

19th
Annual Report
2010-11



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
Rana Veer Pratap Singh	Director
Rana Karan Pratap Singh	Director
Shri Balour Singh	Director (Nominee of PEDDA)
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 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 NINETEENTH ANNUAL GENERAL MEETING of the Members of the Company shall be held as scheduled below:-

Day : Friday
Date : 30th September, 2011
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, 2011 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 Shri Balour 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 or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Rana Inder Pratap Singh whose term as Managing Director has expired on 30th January, 2011 be and is hereby re-appointed as Managing Director of the Company for a further period of 5 years w.e.f. 31st January, 2011."

"RESOLVED FURTHER THAT pursuant to provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the necessary consents and approvals as may be required under various statutes, approval be and is hereby accorded for the fixation of remuneration of Rana Inder Pratap Singh, Managing Director as per the detail given 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 accommodation or House Rent Allowance, provision of gas, electricity, water, furnishings and maintenance in respect of such accommodation, medical re-imburement 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

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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 Inder Pratap 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 Inder Pratap 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."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Rana Ranjit Singh be and is hereby appointed as whole-time-Director of the Company for a period of 5 years w.e.f. 13th May, 2011."

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the necessary consents and approvals as may be required under various statutes, approval, Rana Ranjit Singh, whole-time-Director of the Company shall receive remuneration and perquisites during the period of his continuance in the office of the whole-time-Director w.e.f. 13th May, 2011 as per the detail given here under:

SALARY: Rs. 1,00,000/- per month

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

- A (i) Perquisites such as furnished accommodation or House Rent Allowance, provision of gas, electricity, water, furnishings and maintenance in respect of such accommodation, medical re-imbursment 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 whole-time-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."

By order of the Board
for RANA SUGARS LIMITED

Place : Chandigarh

Dated : 3rd September, 2011

(MANMOHAN K. RAINA)

COMPANY SECRETARY

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NOTES :

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business under Item No. 6 and 7 is annexed hereto.
2. 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.
3. Members are requested to bring their copy of Annual Report alongwith them at the Meeting.
4. Members desirous of seeking any further information about the accounts and/or operations of the Company are requested to send their queries to the Secretary of the Company atleast seven days in advance of the Meeting so that the information, to the extent practicable, can be made available at the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

The tenure of Rana Inder Pratap Singh as Managing Director of the Company has expired. He has managed the affairs of the Company very efficiently and successfully as Managing Director of the Company. The Board of Directors in its meeting held on 27th January, 2011 has re-appointed Rana Inder Pratap Singh as Managing Director of the Company for a further period of 5 years w.e.f. 31st January, 2011 on a total remuneration of Rs. 1,75,000/- per month including all allowances and perquisites as per details given in the notice.

The Directors recommend the resolution for your acceptance.

None of the Directors except Rana Ranjit Singh, Rana Inder Pratap Singh, Rana Veer Pratap Singh and Rana Karan Pratap Singh is in any way concerned or interested in the resolution.

ITEM NO. 7

Due to setting up two sugar mills in the state of Uttar Pradesh and with increased activities of the Company it is desirable to appoint a Whole Time Director to look after the day to day activities of the Company.

The Board of Directors in its meeting held on 13th May, 2011 has appointed Rana Ranjit Singh, Chairman as Whole Time Director of the Company for a period of 5 years w.e.f. 13th May, 2011 on a total remuneration of Rs. 2,00,000/- per month including all allowances and perquisites as per details given in the notice.

The Directors recommend the resolution for your acceptance.

None of the Directors except Rana Ranjit Singh, Rana Inder Pratap Singh, Rana Veer Pratap Singh and Rana Karan Pratap Singh is in any way concerned or interested in the resolution.

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2011.

1. FINANCIAL RESULTS :

	(Rs. in lacs)	
	Current year ended 31.03.2011 (12 months)	Previous year ended 31.03.2010 (18 Months)
Profit before interest, depreciation & tax	5572.02	15145.41
Less: Financial Expenses	6350.73	8374.48
Depreciation	3167.34	4350.56
Misc. expenses written off	0.28	219.57
Profit/(Loss) before Tax & Prior Period expenses	(3946.33)	2200.80
Prior Period income/(expenses)	8.96	(16.68)
Add: Extra ordinary Income	—	546.65
Profit/(Loss) before Tax	(3937.37)	2730.77
Provision for Tax :		
Current Tax	—	15.50
Deferred Tax	(216.71)	216.71
Wealth Tax & Earlier Year Provision for Tax	1.66	25.00
Add: Earlier Year Provision for Tax W/Back	46.37	25.05
Net Profit/(Loss) after Tax	(3675.95)	2498.61
OPERATIONS:		
Cane Crushed (Qtls)	1,34,77,740	1,61,44,429
Production		
Sugar (Qtls)	13,99,855	18,58,143
Molasses (Qtls)	7,08,063	8,11,814
Electricity (Units)	19,73,98,382	23,35,36,933
Spirit and others (BL)	1,74,55,193	2,26,96,887
Liquor (Cases)	19,71,372	32,06,076

The Company has suffered a loss of Rs.3675.95 lacs during the financial year ended 31st March, 2011 as compared to Net Profit of Rs. 2498.61 lacs during the previous year. The main reasons for the loss this year, are higher purchase price and low sale price of imported raw sugar, higher purchase price of sugarcane as compared to sugar sale prices, increase in financial cost due to higher rate of interest, carrying cost of large sugar stocks and low sale rate of power as compared to last year.

2. DIVIDEND

Due to losses your Directors propose not to recommend any dividend for the year under review.

3. DIRECTORS

There was no change in the Directorship of the Company during the year.

Shri A. S. Sodhi, Shri Baljit Singh and Shri Balour 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, 2011, 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 31st March, 2011 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

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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 appointed M/s. Khushwinder Kumar & Co., Cost Accountants as the Cost Auditors of the Company for the year 2011-2012 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.

The listing fee for 2011-2012 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 conveys its appreciation to the cane cultivators, customers, suppliers, dealers, agents, Banks and financial institutions, the government agencies and departments for their continued support and cooperation. Your Directors wish to thank the shareholders for their understanding and support to the management.

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 : 3rd September, 2011



**ANNEXURE TO THE DIRECTORS REPORT
FOR THE YEAR ENDED 31ST MARCH, 2011**

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, 2011.

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 31.03.2011 (12 Months)	Previous Year 31.03.2010 (18 Months)
Purchased		
Buttar Division		
- Unit Purchased	6,96,250	8,81,975
- Total Amount (Rs.)	47,28,770	54,32,090
- Rate Per Unit (Rs.)	6.79	6.16
Shahbad Division		
- Unit Purchased	11,01,840	-
- Total Amount (Rs.)	40,26,159	-
- Rate Per Unit (Rs.)	3.65	-
Own Generation		
Buttar Division		
- Through D.G. Set (Sugar Division)		
Units Generated	94,206	1,46,221
Units Generated per litre of Diesel Oil	3.20	3.17
Cost Per Unit (Rs.)	11.41	10.42
- Through Steam Turbine (Sugar Division)		
Units Generated	12,13,37,770	17,95,14,050
Units Generated per Qtl. of Fuel	60.55	54.04
Cost Per Unit Electricity (Rs.)	2.95	2.71
Belwara Division		
- Through D.G. Set		
Units Generated	7,31,616	7,63,344
Units Generated per litre of Diesel Oil	3.20	3.17
Cost Per Unit (Rs.)	12.15	11.09
- Through Steam Turbine (Sugar Division)		
Units Generated	2,05,75,800	2,34,27,868
Units Generated per Qtl. of Fuel	24.90	26.44
Cost Per Unit Electricity (Rs.)	2.62	3.28
Shahbad Division		
- Through D.G. Set (Sugar Division)		
Units Generated	2,55,613	14,15,498
Units Generated per litre of Diesel Oil	3.00	3.31
Cost Per Unit (Rs.)	13.16	10.52
- Through Steam Turbine (Sugar Division)		
Units Generated	4,85,64,045	2,12,43,264
Units Generated per Qtl. of Fuel	50.14	19.84
Cost Per Unit Electricity (Rs.)	2.30	4.24

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Distillery Division		
- Through D.G. Set		
Units Generated	3,61,934	5,96,763
Units Generated per litre of Diesel Oil	3.09	3.30
Cost Per Unit (Rs.)	11.71	9.52
- Through Steam Turbine		
Units Generated	69,20,767	93,51,751
Units Generated per Qtl. of Fuel	27.65	38.18
Cost Per Unit Electricity (Rs.)	11.57	8.61
B. Consumption Per Unit of Product		
Buttar Division		
- Electricity (KW/MT)	302.34	275.86
- Bagasse (MT/MT)	1.92	1.54
- Steam (MT/MT)	4.70	4.20
Belwara Division		
- Electricity (KW/MT)	484.43	533.78
- Bagasse (MT/MT)	1.96	1.95
- Steam (MT/MT)	3.80	4.07
Shahbad Division		
- Electricity (KW/MT)	439.67	339.96
- Bagasse (MT/MT)	2.76	1.61
- Steam (MT/MT)	6.22	3.26
Distillery Division		
- Electricity (KW/KL)	418.94	440.83
- Fuel (Rice Husk) (MT/KL)	1.44	1.09
- Steam (MT/KL)	5.47	4.23
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)	3.24	4.88
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 (Rs. in lacs)		
a) Foreign Exchange Earning	25,907.62	1,023.16
b) Foreign Exchange Outgo	14,136.56	5,685.22

For & on behalf of the Board

Place : Chandigarh
Dated : 3rd September, 2011

RANA RANJIT SINGH
CHAIRMAN



REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy on Code of Governance

The principles of corporate governance introduced by SEBI through Clause 49 of the Listing Agreement are complied in all respects by the Company. The Company is deeply committed to the core value of Corporate Governance concepts. 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 decision making power vested in executive management are used with care and responsibility to meet shareholder and stakeholders aspirations.

b) Board of Directors

The present strength of the Board of Directors is nine, of which Seven are Non-Executive Directors, one Managing Director and one Whole Time Director. The Board members include two nominee of Punjab Energy Development Agency.

During the year under review, nine Board Meetings were held on 12th April, 2010, 5th June, 2010, 19th June, 2010, 13th August, 2010, 13th November, 2010, 27th January, 2011, 14th February, 2011, 26th February, 2011 and 28th March, 2011. 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	—	4	WTD/CH/PP	4
Rana Inder Pratap Singh	Yes	8	MD/PP	6
Rana Veer Pratap Singh	—	6	NED/PP	2
Rana Karan Pratap Singh	—	5	NED/PP	1
Shri A. S. Sodhi	Yes	8	NED	1
Shri S. A. S. Bajwa	Yes	9	NED	1
Shri Baljit Singh	Yes	9	NED	—
Shri Balour Singh	—	—	NED/PEDA	1
Shri M. P. Singh	—	—	NED/PEDA	1

CH – Chairman, MD – Managing Director, WTD – Whole Time Director, PP – Private Promoter, NED – Non Executive Director, 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 five times during the year and the attendance of members at the meetings was as follows: