

*18th*  
*Annual Report*  
*2009-10*



**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  
Rana Veer Pratap Singh  
Rana Karan Pratap Singh  
Shri Balour Singh  
Shri M.P. Singh

Chairman  
Managing Director  
Director  
Director  
Director  
Director  
Director  
Director (Nominee of PEDDA)  
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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## NOTICE

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

Day : Wednesday  
Date : 30th June, 2010  
Time : 11.30 A.M.  
Place : The Institution of Engineers (India),  
Madhya Marg, Sector 19-A,  
Chandigarh.

to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Annual Accounts for the financial year ended 31<sup>st</sup> March, 2010 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. A. S. Bajwa, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M. P. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Rana Karan 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."

By order of the Board  
for RANA SUGARS LIMITED

Place : Chandigarh  
Dated : 5th June, 2010

(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 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 October, 2008 to 31st March, 2010. The Registrar of Companies, Jalandhar has accorded its approval for the same.



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010

### 1. FINANCIAL RESULTS :

	(Rs. in lacs)	
	Current year ended 31.03.2010 (18 Months)	Previous year ended 30.09.2008 (12 Months)
Profit before interest, depreciation & tax	15781.47	1033.90
Less: Financial Expenses	9010.55	4444.97
Depreciation	4350.56	2327.75
Misc. expenses written off	219.57	32.09
Profit/(Loss) before Tax & Prior Period expenses	2200.79	(5770.91)
Prior Period income/(expenses)	(16.68)	(468.20)
Profit/(Loss) before Tax	2184.11	(6239.11)
Provision for Tax :		
Current Tax	15.50	—
Deferred Tax	216.71	1012.56
Fringe Benefit Tax,	25.00	(48.33)
Wealth Tax & Earlier Year Provision for Tax		
Add: Earlier Year Provision for Tax W/Back	25.05	(20.48)
Extra ordinary Income	546.65	1010.00
Net Profit/(Loss) after Tax	2498.60	(4285.36)
<b>OPERATIONS:</b>		
Cane Crushed (Qtls)	1,61,44,429	1,07,31,220
<b>Production (Qtls)</b>		
Sugar (Qtls)	18,58,143	9,32,647
Molasses (Qtls)	8,11,814	4,80,651
Electricity (Units)	23,35,36,933	12,10,47,389
Rectified Spirit (BL)	60,42,971	70,76,346
Extra Neutral Alcohol (BL)	1,52,29,245	88,15,180
Denatured Spirit (BL)	12,95,671	12,55,396
Punjab Medium Liquor (Cases)	30,54,745	14,50,494
Indian Made Foreign Liquor (Cases)	1,51,331	1,38,398

The Company has earned a Net Profit of Rs.2498.60 lacs during the financial year ended 31st March, 2010 as compared to loss of Rs.4285.36 lacs during the previous year ended 30th September, 2008. The main reasons for the earning the profit this year, are high sugar prices and sale of power through out the year. Further, the Company has also done processing of raw-

sugar which it imported from other countries resulting into running the sugar plants through out the year which also earned good profit during the year. UNFCCC has approved approx. 1.50 lacs Certified Emission Reductions (CERs) to the Company. The approximate trading value of these CERs is Rs. 11.50 crores.

### 2. DIVIDEND

Your Company is passing through a period of transition and consolidation. As such, your Directors propose not to recommend any dividend for the year under review.

### 3. DIRECTORS

Shri S. K. Duggal resigned from the directorship of the Company during the year.

Shri Balour Singh has been nominated as Director by Punjab Energy Development Agency during the year.

The Board places on record the appreciation of useful contribution made by Shri S. K. Duggal during his tenure.

Shri S. A. S. Bajwa, Shri M. P. Singh and Rana Karan 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:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in 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, 2010 on a going concern basis.

## 5. FIXED DEPOSITS

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

## 6. AUDITORS

M/s. Kansal Singla & Associates, Chartered Accountants, Chandigarh, Statutory Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

The explanations/information in respect of the observations of the Auditors in their report are given in Annexure 'E' read with the relevant Audit observations are self explanatory.

## 7. COST AUDITORS

The Board of Directors has appointed M/s. Khushwinder Kumar & Co., Cost Accountants as the Cost Auditors of the Company for the year 2010-2011 under Section 233 B of the Companies Act, 1956, which has been approved by the Govt. of India.

## 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:

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.
3. Luxembourg Stock Exchange  
(Societe de la Bourse de Luxembourg S A)  
B.P.165  
L-2011, Luxembourg

The listing fee for 2010-2011 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 Board of Directors of your Company expresses its gratitude for the continued co-operation and support extended by 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 : 5th June, 2010



## ANNEXURE TO THE DIRECTORS REPORT FOR THE PERIOD ENDED 31ST MARCH, 2010 (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 31ST MARCH, 2010.

### 1. CONSERVATION OF ENERGY

The Company has installed most modern equipment to save and minimise energy consumption. The Company has installed three Turbo Alternators sets with power generation capacity of 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 31.03.2010	Previous Year 30.09.2008
<b>Purchased</b>		
<b>Buttar Division</b>		
- Unit Purchased	8,81,975	11,00,972
- Total Amount (Rs.)	54,32,090	48,19,567
- Rate Per Unit (Rs.)	6.16	4.38
<b>Own Generation</b>		
<b>Buttar Division</b>		
- Through D.G. Set		
Units Generated	1,46,221	2,41,594
Units Generated per litre of Diesel Oil	3.17	3.44
Cost Per Unit (Rs.)	10.42	10.43
- Through Steam Turbine (Sugar Division)		
Units Generated	17,95,14,050	9,92,92,624
Units Generated per Qtl. of Fuel	54.04	38.30
Cost Per Unit Electricity (Rs.)	2.71	1.54
<b>Belwara Division</b>		
- Through D.G. Set		
Units Generated	7,63,344	8,29,158
Units Generated per litre of Diesel Oil	3.17	3.04
Cost Per Unit (Rs.)	11.09	11.13
- Through Steam Turbine (Sugar Division)		
Units Generated	2,34,27,868	1,30,44,000
Units Generated per Qtl. of Fuel	26.44	12.34
Cost Per Unit Electricity (Rs.)	3.28	7.03
<b>Shahbad Division</b>		
- Through D.G. Set		
Units Generated	14,15,498	12,64,853
Units Generated per litre of Diesel Oil	3.31	3.69
Cost Per Unit (Rs.)	10.52	9.33
- Through Steam Turbine (Sugar Division)		
Units Generated	2,12,43,264	13,32,346
Units Generated per Qtl. of Fuel	19.84	13.30
Cost Per Unit Electricity (Rs.)	4.24	14.67



## Distillery Division

- Through D.G. Set		
Units Generated	5,96,763	8,10,581
Units Generated per litre of Diesel Oil	3.30	3.46
Cost Per Unit (Rs.)	9.52	8.82
- Through Steam Turbine		
Units Generated	93,51,751	73,78,419
Units Generated per Qtl. of Fuel	251.69	416.78
Cost Per Unit Electricity (Rs.)	8.61	8.52

## B. Consumption Per Unit of Product

### Buttar Division

- Electricity (KW/MT)	275.86	389.49
- Bagasse (MT/MT)	1.54	2.37
- Steam (MT/MT)	4.20	3.70

### Belwara Division

- Electricity (KW/MT)	533.78	515.75
- Bagasse (MT/MT)	1.95	2.36
- Steam (MT/MT)	4.07	4.72

### Shahbad Division

- Electricity (KW/MT)	339.96	3,466.17
- Bagasse (MT/MT)	1.61	8.21
- Steam (MT/MT)	3.26	2.87

### Distillery Division

- Electricity (KL/MT)	440.83	477.58
- Fuel (Rice Husk)/Diesel (KL/MT)	1.09	1.19
- Steam (KL/MT)	4.23	3.15

## C. Technology Absorption

### i) Research & Development

- 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.
- The Company is trying to improve quality of Cane & ensure development of Cane by providing various facilities to the Cane growers.
- Amount incurred on Research & Development (Rs. in lacs)

4.88 2.97

### ii) Technology Absorption, Adoption and innovation

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

Nil Nil

## D. Foreign Exchange Earning & Outgo

a) Foreign Exchange Earning	1023.16	Nil
b) Foreign Exchange Outgo (Rs. in lacs)	5685.22	2142.74



## REPORT ON CORPORATE GOVERNANCE

### a) Company's Philosophy on Code of Governance

Your Company strongly believes that good corporate governance has an important role in enhancing shareholder value and management accountability. Company's guiding principles are focused on achieving the best standards of corporate governance and it is committed to attain the highest level of transparency and accountability in its dealings with investors, lenders, employees and all other 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 two representative of Punjab Energy Development Agency.

During the year under review, Eighteen Board Meetings were held on 31st October, 2008, 4th December, 2008, 22nd December, 2008, 9th January, 2009, 23rd January, 2009, 31st January, 2009, 20th February, 2009, 31st March, 2009, 30th April, 2009, 31st July, 2009, 22nd September, 2009, 31st October, 2009, 16th January, 2010, 28th January, 2010, 3rd February, 2010, 22nd February, 2010, 26th February, 2010 and 31st March, 2010. 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	—	8	CH/PP	4
Rana Inder Pratap Singh	Yes	16	MD/PP	6
Rana Veer Pratap Singh	Yes	16	NED/PP	3
Shri A. S. Sodhi	Yes	17	NED	1
Shri S. A. S. Bajwa	Yes	18	NED	1
Shri M. P. Singh	-	8	NED/PEDA	1
Shri S.K. Duggal*	—	6	NED	-
Shri Baljit Singh	Yes	18	NED	-
Rana Karan Pratap Singh	-	6	NED/PP	2
Shri Balour Singh**	-	-	NED/PEDA	-

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

\* resigned from the directorship of the Company.

\*\*\* 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 seven 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	7
Shri S. A. S. Bajwa	Member	7
Shri Baljit Singh	Member	7
Shri S. K. Duggal*	Member	3

\*ceased to be member during the year.

## 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
Rana Veer Pratap Singh	Member	16
Shri S. K. Duggal*	Member	3
Shri Baljit Singh**	Member	11

\*ceased to be member during the year.

\*\*appointed as member during the year.

## 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 72961 investors as on 31.03.2010. The Company received 41 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
Shri Baljit Singh**	Member

\*ceased to be member during the year.

\*\*appointed as member during the year.



## 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
2007-2008	31.12.2008	3.00 p.m.	The Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh	No
2006-2007	29.12.2007	2.00 p.m.	-- do --	No
2005-2006	30.10.2006	3.00 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) 18th Annual General Meeting

Venue : The Institution of Engineers(India)  
Madhya Marg, Sector 19-A, Chandigarh  
Date : 30th June, 2010

### ii) Tentative Financial Calendar

Audited Annual Results (2008-10)	June, 2010
Publication of Audited Results	—
First Quarter Results	July, 2010
Publication of Half Yearly Results	October, 2010
Third Quarter Results	January, 2011
Fourth Quarter Results	April, 2011
Audited Annual Results (2010-11)	September, 2011

### iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from 26th June, 2010 to 30th June, 2010 (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