

20th
Annual Report
2011-12



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 Partap 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

Nehru Place, 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 TWENTIETH ANNUAL GENERAL MEETING of the Members of the Company shall be held as scheduled below:-

Day : Saturday
Date : 29th September, 2012
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 31st March, 2012 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 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."

By order of the Board
for RANA SUGARS LIMITED

Place : Chandigarh
Dated : 3rd September, 2012

(MANMOHAN K. RAINA)
COMPANY SECRETARY

NOTES:

1. 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.
2. Members are requested to bring their copy of Annual Report alongwith them at the Meeting.
3. 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.



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS:

	(₹ in lacs)	
	Current year ended 31.03.2012	Previous year ended 31.03.2011
Profit before interest, depreciation & tax	8987.09	5881.76
Less: Financial Costs	7798.37	6660.47
Depreciation	3222.17	3167.34
Misc. expenses written off	—	0.28
Profit/(Loss) before Tax & Prior period expenses	(2033.45)	(3946.33)
Prior period income/(expenses)	(8.76)	8.96
Profit/(Loss) before Tax	(2042.21)	(3937.37)
Provision for Tax		
Current Tax	2.27	1.66
Deferred Tax	—	(216.71)
Add: Earlier Year Provision for Tax W/Back	—	46.37
Net Profit/(Loss) after Tax	(2044.48)	(3675.95)

OPERATIONS:

Cane Crushed (Qtls) **1,63,48,491** 1,34,77,740

PRODUCTION:

Sugar (Qtls)	14,10,452	13,99,855
Molasses (Qtls)	8,19,680	7,08,063
Electricity (Units)	18,72,71,859	19,73,98,382
Spirit & others (BL)	1,79,82,741	1,74,55,193
Liquor (Cases)	21,99,245	19,71,372

The Company has suffered a loss of ₹ 2044.48 lacs during the financial year ended 31st March, 2012 as compared to loss of ₹ 3675.95 lacs during the previous year. The main reasons for the loss during

the year, are 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, low sugar recovery and higher cost of raw material for liquor etc..

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 S. A. S. Bajwa, Shri M. P. 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 31st March, 2012, 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, 2012 on a going concern basis.



5. FIXED DEPOSITS:

The Company has not accepted any deposits under Section 58-A and 58-AA 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 appointed M/s. Khushwinder Kumar & Co., Cost Accountants as the Cost Auditors of the Company for the year 2012-2013 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 name and addresses of the Stock Exchanges where the Company's securities are listed :-

1. BSE 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 2012-2013 to all the above Stock Exchanges have been paid and there being neither delisting nor suspension of shares from trading during the period under review.

12. ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the continued co-operation and support to the Company received from various departments of the Central and State Government, Bankers, Financial Institutions, Suppliers, Dealers, Agents, Cultivators, Customers, Investors and Shareholders.

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, 2012



ANNEXURE 'A'

ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

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, 2012

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.

	Current Year 31.03.2012	Previous Year 31.03.2011
A. Electricity		
Purchased		
-Amritsar Unit		
- Unit Purchased	9,69,065	6,96,250
- Total Amount (₹)	63,08,557	47,28,770
- Rate Per Unit (₹)	6.51	6.79
-Moradabad Unit		
- Unit Purchased	1,72,080	-
- Total Amount (₹)	20,13,582	-
- Rate Per Unit (₹)	11.70	-
-Rampur Unit		
- Unit Purchased	10,83,840	11,01,840
- Total Amount (₹)	54,04,133	40,26,159
- Rate Per Unit (₹)	4.99	3.65
Own Generation		
-Amritsar Unit		
- Through D.G. Set (Sugar Division)		
Units Generated	1,77,213	94,206
Units Generated per litre of Diesel Oil	3.27	3.20
Cost Per Unit (₹)	12.04	11.41
- Through Steam Turbine (Sugar Division)		
Units Generated	5,95,46,399	12,13,37,770
Unit Generated per Qtl. of Fuel	41.99	60.55
Cost Per Unit Electricity (₹)	1.89	2.95
-Moradabad Unit		
- Through D.G. Set		
Units Generated	8,86,688	7,31,616
Units Generated per litre of Diesel Oil	3.20	3.20
Cost Per Unit (₹)	13.15	12.15
- Through Steam Turbine (Sugar Division)		
Units Generated	3,51,59,544	2,05,75,800
Unit Generated per Qtl. of Fuel	26.30	24.90
Cost Per Unit Electricity (₹)	2.66	2.62
-Rampur Unit		
- Through D.G. Set (Sugar Division)		
Units Generated	45,150	2,55,613
Units Generated per litre of Diesel Oil	3.01	3.00
Cost Per Unit (₹)	13.76	13.16
- Through Steam Turbine (Sugar Division)		
Units Generated	8,27,83,150	4,85,64,045
Unit Generated per Qtl. of Fuel	46.40	50.14
Cost Per Unit Electricity (₹)	1.55	2.30



-Tarn Taran Unit		
- Through D.G. Set		
Units Generated	3,67,747	3,61,934
Units Generated per litre of Diesel Oil	3.04	3.09
Cost Per Unit (₹)	12.42	11.71
- Through Steam Turbine		
Units Generated	88,96,078	69,20,767
Unit Generated per Qtl. of Fuel	33.40	27.65
Cost Per Unit Electricity (₹)	3.62	3.47
B. Consumption Per Unit of Product		
- Amritsar Unit		
- Electricity (KW/MT)	307.88	302.34
- Bagasse (MT/MT)	2.29	1.92
- Steam (MT/MT)	4.99	4.70
- Moradabad Unit		
- Electricity (KW/MT)	344.06	484.43
- Bagasse (MT/MT)	2.24	1.96
- Steam (MT/MT)	4.80	3.80
- Rampur Unit		
- Electricity (KW/MT)	434.45	439.67
- Bagasse (MT/MT)	2.39	2.76
- Steam (MT/MT)	7.25	6.22
- Tarn Taran Unit		
- Electricity (KW/KL)	517.77	418.94
- Fuel (Rice Husk)/Diesel (MT/KL)	1.49	1.44
- Steam (MT/KL)	5.81	5.47
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 (₹ in lacs)	1.86	3.24
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 (₹ in lacs)	1,349.14	25,907.62
b) Foreign Exchange Outgo (₹ in lacs)	768.30	14,136.56

For & on behalf of the Board

Place : Chandigarh
Dated : 3rd September, 2012

RANA RANJIT SINGH
CHAIRMAN



REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy on Code of Governance

Your Company is complying with the principles of Corporate Governance introduced by SEBI through Clause 49 of the Listing Agreement in all respects. Your Company strongly believes that good corporate governance has an important role in enhancing shareholders 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 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, eight Board Meetings were held on 15th April, 2011, 13th May, 2011, 12th August, 2011, 3rd September, 2011, 14th November, 2011, 14th February, 2012, 5th March, 2012 and 20th March, 2012. 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	-	3	WTD/CH/P	4
Rana Inder Pratap Singh	Yes	8	MD/P	6
Rana Veer Pratap Singh	-	2	NED/P	2
Rana Karan Pratap Singh	Yes	5	NED/P	1
Shri A. S. Sodhi	Yes	7	NED	1
Shri S. A. S. Bajwa	Yes	8	NED	1
Shri Baljit Singh	-	8	NED	-
Shri Balour Singh	-	-	NED/PEDA	-
Shri M. P. Singh	-	1	NED/PEDA	1

CH - Chairman, MD - Managing Director, WTD - Whole Time Director, P - 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 Three 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:



<u>Name of the Member</u>	<u>Status</u>	<u>No. of meetings attended</u>
Shri A. S. Sodhi	Chairman	4
Shri S. A. S. Bajwa	Member	5
Shri Baljit Singh	Member	5

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 nine 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	9
Rana Veer Pratap Singh	Member	9
Shri Baljit Singh	Member	9

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 88,670 investors as on 31.03.2012. The Company received 23 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/Whole time 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 Baljit Singh	Member



d) General Body Meetings

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

Financial year	Date	Time	Venue	Special Resolution passed
2010-11	30.09.2011	3.30 p.m.	The Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh	Yes
2009-10	30.06.2010	11.30 a.m.	-do-	No
2007-08	30.12.2008	3.00 p.m.	- do -	No

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 or 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 Reconciliation of Share 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 Punjabi Tribune/Hindi Tribune.
- ii) Management Discussion and Analysis Report forms part of this Annual Report and is given separately.

g) General Shareholder's Information

i) 20th Annual General Meeting

Venue : The Institution of Engineers(India)
Madhya Marg, Sector 19-A, Chandigarh
Date : 29th September, 2012

ii) Tentative Financial Calendar

Audited Annual Results (2011-12)	September, 2012
Publication of Audited Results	-
First Quarter Results	August, 2012
Publication of Half Yearly Results	November, 2012
Third Quarter Results	February, 2013
Fourth Quarter Results	May, 2013
Audited Annual Results (2012-13)	September, 2013

iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from 27th September, 2012 to 29th September, 2012 (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:

Sr. No.	Name of the Stock Exchange	Stock Code
1.	BSE Limited	507490
2.	National Stock Exchange of India Limited	RANASUG