

17th
Annual Report
2007-08



RANA SUGARS LIMITED

RANA SUGARS LIMITED



BOARD OF DIRECTORS

Rana Ranjit Singh	Chairman
Rana Inder Pratap Singh	Managing Director
Shri A.S. Sodhi	Director
Shri S.A.S. Bajwa	Director
Shri Baljit Singh	Director
Shri S.K. Duggal	Director
Rana Veer Pratap Singh	Director
Rana Karan Pratap Singh	Director
Shri M.P. Singh	Director (Nominee of PEDDA)

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

Day : Tuesday
Date : 30th December, 2008
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 30th September, 2008 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri A. S. Sodhi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Baljit Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Rana Veer Pratap 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."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with our without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT Rana Karan Pratap Singh who was appointed as Additional Director of the Company on 3rd March, 2008 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 : 4th December, 2008

(MANMOHAN K. RAINA)
COMPANY SECRETARY

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 at least 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

Rana Karan Pratap Singh was appointed as Additional Director of the Company by the Board of Directors at its meeting held on 3rd March, 2008. According to the provisions of Section 260 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company, he holds office as Director only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956 the Company has received notice from member 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, Rana Inder Pratap Singh, Rana Veer Pratap Singh and the aforesaid Director, 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 : 4th December, 2008

(MANMOHAN K. RAINA)
COMPANY SECRETARY

RANA SUGARS LIMITED



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Accounts of your Company for the year ended 30th September, 2008.

1. FINANCIAL RESULTS :

	(Rs. in lacs)	
	Current year ended 30.09.2008	Previous year ended 30.09.2007
Profit before interest, depreciation & tax	1033.90	3011.42
Less: Financial Expenses	4444.97	2283.56
Depreciation	2327.75	1569.01
Misc. expenses written off	32.09	113.07
(Loss) before Tax & Prior Period expenses	(5770.91)	(954.22)
Prior Period income/(expenses)	(468.20)	(1.96)
(Loss) before Tax	(6239.11)	(2316.91)
Provision for Tax :		
Current Tax	—	(98.37)
Deferred Tax	1012.56	242.04
Fringe Benefit Tax, Wealth Tax & Earlier Year Provision for Tax	(48.33)	59.80
Add: Earlier Year Provision for Tax W/Back	(20.48)	19.68
Extra ordinary Income	1010.00	1360.73
Net (Loss) after Tax	(4285.36)	(52.63)
OPERATIONS:		
Cane Crushed (Qtls)	1,07,31,220	67,41,420
Production (Qtls)		
Sugar (Qtls)	9,32,647	6,66,539
Molasses (Qtls)	4,80,651	2,95,697
Electricity (Units)	11,36,68,970	3,61,34,250
Rectified Spirit (BL)	70,76,346	1,24,82,125
Extra Neutral Alcohol (BL)	88,15,180	1,03,61,827
Denatured Spirit (BL)	12,55,396	46,53,683

The Company suffered a loss of Rs. 4285.36 lacs as compared to Rs.852.63 lacs last year. The Company suffered loss during the year due to high purchase price of sugarcane, 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.

2. DIVIDEND

Due to losses, your Directors express their inability to recommend dividend for the year ended 30th September, 2008.

3. DIRECTORS

Rana Karan Pratap Singh has been appointed as Director of the Company.

Shri S. S. Sekhon has resigned from the directorship of the Company consequent upon his retirement from Punjab Energy Development Agency.

The nomination of Dr. Y. P. Abbi has been withdrawn by Indian Renewable Energy Development Agency Limited.

The Board places on record the appreciation of useful contribution made by Shri S. S. Sekhon and Dr. Y. P. Abbi during their tenure.

Shri A. S. Sodhi, Shri Baljit Singh and Rana Veer Pratap 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 30th September, 2008, 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 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, 2008 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.

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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 2008-2009 under Section 233 B of the Companies Act, 1956.

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 securities are listed are as follows :

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 2008-2009 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

The Directors of your Company acknowledge the continued co-operation and support received from financial institutions, banks, the government agencies and departments, the customers and suppliers, dealers, agents and shareholders which has been source of strength of the Company.

The Directors also place on record their appreciation for the dedicated and sincere services rendered by the employees at all levels.

For & on behalf of the Board

RANA RANJIT SINGH
CHAIRMAN

Place : Chandigarh
Dated : 4th December, 2008

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Annexure 'A'

ANNEXURE TO THE DIRECTORS REPORT

FOR THE PERIOD ENDED 30TH SEPTEMBER, 2008 (12 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, 2008

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 87,500 KW. The entire requirement of power is met through captive generation. The Company has also made stand by 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 30.09.2008	Previous Year 30.09.2007
Purchased		
Buttar Division		
- Unit Purchased	11,00,972	16,87,362
- Total Amount (Rs.)	48,19,567	99,14,277
- Rate Per Unit (Rs.)	4.38	5.88
Own Generation		
Buttar Division		
- Through D.G. Set		
Units Generated	2,41,594	2,12,927
Units Generated per litre of Diesel Oil	3.44	2.56
Cost Per Unit (Rs.)	10.43	11.84
- Through Steam Turbine (Sugar Division)		
Units Generated	9,92,92,624	5,76,88,505
Units Generated per Qtl. of Fuel	38.30	26.83
Cost Per Unit Electricity (Rs.)	1.54	2.02
Belwara Division		
- Through D.G. Set		
Units Generated	8,29,158	—
Units Generated per litre of Diesel Oil	3.04	—
Cost Per Unit (Rs.)	11.13	—
- Through Steam Turbine (Sugar Division)		
Units Generated	1,30,44,000	—
Units Generated per Qtl. of Fuel	12.34	—
Cost Per Unit Electricity (Rs.)	7.03	—
Shahbad Division		
- Through D.G. Set		
Units Generated	12,64,853	—
Units Generated per litre of Diesel Oil	3.69	—
Cost Per Unit (Rs.)	9.33	—
- Through Steam Turbine (Sugar Division)		
Units Generated	13,32,346	—
Units Generated per Qtl. of Fuel	13.30	—
Cost Per Unit Electricity (Rs.)	14.67	—

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Distillery Division

- Through D.G. Set		
Units Generated	8,10,581	14,55,866
Units Generated per litre of Diesel Oil	3.46	2.83
Cost Per Unit (Rs.)	8.82	10.64
- Through Steam Turbine		
Units Generated	73,78,419	1,11,32,007
Units Generated per Qtl. of Fuel	416.78	585.11
Cost Per Unit Electricity (Rs.)	8.52	8.59

B. Consumption Per Unit of Product

Buttar Division

- Electricity (KW/MT)	389.49	330.88
- Bagasse (MT/MT)	2.37	2.09
- Steam (MT/MT)	3.70	3.94

Belwara Division

- Electricity (KW/MT)	515.75	—
- Bagasse (MT/MT)	2.36	—
- Steam (MT/MT)	4.72	—

Shahbad Division

- Electricity (KW/MT)	3,466.17	—
- Bagasse (MT/MT)	8.21	—
- Steam (MT/MT)	2.87	—

Distillery Division

- Electricity (KL/MT)	477.58	475.52
- Fuel (Rice Husk)/Diesel (KL/MT)	1.19	1.49
- Steam (KL/MT)	3.15	4.08

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)	2.97	3.26

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

D. Foreign Exchange Earning & Outgo

a) Foreign Exchange Earning	Nil	Nil
b) Foreign Exchange Outgo (Rs. in lacs)	2142.74	1789.21

For & on behalf of the Board

Place : Chandigarh
Dated : 4th December, 2008

RANA RANJIT SINGH
CHAIRMAN

RANA SUGARS LIMITED



ANNEXURE 'B'

REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy on Code of Governance

Your Company follows the philosophy and adheres to the requirements adopted by it in the form of a Code of Business Conduct and Ethics in running its business. It is believed that adherence to business ethics and commitment corporate social responsibility would help the Company achieve its goal of maximizing value of its stakeholders.

b) Board of Directors

The present strength of the Board of Directors is nine, of which eight are Non-Executive Directors and one Managing Director. The Board members include one representative of Punjab Energy Development Agency.

During the year under review, six Board Meetings were held on 31st October, 2007, 4th December, 2007, 31st January, 2008, 3rd March, 2008, 29th April, 2008 & 31st July, 2008. 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 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	—	2	CH/P	6
Rana Inder Pratap Singh	Yes	5	MD/P	8
Rana Veer Pratap Singh	—	1	NED/P	4
Shri A. S. Sodhi	Yes	6	NED	1
Shri S. A. S. Bajwa	Yes	6	NED	1
Shri S.S. Sekhon*	—	2	NED/IN	—
Shri M. P. Singh	—	3	NED/IN	—
Dr. Y. P. Abbi**	—	—	NED/IN	—
Shri Baljit Singh	—	6	NED	—
Shri S.K. Duggal	Yes	5	NED	11
Rana Karan Pratap Singh***	—	1	NED/P	1

CH-Chairman, MD-Managing Director, P-Promoter, NED-Non Executive Director, IN-Institutional Nominee

* resigned from the directorship of the Company.

** nomination has been withdrawn by Indian Renewable Energy Development Agency Limited.

*** appointed Director during the year.

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 five 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	5
Shri S. A. S. Bajwa	Member	5
Shri Baljit Singh	Member	5
Shri S. K. Duggal	Member	4

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 share certificates etc.

ii) Composition

The Committee comprises of three Non-Executive Directors as its members. The Committee met sixteen 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	16
Shri S. K. Duggal	Member	16
Rana Veer Pratap Singh	Member	16

III) Shareholders/Investors Grievance Committee

i) Term 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 72724 investors as on 30.09.2008. The Company received 37 letters/ complaints from the investors and all the letters/ complaints received were attended/ resolved.

IV) Remuneration Committee

i) Term 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
2006-2007	29.12.2007	2.00 p.m.	The Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh	No
2005-2006	30.10.2006	3.00 p.m.	-- do --	Yes
2004-2005	03.11.2005	3.30 p.m.	-- do --	Yes

e) Disclosures

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

f) Means of Communication

- 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 capital 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.
- Management Discussion and Analysis Report forms part of this Annual Report and is given separately.

g) General Shareholder's Information

i) 17th Annual General Meeting

Venue : The Institution of Engineers(India)
Madhya Marg, Sector 19-A, Chandigarh
Date : 30th December, 2008

ii) Tentative Financial Calendar

Audited Annual Results (2007-08)	December, 2008
Publication of Audited Results	—
First Quarter Results	January, 2009
Publication of Half Yearly Results	April, 2009
Third Quarter Results	July, 2009
Fourth Quarter Results	October, 2009
Audited Annual Results (2008-09)	December, 2009

iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from 26th December, 2008 to 30th December, 2008 (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:

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