholders/Investors Grievance Committee

i) Terms of reference :

The Committee has been formed to review and for redressal of investors' grievances regarding allotment of securities, issue of duplicate certificates, dematerialisation 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
Rana Veer Pratap 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 had 66982 investors as on 30.09.2007. The Company received 119 letters/ complaints from the investors and all the letters/ complaints received were attended/ resolved.

IV) Remuneration Committee

i) Terms of reference:

The Remuneration Committee, inter alia, recommends to the Board the remuneration package of the Managing Director.

ii) Composition:

The present composition of the Remuneration 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 S. K. Duggal	Member

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d) General Body Meetings

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

Financial year	Date	Time	Location	Special Resolution passed
2005-2006	30.10.2006	3.00 p.m.	The Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh.	Yes
2004-2005	03.11.2005	3.30 p.m.	— do —	Yes
2003-2004	30.10.2004	3.30 p.m.	— do —	Yes

e) 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 potential conflict with the interest of the Company at large.
- ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI on any matter related to capital markets for non-compliance by the Company.

f) 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. In addition, the Stock Exchanges are notified of any important developments that may materially affect the working of the Company. Disclosures with regard to shareholding pattern, change in major shareholding, quarterly secretarial audit report etc. are also sent to the Stock Exchanges as required under various Regulations. The results are normally published in Indian Express/Financial Express and Dainik Tribune/ Punjabi Tribune.
- ii) Management Discussion and Analysis Report forms part of this Annual Report and is given separately.

g) General Shareholder's Information

i) 16th Annual General Meeting

Venue : The Institution of Engineers(India)
Madhya Marg, Sector 19-A, Chandigarh

Date : 29th December, 2007

ii) Tentative Financial Calendar

Audited Annual Results (2006-07)	December, 2007
Publication of Audited Results	—
First Quarter Results	January, 2008
Publication of Half Yearly Results	April, 2008
Third Quarter Results	July, 2008
Fourth Quarter Results	October, 2008
Audited Annual Results (2007-08)	December, 2008

iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from 26th December, 2007 to 29th December, 2007 (both days inclusive).

iv) 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:

<u>S. No.</u>	<u>Name of the Stock Exchange</u>	<u>Stock Code</u>
1.	Bombay Stock Exchange Limited	507490
2.	National Stock Exchange of India Limited	RANASUG