

*21st*  
*Annual Report*  
*2012-13*



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

## C O N T E N T S

Notice	3
Directors' Report	4
Auditors' Report	15
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Schedules	24
Proxy Form	39

# RANA SUGARS LIMITED



## NOTICE

Notice is hereby given that the 21st ANNUAL GENERAL MEETING of the Members of the Company shall be held as scheduled below:-

Day : Monday  
Date : 30th September, 2013  
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 31st March, 2013 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 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 : 14th August, 2013

(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.
4. **The members are requested to get their e-mail address registered/updated with their Depository Participant (DP) AND in case the shares are held in physical mode, then get their e-mail address registered/updated with the Company in order to speedy secure delivery, service of copies of Notices, Annual Reports etc. through electronic mode.**

# RANA SUGARS LIMITED



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2013.

### 1. FINANCIAL RESULTS :

(Rs. in lacs)

	Current year ended 31.03.2013	Previous year ended 31.03.2012
Profit before interest, depreciation & tax	11,147.49	8987.09
Less: Financial Costs	7250.71	7798.37
Depreciation	3292.12	3222.17
Profit/(Loss) before Tax & Exceptional Items	604.66	(2033.45)
Exceptional Items	45.85	(8.76)
Profit/(Loss) before Tax & Extra ordinary Items	558.81	(2042.21)
Extra ordinary Items	14.37	--
Provision for Tax		
Current Tax	3.62	2.27
Net Profit/(Loss) after Tax	540.81	(2044.48)
<b>OPERATIONS:</b>		
Cane Crushed (Qtls)	1,62,08,098	1,63,48,491
<b>PRODUCTION :</b>		
Sugar (Qtls)	13,95,343	14,10,452
Molasses (Qtls)	8,94,586	8,19,680
Electricity (Units)	25,53,56,063	18,72,71,859
Spirit & others (BL)	1,63,87,778	1,79,82,741
Liquor (Cases)	13,47,755	21,99,245

The Company has earned a net profit of Rs.540.81 lacs during the financial year ended 31st March, 2013 as compared to loss of Rs.2044.48 lacs during the previous year. Higher sale price realization of Sugar & Power and better capacity utilization have resulted into earning of profit during this year.

### 2. DIVIDEND:

Due to inadequate profits, 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 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:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2013, 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, 2013 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.

## **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 2013-2014 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 :-

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 2013-2014 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 :**

The Board of Directors of your Company convey its appreciation to the cane cultivators, customers, suppliers, dealers, agents, banks, financial institutions, the government agencies and departments, for their continued support and co-operation. Your Directors wish to thanks 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 : 30th May, 2013



## ANNEXURE TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

'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, 2013

### 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.

<b>A. Electricity</b>	<b>Current Year</b>	Previous Year
	<b>31.03.2013</b>	31.03.2012
<b>Purchased</b>		
<b>- Sugar Units</b>		
- Unit Purchased	2,381,541	2,224,985
- Total Amount (₹)	20,144,787	13,726,272
- Rate Per Unit (₹)	8.46	6.17
<b>Own Generation</b>		
<b>- Sugar Units</b>		
- Through D.G. Set (Sugar Division)		
Units Generated	445,733	1,109,051
Units Generated per litre of Diesel Oil	3.16	3.20
Cost Per Unit (₹)	13.64	13.00
- Through Steam Turbine (Sugar Division)		
Units Generated	255,356,063	177,489,093
Unit Generated per Qtl. of Fuel	47.88	39.10
Cost Per Unit Electricity (₹)	1.71	1.89
<b>-Distillery Unit</b>		
- Through D.G. Set		
Units Generated	254,309	367,747
Units Generated per litre of Diesel Oil	3.15	3.04
Cost Per Unit (₹)	12.68	12.42
- Through Steam Turbine		
Units Generated	9,061,678	8,896,078
Unit Generated per Qtl. of Fuel	35.32	33.40
Cost Per Unit Electricity (₹)	3.31	3.62



## B. Consumption Per Unit of Product

### -Sugar

- Electricity (KW/MT)	<b>368.42</b>	364.12
- Bagasse (MT/MT)	<b>2.75</b>	2.31
- Steam (MT/MT)	<b>6.69</b>	5.73

### -Distillery

- Electricity (KW/KL)	<b>571.41</b>	517.77
- Husk (MT/KL)	<b>1.57</b>	1.49
- Steam (MT/KL)	<b>6.14</b>	5.81

## 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) **2.02** 1.86

### 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 (Rs. in lacs) **0.00** 1349.14
- b) Foreign Exchange Outgo (Rs. in lacs) **193.89** 768.30

For & on behalf of the Board

Place : Chandigarh  
Date : 30-05-2013

RANA RANJIT SINGH  
CHAIRMAN



## 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 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, seven Board Meetings were held on 15th May, 2012, 14th August, 2012, 3rd September, 2012, 5th November, 2012, 9th November, 2012, 14th February, 2013 and 15th March, 2013. 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	--	1	WTD/CH/PP	3
Rana Inder Pratap Singh	--	6	MD/PP	6
Rana Veer Pratap Singh	Yes	2	NED/PP	2
Rana Karan Pratap Singh	Yes	5	NED/PP	2
Shri A. S. Sodhi	Yes	6	NED	1
Shri S. A. S. Bajwa	Yes	7	NED	1
Shri Baljit Singh	--	7	NED	--
Shri Balour Singh	--	--	NED/PEDA	--
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 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:

Name of the Member	Status	No. of meetings attended
Shri A. S. Sodhi	Chairman	5
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 eleven 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	11
Rana Veer Pratap Singh	Member	11
Shri Baljit Singh	Member	11

## 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 84283 investors as on 31.03.2013. The Company received 25 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:

<u>Financial year</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>	<u>Special Resolution passed</u>
2011-2012	29.09.2012	2.00 p.m.	The Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh	No
2010-2011	30.09.2011	3.30 p.m.	--do--	Yes
2009-2010	30.06.2010	11.30 a.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/ Business Standard/Mint and Punjabi Tribune/ Hindi Tribune/ Hindustan.
- ii) Management Discussion and Analysis Report forms part of this Annual Report and is given separately.

**g) General Shareholder's Information**

**i) 21st Annual General Meeting**

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

Date : 30th September, 2013

**ii) Tentative Financial Calendar**

Audited Annual Results (2012-13)	June, 2013
Publication of Audited Results	--
First Quarter Results	August, 2013
Publication of Half Yearly Results	November, 2013
Third Quarter Results	February, 2014
Fourth Quarter Results	May, 2014
Audited Annual Results (2013-14)	September, 2014

**iii) Book Closure**

The register of members and share transfer books of the Company shall remain closed from 27th September, 2013 to 30th September, 2013 (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.	BSE Limited	507490
2.	National Stock Exchange of India Limited	RANASUG

**v) Demat ISIN number : INE625B01014**

# RANA SUGARS LIMITED



## vi) Market price data

(Amount in ₹)

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2012	3.94	3.32	3.90	3.30
May, 2012	3.71	3.00	3.90	3.00
June, 2012	3.47	2.97	3.50	2.95
July, 2012	4.99	3.11	4.90	3.35
August, 2012	4.19	3.40	4.25	3.40
September, 2012	4.28	3.41	4.30	3.35
October, 2012	4.25	3.50	4.40	3.65
November, 2012	4.05	3.61	4.20	3.70
December, 2012	4.20	3.63	4.20	3.65
January, 2013	3.89	3.13	4.00	3.10
February, 2013	3.75	2.95	2.90	3.75
March, 2013	3.31	2.58	2.55	3.40

## vii) Registrar and Transfer Agent

M/s. Alankit Assignments Limited,  
205-208, Anarkali Market,  
Jhandewalan Extension,  
New Delhi-110 055.

## viii) Share Transfer System

The Share Transfer Committee of the Company usually meets every fortnight to approve the transfer, transmission and issue of duplicate share certificates etc. The shares of the Company are traded in dematerialized form only.

## ix) Distribution of Shareholding

The distribution of shareholding as on March 31, 2013 was as follows:

S.No.	No. of Equity shares held	No. of share holders	Percentage of total shareholders	No. of shares held	Percentage of total shares
1.	1 to 250	40085	47.560	4880555	3.178
2.	251 to 500	16609	19.706	7098547	4.622
3.	501 to 1000	12239	14.521	10843679	7.061
4.	1001 to 2000	6910	8.199	11292192	7.353
5.	2001 to 3000	2592	3.075	6868520	4.473
6.	3001 to 4000	1258	1.493	4642410	3.023
7.	4001 to 5000	1324	1.571	6384802	4.158
8.	5001 to 10000	1796	2.131	13561365	8.831
9.	10001 and above	1470	1.744	87995750	57.301
	<b>Total</b>	<b>84283</b>	<b>100.000</b>	<b>153567820</b>	<b>100.000</b>

Details of Shareholding as on 31st March, 2013 was as under :

S.No.	Category	No. of Shares held	% shareholding
1.	Promoters	34766079	22.639
2.	Financial Institutions, Banks and Mutual funds	2591846	1.688
3.	NRIs, Foreign Nationals, OCBs and FIIs	2220370	1.446
4.	Private Corporate Bodies	14711670	9.580
5.	Indian Public	99277855	64.647
6.	Others	0	0
	<b>Total</b>	<b>153567820</b>	<b>100.000</b>

# RANA SUGARS LIMITED



- x) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity. NIL

**xi) Location of Plant**

Sugar and Power Unit:

- |  |  |
|--|--|
| i) Village Buttar Seviyan,<br>Tehsil Baba Bakala,<br>District Amritsar, Punjab | (ii) Village Belwara,<br>Tehsil & Distt. Moradabad, U.P.                             |
| iii) Village Karim Ganj,<br>Tehsil Shahabad,<br>Distt. Rampur, U.P.            | (iv) Distillery Unit :<br>Village Lauhka, Tehsil Patti,<br>Distt. Tarn Taran, Punjab |

**xii) Address for Correspondence**

Rana Sugars Limited  
SCO 49-50, Sector 8-C  
Chandigarh - 160 009  
Tel: 0172-2773422, 2540007, 2779565 & 2549217

**h) Re-appointment of Directors**

Three Non-Executive Directors are due for retirement by rotation at this Annual General Meeting who are eligible for re-appointment. Brief particulars of these Directors are given below :

- i) i) Shri A. S. Sodhi , is an outside professional Director. He is a retired IAS. He is also Director of Rana Polycot Limited. He has about 42 years of experience in different fields of Industry.
- ii) Shri Baljit Singh, is an outside professional Director. He has worked on various posts with SAIL and IFCI. He has also worked as Managing Director, NITCON. He has about 38 years of experience.
- iii) Rana Karan Pratap Singh, is a promoter Director. He has done MBA. He has about 7 years of experience in industry.

**ANNEXURE - C'**

**AUDITORS' CERTIFICATE**

**To**

**The Members of Rana Sugars Limited**

We have examined the compliance of conditions of Corporate Governance by Rana Sugars Limited for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KANSAL SINGLA & ASSOCIATES  
Chartered Accountants

Place : Chandigarh  
Dated: 30th May, 2013

CA S. K. Arora  
Partner  
Membership No. : 70405  
FRN 003897N



### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Rana Sugars Limited is pleased to present its Analysis Report covering segment wise performance and outlook.

#### **Sugar**

Sugar is one of the major agro based industries and is also one of the most actively traded soft commodities on the commodity exchanges. More than 80% of the sugar is produced from sugarcane and remaining from sugar beet. Brazil, India, EU, China and Thailand produce 60% of the total sugar production.

India's sugar industry is the second-largest in the world. Indian Sugar Industries is also the second largest agro-based industry after cotton. Sugar industry plays a main role in rural economic development, supporting more than 50 million sugarcane farmers and supporting their dependents and agricultural labourer. The industry gives employment to about 5 lacs skilled and semi-skilled workers. With sugar production coming to an end in most parts of the country, the final output for 2012/13 is expected to be around 24.52 million tones. The Central Govt. has announced decontrol of sugar and has abolished levy sugar quota of 10%. This is a welcome step on the part of the Central Govt. for the sugar industry. It will add to the profitability of the sugar companies.

#### **Future Prospects**

The Central Govt. has approved a key reform policy on sugar industry. Under this, sugar mills will not be required to supply 10% of their product to the Govt. and they will also be able to sell unlimited quantity in open market. Sugar Mills are relying also on byproducts. Prices of byproducts, i.e. bagasse and molasses continue to remain remunerative, driven by healthy demand from consuming sectors such as power, paper and alcohol.

The Company has a crushing capacity of 15000 TCD of its three units, one in Punjab and two in Uttar Pradesh. During the year, the Company has produced 13,95,343 quintals of sugar. The Company provides various incentives to its cane growing farmers such as crop loans from banks and supply of cane seeds, insecticides and other agricultural inputs at subsidized rates. It is expected that the performance of the Company will be far better in the coming year of 2013-14 as compared to 2012-13.

#### **Co-generation of Power**

During the last 15 years bagasse based co-generation power projects were commissioned in various States in India. Electricity production through co-generation in sugar mills in India is an important source of low-cost, non-conventional power. Presently, India has around 206 co-generation units with a cumulative installed capacity of 3123 MW. Further, India has a potential of generating 4500 MW of power through bagasse.

The Central Government has announced various incentives schemes for sugar Companies to set up co-generation power projects and for acceleration of power co-generation programme. The Company has produced 25,53,56,063 units of power during the year.



## **Distillery & Ethanol**

The Govt. of India issued a notification making 5% ethanol blending with petrol mandatory across the country. The sugar industry welcomes the notification. The sugarcane farmers who face cane payment uncertainties, ethanol blending programme provides an alternative market which can ensure regular payment to the farmers.

The Distillery Unit of the Company with a capacity of 60 KL per day has produced 1,63,87,778 BL of Spirit & others and 13,47,755 cases of Liquor.

## **Outlook/ Projection**

The Company's projection on crushing of Sugarcane for the current year 2013-14 is the highest possible. The Company has been taking all out efforts to encourage & motivate the farmers to cultivate the crop of sugarcane by providing various incentives.

## **Opportunities and threats**

Sugar industry is a seasonal industry. The industry provides direct employment including ancillary activities to near around 5 lacs workers. The industry supplies raw-material to other industries and is instrumental in socio-economic development in rural India.

The production of sugar depends upon availability of sugarcane which is affected by weather of the particular place. The quality of soil deteriorates due to overuse of fertilizers and pesticides to increase sugarcane yield. The sugar sector in India goes through a phase of cyclicality, mainly on account of situations of high cane pricing.

## **Risk and Concern**

Risk is an inherent aspect of any business. Most of the sugar factories are old and use old technology. Further, higher sugarcane prices also affect profitability of the sugar industry.

## **Internal Control System & their adequacy**

The Company has adequate system of internal control relating to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods commensurate with the size and nature of business of the Company. Policies and procedures have been laid down to provide reasonable assurance that assets are safeguarded from risks of unauthorized use/ disposition and transactions are recorded and reported with priority, accuracy and speed.

## **Material Development in HRD/IR**

The Human Resources vision of your Company is committed to organizational excellence by inspiring and developing the potential of people and providing them opportunities for growth. Training and learning initiatives aim at upgrading the competencies and fostering a climate of creativity and innovation. Your Company continuously evolves policies and processes to attract and retain its pool of technical and management resources through a friendly work environment that encourages individual and team initiatives. The Company has a total manpower of 1050 besides few contract labour employed during the season. Relations between the employee and management have remained cordial during the period of the report.

# RANA SUGARS LIMITED



## Independent Auditor's Report

To The Members of  
Rana Sugars Limited  
Chandigarh

### Report on the Financial Statements

We have audited the accompanying financial statements of Rana Sugars Limited, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (The Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and

according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on other Legal and Regulatory requirements.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of The Act;
  - e) on the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of The Act.

For KANSAL SINGLA & ASSOCIATES,  
(Chartered Accountants)

Place: Chandigarh  
Date : 30-05-2013

CA. S.K. ARORA  
(PARTNER)  
MEMBERSHIP NO.070405  
FRN:003897N



**The Annexure referred to in paragraph 1 of our report of even date to the members of Rana Sugars Limited, on the accounts of the Company for the year ended on 31st March, 2013.**

On the basis of such checks as we considered appropriate during the course of our audit and according to the information and explanations given to us, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
(b) Fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification  
(c) During the year, the Company has not disposed off any part of the plant and machinery affecting the going concern status of the Company.
2. (a) The inventories have been physically verified during the year by the management at reasonable intervals.  
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification. However, minor discrepancies noticed on verification between the physical stocks were properly adjusted in the consumption of stores.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of The Act.  
(b) The Company has taken interest free unsecured loans from Eighteen parties covered in the register maintained under

Section 301 of The Act. The balance outstanding as on 31.03.2013 was ₹4505.53 Lacs and the maximum amount outstanding during the year of such loans was ₹ 4577.68 lacs.

(c) The terms & conditions on which such loans were accepted are not prejudicial to the interest of the Company.

(d) No stipulation has been specified for the repayment of these loans.

4. There is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories & fixed assets, for payment of expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.  
b) In our opinion the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of The Act and exceeding the value of rupees five lakhs in respect of any party during the year have been made at terms which are reasonable at the relevant time.
6. In our opinion, the Company has accepted the Deposits covered as per the provisions of Sections 58A and 58AA or any other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 in the form of unsecured loans which are within the exempted categories of the said section.
7. The Company has an in house internal audit system commensurate with its size and the nature of its business.



# RANA SUGARS LIMITED



8. Cost records prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act have been made and maintained.

9. (a) The Company has deposited, with some delay, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable with appropriate authorities.

(b) The following undisputed amount was payable in respect of Wealth Tax, as at 31st March, 2013, for a period exceeding six months from the date it became payable:

Name of the statute	Nature of Dues	Amount (Rs. in lacs)	Financial Year to which the amount relates
Wealth Tax Act	Wealth Tax	2.27	Year Ended 31.03.12

However, the same has since been paid.

(c) The following disputed amounts were not paid by the Company as at 31st March 2013:

Name of the statute	Nature of Dues	Amount (Rs. in lacs)	Forum where dispute is pending
Income Tax	Demand u/s 143 (3)	1.96	CIT (Appeals), Chandigarh
Income Tax	Demand u/s 271 (1) (c)	110.78	CIT (Appeals), Chandigarh
Sales Tax	U.P. Sales Tax	98.70	Appellant Commissioner (Appeals), Moradabad
Punjab Vat	Purchase Tax	2248.56	Hon'ble Supreme Court

10. The accumulated losses of the Company as at the end of the financial year, do not exceed 50% of its Net worth. Further the Company has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.

11. The Company has paid, during the year, the amounts due to banks and financial institutions with certain delays. The overdues, in respect of Interest amounting to ₹ 121.16 lacs and instalments of term

loans amounting to ₹ 153.58 lacs as on 31st March 2013 have since been paid.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi /mutual benefit fund/society.

14. The Company is not trading in Shares, Mutual funds & other Investments.

15. The Company has given guarantees for crop loans taken by farmers from banks. The terms and conditions thereof are not prima facie prejudicial to the interest of the Company.

16. During the year, the Company raised a term loan amounting to ₹ 9903.92 lacs, which was utilised for repayment of existing term loans of banks.

17. No funds raised on short-term basis have been used for long-term investment by the Company.

18. The Company has not made any preferential allotment of shares during the year.

19. The Company has not issued any debentures during the period under audit.

20. The Company has not raised any money by public issue during the year.

21. No fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For KANSAL SINGLA & ASSOCIATES,  
(Chartered Accountants)

Place: Chandigarh  
Date : 30-05-2013

**CA. S.K. ARORA**  
(PARTNER)  
MEMBERSHIP NO.070405  
FRN:003897N

# RANA SUGARS LIMITED



## BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	NOTE No.	AS AT 31.03.2013 (₹ in lacs)	AS AT 31.03.2012 (₹ in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	19,463.29	19,463.29
(b) Reserves and Surplus	3	6,683.17	6,142.36
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	23,845.34	22,929.38
(b) Long Term Provisions	5	259.36	153.29
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	6	40,671.79	37,621.61
(b) Trade Payables	7	19,035.65	15,657.17
(c) Other Current Liabilities	8	14,886.22	16,704.05
(d) Short-Term Provisions	9	64.17	36.54
<b>Total</b>		<b>124,908.99</b>	<b>118,707.69</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	10	45,407.59	47,927.92
(ii) Capital Work in Progress		3,955.89	2,450.88
(b) Long term loans and advances	11	1,239.64	1,140.63
<b>(2) Current Assets</b>			
(a) Current investments	12	9.25	9.25
(b) Inventories	13	54,606.56	51,707.26
(c) Trade receivables	14	5,753.23	4,538.50
(d) Cash and cash equivalents	15	2,002.51	2,212.42
(e) Short-term loans and advances	16	11,914.55	8,583.87
(f) Other current assets	17	19.77	136.96
<b>Total</b>		<b>124,908.99</b>	<b>118,707.69</b>
Significant Accounting Policies	1	-	-
Notes to Accounts	2 to 23		

The Notes are an integral part of the financial statements.

**Manoj Gupta**  
Chief Financial Officer

**Manmohan K.Raina**  
Company Secretary

**Rana Inder PratapSingh**  
Managing Director

**Rana Ranjit Singh**  
Chairman

As per our report of even date attached.

**FOR KANSAL SINGLA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**(CA. S.K. ARORA)**  
Partner

Membership No. : 70405  
FRN 003897N

Place : Chandigarh  
Dated : 30-05-2013

# RANA SUGARS LIMITED



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	NOTE No.	AS AT 31.03.2013 (₹ in lacs)	AS AT 31.03.2012 (₹ in lacs)
<b>I Revenue from operations</b>			
- Sale of Products		72,368.68	57,011.94
- Other Operating Revenues		92.04	88.00
Less: Excise Duty		2,092.58	1,755.18
Revenue from operations (Net)		70,368.14	55,344.76
<b>II Other Income</b>	18	(7.04)	151.00
<b>III Total Revenue (I +II)</b>		70,361.10	55,495.76
<b>IV Expenses:</b>			
Cost of materials consumed	19	56,427.46	52,044.51
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(3,646.25)	(12,017.08)
Excise duty related to the difference between closing stock and opening stock		(48.02)	266.32
Employee Benefits Expenses	20	2,772.86	2,538.62
Financial Costs	21	7,250.71	7,819.96
Depreciation and Amortization Expenses	10	3,292.12	3,222.17
Other Expenses	22	3,707.56	3,654.72
<b>Total Expenses</b>		69,756.44	57,529.21
<b>V Profit/(Loss) before exceptional and extraordinary items and tax (III - IV)</b>		604.66	(2,033.45)
<b>VI Exceptional Items</b>		45.85	8.76
<b>VII Profit/(Loss) before extraordinary items and tax (V - VI)</b>		558.81	(2,042.21)
<b>VIII Extraordinary Items</b>		14.38	-
<b>IX Profit/(Loss) before tax (VII - VIII)</b>		544.43	(2,042.21)
<b>X Tax expenses of continuing operations:</b>			
Current tax (including Wealth Tax)		3.62	2.27
Deferred tax		-	-
<b>XI Profit/(Loss) from continuing operations (IX-X)</b>		540.81	(2,044.48)
<b>XII Earning per equity share:</b>			
(1) Basic		0.35	(1.33)
(2) Diluted		0.35	(1.33)
<b>Significant Accounting Policies</b>	1		
<b>Notes to Accounts</b>	2 to 23		

**Manoj Gupta**  
Chief Financial Officer

**Manmohan K.Raina**  
Company Secretary

**Rana Inder PratapSingh**  
Managing Director

**Rana Ranjit Singh**  
Chairman

In terms of our separate report of even date attached.

**FOR KANSAL SINGLA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**(CA. S.K. ARORA)**  
Partner

Membership No. : 70405  
FRN 003897N

Place : Chandigarh  
Dated : 30-05-2013

# RANA SUGARS LIMITED



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

PARTICULARS	AS AT	AS AT
	31.03.2013	31.03.2012
	(₹ in lacs)	(₹ in lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX &amp; EXTRA ORDINARY ITEMS</b>	<b>604.66</b>	<b>(2,033.45)</b>
Adjustment for :		
- Depreciation & Non Cash Expenses	<b>3,292.12</b>	3,222.17
- Net Loss/(Profit) on Sale of Fixed Assets/Investment	<b>5.08</b>	(41.33)
- Interest (Net)	<b>7,228.64</b>	7,753.68
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>11,130.50</b>	<b>8,901.07</b>
Adjustment for :		
- (Increase)/ Decrease in Trade & other receivable	<b>(4,431.20)</b>	711.60
- (Increase)/ Decrease in Inventories	<b>(2,899.30)</b>	(13,102.57)
- (Decrease)/ Increase in Trade & other Payables	<b>1,694.35</b>	10,476.08
<b>CASH GENERATED FROM OPERATIONS</b>	<b>5,494.35</b>	<b>6,986.18</b>
- Exceptional Items	<b>(45.85)</b>	(8.76)
<b>Cash flow before extraordinary items</b>	<b>5,448.50</b>	<b>6,977.42</b>
- Extra ordinary Items	<b>(14.38)</b>	-
<b>Cash flow after extraordinary items</b>	<b>5,434.12</b>	<b>6,977.42</b>
- Direct Tax Paid	<b>(3.62)</b>	(2.27)
<b>NET CASH (USED)/FROM IN OPERATING ACTIVITIES</b>	<b>5,430.50</b>	<b>6,975.15</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Purchase of fixed assets	<b>(2,410.85)</b>	(2,641.92)
- Sale of fixed assets	<b>32.93</b>	361.78
- Sale of Investments	-	117.19
- Interest Received	<b>22.07</b>	44.69
<b>NET CASH (USED)/FROM IN INVESTING ACTIVITIES</b>	<b>(2,355.85)</b>	<b>(2,118.26)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Proceeds from issue of capital	-	-
- Subsidy/ Securities Premium	-	-
- Increase/(Decrease) in long term borrowings	<b>(150.51)</b>	(3,000.74)
- Increase/(Decrease) in Unsecured Loans	<b>1,066.47</b>	764.18
- Increase/(Decrease) in Working capital borrowings	<b>3,050.18</b>	5,530.04
- Interest Paid	<b>(7,250.71)</b>	(7,798.37)
<b>NET CASH (USED)/FROM FINANCING ACTIVITIES</b>	<b>(3,284.57)</b>	<b>(4,504.89)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(209.91)</b>	<b>352.00</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>2,212.42</b>	<b>1,860.42</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>2,002.51</b>	<b>2,212.42</b>

**Manoj Gupta**  
Chief Financial Officer

**Manmohan K.Raina**  
Company Secretary

**Rana Inder PratapSingh**  
Managing Director

**Rana Ranjit Singh**  
Chairman

In terms of our separate report of even date attached.

**FOR KANSAL SINGLA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**(CA. S.K. ARORA)**  
Partner

Membership No. : 70405  
FRN 003897N

Place : Chandigarh  
Dated : 30-05-2013



## Note - 1

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF ACCOUNTS AS AT 31ST MARCH 2013.

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of Accounting

The company maintains its accounts on accrual basis following the historical cost conventions in accordance with Generally Accepted Accounting Principles (GAAP) and in compliance with the Accounting Standards referred to in section 211(3C) and other requirements of the Companies Act, 1956.

The preparation of the financial statements in conformity with GAAP requires that the management of the company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful life of fixed assets and intangible assets, provisions for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. actual results could differ from these estimates.

##### 2. Revenue Recognition

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

- (a) Revenue from sale of goods is recognized when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.
- (b) Sale of power to Punjab State Power Corporation Limited (PSPCL), Uttar Pradesh Power Corporation Limited (UPPCL) & merchant power purchasers is accounted for based on the meter reading as per metering equipments of PSPCL and UPPCL installed at the Power Grid.
- (c) Other income is accounted for on accrual basis as and when the right to receive arises.

##### 3. Inventories

Inventories except molasses and bagasse being by-products, are valued at lower of cost or net realizable value. The by-products are valued at net realizable value. Cost of inventories is determined using Weighted Average Cost method. In respect of finished goods and work in process appropriate overheads are considered.

##### 4. Fixed Assets

Fixed assets are stated at cost, net of Excise Duty, less accumulated depreciation and impairment loss, if any. All costs directly related to the acquisition and installation of fixed assets are capitalized and added to the respective assets. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

##### 5. Depreciation

Depreciation is provided on all the fixed assets using the straight-line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956.

##### 6. Foreign Currency Transactions

Transactions denominated in foreign currency are normally recorded at the exchange rates prevailing at the time of the transactions. Monetary items denominated in foreign currencies at the year end are translated at the year end exchange rates. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit & Loss Account.

##### 7. Expenditure on new projects & substantial expansions

Expenditure directly relating to construction/substantial expansion activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Income earned during the construction period is deducted from the total of the indirect expenditure.

As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect



expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

## **8. Impairment of Assets**

At each balance sheet date, the carrying amount of fixed assets are reviewed by the management to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (recoverable amount is the higher of an asset's net selling price or value in use). In assessing the value in use, the estimated future cash flow expected from the continuing use of the assets and from their disposal are discounted to their present value using a pre discounted rate that reflects the current market assessment of time value of money and risks specific to the asset.

Reversal of impairment loss is recognized immediately as income in the Statement of Profit and Loss Account.

## **9. Government Grants and Subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis with the related cost, which it is intended to compensate. Where grant/subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset against which grant/subsidy has been received and further where the grant/subsidy is in the nature of promoters contribution the amount of grant/subsidy is accounted for as a capital reserve.

## **10. Investments**

Investments that are readily realizable and intended to be held for less than one year are classified as current investments, Current investments are carried at lower of cost or market value, whereas long term investments are carried at historical cost. The provision for diminution in the value of investment other than temporary is provided for.

## **11. Miscellaneous Expenditure**

Preliminary expenses and cost incurred in raising funds are written off to the Statement of profit and loss account in the year in which the same are incurred.

## **12. Employees Benefits**

- The liability on account of gratuity is provided in accordance with LIC's Group Gratuity Scheme and Actuarial Valuation certificate basis.
- Provision for Leave encashment liability is made on Actuarial valuation certificate basis.
- Provident Fund: Contribution to provident fund is made in accordance with the provisions of the Employees Provident Fund Act, 1952.

## **13. Tax Expenses**

Tax expenses comprises of current and deferred income tax and wealth tax. Current income tax is calculated at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax, assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against further taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that further taxable income will be available against which such deferred tax assets can be realized.

## **14. Earnings per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity



shareholders (after deducting preference dividend & taxes) by the weighted average number of equity shares outstanding during the year. Equity shares that are partly paid up are treated as a fraction of an equity share to the extent they entitled to participate in dividends. The weighted average numbers of equity shares outstanding during the year are adjusted for events such as bonus issue, bonus element in a right issue to the existing shareholders, share split and consolidation of shares.

For the purpose of calculating diluted EPS, the net profit or loss attributable to equity share holders and weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 15. Segment Reporting

- a). Segment accounting policies are in line with the accounting policies of the company. In addition, the following specific accounting policies have been followed for segment reporting.
- (1) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment sales.
  - (2) Expenses that are directly identifiable with/allocable to segment are considered for determining the segment result. Expenses which relate to the company as a whole and not allocable to segment are included under Un-allocable corporate expenditure.
  - (3) Income which relates to the company as a whole and not allocable to segments is included in un-allocable corporate income.
  - (4) Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable corporate assets and liabilities represent the assets and liabilities that relate to company as a whole and not allocable to any segment. Un-allocable assets mainly comprise corporate head office assets, investments and tax deposited with the Income Tax Authorities. Un-allocable liabilities include mainly Unsecured Loans and Tax Payable to Income Tax authorities.
- b). **Inter Segment transfer pricing**  
Segment revenue resulting from transactions with other business segments is accounted on the basis of market price.

## 16. Provisions & Contingent liabilities

A provision is recognized when an enterprise has

- (1) A present obligation as a result of past events.
- (2) It is probable that an outflow of resources will be required to settle the obligation.
- (3) In respect of which a reliable estimate can be made.

The provisions are determined based on the best estimates required to fulfill the obligation on the balance sheet date. The provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liability is

- (1) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise: or
- (2) a present obligation that arises from past events but is not recognized.

The Contingent liabilities are not recognized but are disclosed in the notes. The Contingent Assets are neither recognized nor disclosed in financial statements.

## 17. Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprises cash at bank, cash in hand & short term investments.

## 18. Financial Derivatives and Commodity Hedging

In respect of derivative contracts, premium paid, gain & losses on settlement & losses on restatement are recognized in the profit & loss account except in case where they relate to the acquisition & construction of fixed assets, in which case they are adjusted to the carrying cost of such assets.

# RANA SUGARS LIMITED



## SHARE CAPITAL

### (A) Authorised, Issued, Subscribed and Paid up Share Capital and par value per share

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
<b>Authorised Share Capital</b>		
16,00,00,000 (Previous year 16,00,00,000) Equity Shares of ₹ 10/- each	16,000.00	16,000.00
6,00,00,000 (Previous Year 6,00,00,000) 8% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each	6,000.00	6,000.00
	<u>22,000.00</u>	<u>22,000.00</u>
<b>Issued, Subscribed &amp; Paid up</b>		
15,35,67,820 (Previous year 15,35,67,820) equity shares of ₹ 10/- each	15356.78	15356.78
4,10,93,424 (Previous year 4,10,93,424) 8% Non cumulative Redeemable Preference Shares of ₹ 10/- each	4109.34	4109.34
	<u>19466.12</u>	<u>19466.12</u>
<b>Paid-up Share Capital</b>		
15,35,67,820 (Previous year 15,35,67,820) equity shares of ₹ 10/- each	15,356.78	15,356.78
4,10,93,424 (Previous year 4,10,93,424) 8% Non cumulative Redeemable Preference Shares of ₹ 10/- each	4,109.34	4,109.34
Less: Calls unpaid by directors and other officers	-	-
Less: Calls in arrears	2.83	2.83
Add: Equity shares forfeited (paid-up)	-	-
<b>TOTAL</b>	<u>19,463.29</u>	<u>19,463.29</u>

#### Note:

The company has two classes of shares with both having par value of ₹ 10 per share.

The company has not allotted any shares for consideration other than cash during the last five years.

Each holder of Equity share is entitled to one vote per share.

### (B) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
Number of shares outstanding as at the beginning of the year	153,567,820	153,567,820
<b>Add:</b>		
Shares Issued During the Year	-	-
Number of shares outstanding as at the end of the year	<u>153,567,820</u>	<u>153,567,820</u>



# RANA SUGARS LIMITED



## (C) Reconciliation of number of preference shares outstanding at the beginning and at the end of the year

PARTICULARS	AS AT 31.03.2013	AS AT 31.03.2012
Number of shares outstanding as at the beginning of the year	41,093,424	41,093,424
Number of shares outstanding as at the end of the year	<u>41,093,424</u>	<u>41,093,424</u>

## (D) Shares in the company held by each shareholder holding more than 5% shares

Name of the Shareholder	Number of shares held in the company in 2013	Percentage of shares held in 2013	Number of shares held in the company in 2012	Percentage of shares held in 2012
1. Mrs. Rajbans Kaur	9,570,001	6.23%	9,570,001	6.23%
2. Mrs. Sukhjinder Kaur	8,500,000	5.54%	8,500,000	5.54%

## 3. RESERVES AND SURPLUS

Particulars	AS AT 31.03.2012 (₹ in lacs)	Additions during the year (₹ in lacs)	Deductions during the year (₹ in lacs)	AS AT 31.03.2013 (₹ in lacs)
Capital Reserves	806.93	-	-	806.93
Capital Redemption Reserve	1,027.34	342.45	-	1,369.79
Securities Premium Reserve	8,315.02	-	-	8,315.02
Surplus/(Deficit) in Statement of Profit & Loss	(4,006.93)	198.36	-	(3,808.57)
<b>Total</b>	<u>6,142.36</u>	<u>540.81</u>	<u>-</u>	<u>6,683.17</u>
		<b>For the Year ended</b>		<b>For the Year ended</b>
		<b>31/03/2013</b>		<b>31/03/2012</b>
Profit/(Loss) for the period		540.81		(2,044.48)
Transfer to Capital Redemption Reserve		342.45		-
		<u>198.36</u>		<u>(2,044.48)</u>

# RANA SUGARS LIMITED



## 4. LONG-TERM BORROWINGS

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
<b>(A) TERM LOANS FROM BANKS</b>		
<b>Secured</b>		
(i) Term loan from State Bank of India	1,830.86	4,692.54
(ii) Term loan from State Bank of Patiala	1,088.40	2,777.50
(iii) Term loan from Bank of Baroda	1,094.75	2,776.43
(iv) Term loan from State Bank of Mysore	634.28	1,642.60
(v) Term loan from State Bank of Bikaner and Jaipur	647.97	1,656.39
(vi) Term loan from State Bank of Hyderabad	647.92	1,652.74
Term Loans from above banks are secured by pari passu first charge on Fixed Assets of the Company, including Sugar & Power units at Amritsar, Moradabad, Rampur and Distillery unit at Tarantaran and is repayable in 34 quarterly instalments starting from 30/06/2009 and last instalment falling due on 30/09/2017		
(vii) Term loan from State Bank of Patiala	-	204.00
Term Loan is secured by Pari Passu first charge on Fixed Assets of the Company, including Sugar & Power units at Amritsar, Moradabad, Rampur and Distillery unit at Tarantaran and is repayable in 20 quarterly instalments starting from 01/07/2008 and last instalment falling due on 01/07/2013		
(viii) Term loan from IREDA	9,160.26	-
Term Loan from IREDA is secured by pari passu first charge on Fixed Assets of the Company, including Sugar & Power units at Amritsar, Moradabad, Rampur and Distillery unit at Tarantaran and is repayable in 40 quarterly instalments starting from 30/09/2013 and last instalment falling due on 30/06/2023		
<b>Total (A)</b>	<b>15,104.44</b>	<b>15,402.20</b>
<b>(B) Unsecured Loans and Advances from Related Parties</b>		
<b>Total (B)</b>	<b>4,505.53</b>	<b>3,580.11</b>
<b>(C) Unsecured Loans and Advances from Others</b>		
<b>Total (C)</b>	<b>4,026.71</b>	<b>3,885.66</b>
<b>(D) Long term Maturities of Finance Lease obligations</b>		
<b>Total (D)</b>	<b>208.66</b>	<b>61.41</b>
<b>TOTAL (A+B+C+D)</b>	<b>23,845.34</b>	<b>22,929.38</b>

# RANA SUGARS LIMITED



## 5. LONG-TERM PROVISIONS

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Employee Benefits	259.36	153.29
<b>Total</b>	<b>259.36</b>	<b>153.29</b>

## 6. SHORT TERM BORROWINGS

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
-------------	------------------------------------	------------------------------------

### LOANS REPAYABLE ON DEMAND

#### Secured

Working Capital Loans repayable on demand (secured against hypothecation of stocks, book debts and other current Assets )

<p><b>- For Sugar Unit at Amritsar</b> Working Capital Loans at Sugar Unit (Amritsar) are secured by pledge/hypothecation of crystal sugar, and hypothecation of all other current assets at Sugar Unit (Amritsar), in favour of State Bank of India, State Bank of Patiala, Bank of Baroda and UCO Bank on pari-passu basis.</p>	13,579.18	12,640.37
<p><b>- For Distillery Unit at Tarn Taran</b> Working Capital Loans at Distillery Unit (Tarn Taran) are secured by hypothecation of all current assets at Distillery Unit (Tarn Taran), in favour of State Bank of India and UCO Bank on pari-passu basis.</p>	964.87	920.28
<p><b>- For Sugar Unit at Moradabad</b> Working Capital loans at Sugar Unit Moradabad (U.P.) are secured by pledge/hypothecation of crystal sugar, and hypothecation of all other current assets at Sugar Unit at Moradabad, in favour of State Bank of India, State Bank of Patiala, Bank of Baroda, State Bank of Bikaner &amp; Jaipur, State Bank of Hyderabad &amp; State Bank of Mysore.</p>	12,920.35	11,652.11
<p><b>- For Sugar Unit at Rampur</b> Working Capital Loans at Sugar Unit Rampur (U.P.) are secured by pledge/hypothecation of crystal sugar, and hypothecation of all other current assets at Sugar Unit at Rampur, in favour of State Bank of India, State Bank of Patiala, State Bank of Bikaner &amp; Jaipur, State Bank of Hyderabad, State Bank of Mysore &amp; Bank of Baroda. Working capital loans at all units are further secured by personal guarantee of promoters / directors and second pari-passu charge on the entire fixed assets of the company including sugar &amp; power units at Amritsar, Moradabad, Rampur, and Distillery unit at Tarn Taran.</p>	13,207.39	12,408.85
<b>Total</b>	<b>40,671.79</b>	<b>37,621.61</b>

The Company has defaulted in payment of interest on working capital loans amounting to ₹ 498.00 lacs (Previous year ₹ 542.61 lacs). The period of default is upto 30 days. However, the amount of default has since been paid.

# RANA SUGARS LIMITED



## 7. TRADE PAYABLES

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Micro & Small Enterprises	63.38	61.70
Others	18,972.27	15,595.47
<b>Total</b>	<u>19,035.65</u>	<u>15,657.17</u>

## 8. OTHER CURRENT LIABILITIES

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Current maturities of long term debt	1,607.88	3,769.97
Current maturities of finance lease obligations	100.37	32.93
Interest accrued and due on borrowings	153.58	467.39
Other liabilities and payable	13,024.39	12,433.76
<b>Total</b>	<u>14,886.22</u>	<u>16,704.05</u>

## 9. SHORT-TERM PROVISIONS

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Provision for employee benefits	58.27	32.61
Provision for wealth-tax	5.90	3.93
<b>Total</b>	<u>64.17</u>	<u>36.54</u>



## Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the year

(Rs. in Lacs)

Sr. No.	Particulars	Gross Carrying Amount				Accumulated Depreciation		Net Carrying amount	
		As at 31.03.2012	Additional adjustment during the year	Deductions during the year	As at 31.03.2013	Provided during the year	Deductions during the year	As at 31.03.2013	As at 31.03.2012
	Tangible Owned Assets								
1	Land	2,216.40	-	-	2,216.40	-	-	2,216.40	2,216.40
2	Buildings								
	- Factory Building	4,576.90	22.46	-	4,599.36	153.02	-	1,101.85	3,628.07
	- Non Factory Building	2,053.59	72.89	-	2,126.48	39.64	-	231.27	1,861.96
3	Plant and Equipment	54,518.72	181.73	-	54,700.45	2,842.95	-	18,605.12	38,756.55
4	Furnitures & Fixtures	190.11	12.68	0.01	202.78	11.05	-	82.57	118.59
5	Vehicles	683.78	479.58	82.23	1,081.13	82.01	44.48	266.70	454.61
6	Office Equipment	46.71	6.29	-	53.00	2.79	-	24.90	24.60
7	Computer	318.63	11.26	-	329.89	50.68	-	208.49	160.82
8	Electric Installations	202.03	1.28	-	203.31	7.12	-	135.28	73.87
9	Misc. Fixed Assets	741.31	21.63	1.05	761.89	44.49	0.80	292.08	492.92
10	Trucks & Tankers	543.24	-	-	543.24	55.47	-	477.36	121.35
11	Tractors	25.61	-	-	25.61	2.90	-	10.33	18.18
	<b>TOTAL</b>	<b>66,117.03</b>	<b>809.80</b>	<b>83.29</b>	<b>66,843.54</b>	<b>3,292.12</b>	<b>45.28</b>	<b>21,435.95</b>	<b>47,927.92</b>
	<b>(Previous Year)</b>	<b>64,046.26</b>	<b>2,524.32</b>	<b>453.55</b>	<b>66,117.03</b>	<b>3,222.17</b>	<b>135.75</b>	<b>18,189.11</b>	<b>48,943.57</b>

Note : 10 Fixed Assets

# RANA SUGARS LIMITED



## 11. LONG TERM LOANS AND ADVANCES (unsecured, considered good unless stated otherwise)

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Capital Advances	1,171.34	1,075.31
Security Deposits	68.30	65.32
<b>TOTAL</b>	<b>1,239.64</b>	<b>1,140.63</b>

## 12. CURRENT INVESTMENTS

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Non-Trade Investment (Quoted)		
Investment in Mutual Funds		
- SBI CPOF- Series II	9.25	9.25
(92468 units @ ₹ 10 per unit having NAV ₹ 11.64 per unit)		
<b>Total</b>	<b>9.25</b>	<b>9.25</b>

## 13. INVENTORIES (Finished goods valued at lower of cost and net realisable value, unless stated otherwise) (As taken valued & certified by Management)

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
(a) Raw Materials	101.28	18.31
(b) Work-in-progress	1,727.80	754.71
(c) Finished Goods	50,234.45	47,561.29
(d) Stores and spares	2,275.95	3,075.78
(e) Packing Materials	267.08	297.17
<b>Total</b>	<b>54,606.56</b>	<b>51,707.26</b>

## 14. TRADE RECEIVABLES (unsecured, considered good)

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Trade receivables outstanding for more than six months from the date they became due for payment	161.68	280.34
Other trade receivables	5,591.55	4,258.16
<b>Total</b>	<b>5,753.23</b>	<b>4,538.50</b>

## 15. CASH AND CASH EQUIVALENTS

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
(A) Balances with Banks		
(I) Bank balances held as margin money or as security against:		
(i) Guarantees	-	68.04
(ii) Letters of Credit	104.91	172.78
(iii) Other commitments	163.82	207.18
(II) Other Bank balances	1,505.66	1,345.00
(B) Cheques, drafts in hand	5.67	52.36
(C) Cash on hand	222.45	367.06
<b>Total</b>	<b>2,002.51</b>	<b>2,212.42</b>

# RANA SUGARS LIMITED



## 16. SHORT-TERM LOANS AND ADVANCES (unsecured, considered good)

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
<b>Other Short Term Loans &amp; Advances</b>		
- Advances recoverable in cash or in kind or for value to be received	10,349.30	7,066.13
- Balance with Excise, customs etc.	1,221.54	1,278.91
- Payments of Taxes under protest/appeal	154.27	146.80
- Advance payment of Tax (including Tax deducted at source)	189.44	92.03
<b>TOTAL</b>	<b>11,914.55</b>	<b>8,583.87</b>

## 17. OTHER CURRENT ASSETS

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Interest and other Receivable	19.77	136.96
<b>TOTAL</b>	<b>19.77</b>	<b>136.96</b>

## 18. OTHER INCOME

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Interest Income	22.07	44.69
Net Gain/(Loss) on sale of Asset/Investment	(5.08)	41.33
Other Non-Operating Income/(Expenses) (Net of Expenses directly attributable to such income)	(24.03)	64.98
<b>TOTAL</b>	<b>(7.04)</b>	<b>151.00</b>

## 19. COST OF MATERIAL CONSUMED

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Raw material consumed		
- Sugarcane	44,051.14	40,063.52
- Raw Sugar	20.42	859.39
- Others	2,420.59	1,484.42
- Bagasse/Husk and Other Fuels	558.62	125.94
- Molasses and Grain	5,150.58	4,651.61
Power and Fuel consumed	1,384.45	1,335.26
Stores, spares, chemicals and packing materials consumed	2,841.66	3,524.37
<b>TOTAL</b>	<b>56,427.46</b>	<b>52,044.51</b>

## 20. EMPLOYEE BENEFITS EXPENSES

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Salaries and Wages, bonus, gratuity and allowances	2,623.90	2,390.08
Contribution to PF and Superannuation Fund	102.50	97.41
Staff Welfare Expenses	46.46	51.13
<b>TOTAL</b>	<b>2,772.86</b>	<b>2,538.62</b>

# RANA SUGARS LIMITED



## 21. FINANCE COSTS

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Interest Expenses	7,030.84	7,582.28
Other Borrowing costs	230.38	273.91
Net (Gain)/Loss on foreign currency transactions/translation	(10.51)	(36.24)
<b>TOTAL</b>	<b>7,250.71</b>	<b>7,819.96</b>

## 22. OTHER EXPENSES

PARTICULARS	AS AT 31.03.2013 (₹ in Lacs)	AS AT 31.03.2012 (₹ in Lacs)
Processing Charges	627.19	480.31
Insurance Expenses	44.22	57.59
Repairs		
Plant and machinery	1,097.58	1,082.45
Factory Buildings	113.06	112.29
Rent	63.97	57.36
Other Interest Expenses	15.65	107.27
Rates and Taxes other than taxes on income	171.09	127.36
Donations - Others	11.86	22.23
Travelling & Conveyance	412.53	310.93
Vehicle Running & Maintenance	238.55	273.31
Office Expenses	324.72	273.20
Payments to statutory auditors		
- as auditors	8.40	6.30
- for taxation matters	0.55	2.00
Legal, professional and consultancy charges	42.88	32.58
Advertisement, Publicity and Sale Promotion	38.67	34.67
Commission on sales	142.04	249.98
Other Selling Expenses	319.55	440.95
Directors' fees	1.78	1.55
Net (Gain)/Loss on foreign currency transactions (other than adjusted as finance costs)	7.83	(38.53)
Miscellaneous expenses	25.44	20.92
<b>TOTAL</b>	<b>3,707.56</b>	<b>3,654.72</b>





**Note No. 23**

**NOTES TO ACCOUNTS**

**23.1 Contingent Liabilities:-**

- a) Liabilities in respect of Income Tax and Sales Tax have been accounted for on the basis of respective returns filed with the relevant authorities. Additional demand, if any, arising at the time of assessment will be accounted for in the year in which assessment is complete.
- i) Income Tax assessments have been assessed up to the assessment year 2010-11 and there are demands of ₹ 1.96 lacs and ₹ 110.78 lacs against which the company has filed appeals with CIT (Appeals) Chandigarh.
- ii) Sales Tax assessments have been completed up to assessment year 2004-05 for Punjab units & 2009-10 for Uttar Pradesh units and there is no demand outstanding in respect of these assessments.
- b) An amount of ₹ 36.95 lacs relates to disputed excise duty on bagasse (Previous year ₹ 36.95 lacs) and shown under the head Payments of Taxes under protest/appeal under Short Term Loans & Advances. The Company has filed an appeal with the Appellate Authority.
- c) The company has deposited ₹ 47.35 lacs on account of Excise Duty under protest (Previous year ₹ 47.35 lacs) and the same has been shown under the head Payments of Taxes under protest/appeal under Short Term Loans & Advances. The Company has filed an appeal with the Appellate Authority against the order of Commissioner Central Excise.
- d) The company has deposited ₹ 65.00 lacs on account of Sales tax under protest (Previous year ₹ 60.00 lacs) against the total demand of ₹ 163.70 lacs and the same has been shown under the head Payments of Taxes under protest/appeal under Short Term Loans & Advances. The Company has filed an appeal with the Appellate Authority against the order of Deputy Commissioner Sales Tax.
- e) The company has deposited ₹ 2.50 lacs on account of Excise Duty under protest (Previous year ₹ 2.50 lacs) and the same has been shown under the head Payments of Taxes under protest/appeal under Short Term Loans & Advances. The Company has filed an appeal with the Appellate Authority against the order of Commissioner Appeals.
- f) The company has deposited ₹ 2.47 lacs on account of Excise Duty under protest (Previous year Nil) and the same has been shown under the head Payments of Taxes under protest/appeal under Short Term Loans & Advances. The Company has filed an appeal with the Appellate Authority.
- g) Bank Guarantees/LC's issued ₹ 421.93 lacs (previous year ₹ 1339.58 lacs) are secured by pledge of FDRs of ₹ 88.91 lacs (previous year ₹ 215.83 lacs ) and lien of ₹ 16.00 lacs (previous year ₹ 40.00 lacs) on current a/c & counter guarantees given by the Company.
- h) The estimated amount of contracts remaining to be executed on capital account and not provided for amounting to ₹ 204.77 Lacs (Previous Year ₹ 8.42 Lacs).

23.2 Balances of Debtors, Creditors, Advances and Cane growers are subject to their respective confirmation and reconciliation.

23.3 In the opinion of the Board of Directors, all the Current Assets, Loans and Advances, if realised in the ordinary course of business, have a value at least equal to the amount at which these are stated in the Balance Sheet.

23.4 Prior period expenses

Exceptional Items include the followings Prior period income/expenses:-

Particulars	(₹ In Lacs)	(₹ In Lacs)
	<u>31-03-2013</u>	<u>31.03.2012</u>
Income	0.00	2.56
Expenses	11.74	11.32

# RANA SUGARS LIMITED



23.5 Excise duty amounting to ₹ 1556.95 Lacs (Previous year ₹ 1604.97 Lacs) has been added in the closing stock and the same has been shown as excise duty payable. However this has no effect on the Profit/Loss for the year.

23.6 As per Accounting Standard - 15 "Employee Benefits", the disclosure of Employee Benefits as defined in the Accounting Standard are as follows:

- (i) The Company has taken the policy for gratuity with LIC's Group Gratuity Scheme and made a provision of gratuity as per actuarial valuation certificate.

Summary of membership data of valuation and statistics based thereon:

Period	As on 31st March 2013	As on 31st March 2012
Number of Employees	1080	952
Average monthly salary (in ₹)	9577.00	9211.00
Average Age (in years)	38.73	38.31

The assumptions employed for the calculation are:

	Buttar	Tarn Taran	Moradabad	Rampur
-Discounting Factor	8%	8%	8%	8%
-Salary Increase	7%	5%	5%	5%

- (ii) The Company has made provision for leave encashment as per Actuarial valuation certificate.

Summary of membership data of valuation and statistics based thereon:

Period	As on 31st March 2013	As on 31st March 2012
Number of Employees	1080	952
Average monthly salary (in ₹)	9577.00	9211.00
Average Age (in years)	38.73	38.31

The assumptions employed for the calculation are:

- Discounting factor	8%
- Salary Increase	5.5%

## 23.7 Borrowing Costs

During the Current year borrowing cost amounting to ₹ 413.05 lacs (Previous year Nil) directly attributable to capital expenditure has been capitalized

## 23.8 Segment Reporting

### Primary Segment

Based on the guiding principles given in the Accounting Standard – 17 "Segment Reporting" issued by ICAI, the Company's segments are White Crystal Sugar, Power Generation and Distillery.

Revenue and expenses have been accounted for on the basis of their relationship to the operating activities of the respective segment.

### Segment Identification

Business segments have been identified on the basis of the nature of products/services, the risk return profile of individual businesses, the organizational structure and the internal reporting system of the company.

# RANA SUGARS LIMITED



Description	White Crystal Sugar		Power Generation		Distillery		Elimination		(₹ in Lacs) Total	
	Cu.Year	Pr.Year	Cu.Year	Pr.Year	Cu.Year	Pr.Year	Cu.Year	Pr.Year	Cu.Year	Pr.Year
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Segment Revenue										
a) External Revenue	52765.86	40239.88	8133.84	5047.14	9461.40	10208.74	0.00	0.00	70361.10	55495.76
b) Inter Segment Sales	11435.18	8449.99	12233.86	9343.42	0.00	0.00	23669.04	17793.41	0.00	0.00
<b>Total</b>	<b>64201.04</b>	<b>48689.87</b>	<b>20367.70</b>	<b>14390.56</b>	<b>9461.40</b>	<b>10208.74</b>	<b>23669.04</b>	<b>17793.41</b>	<b>70361.10</b>	<b>55495.76</b>
Segment Result	2023.98	1243.49	5638.04	4127.71	176.35	307.70	0.00	0.00	7838.37	5678.90
Interest									7250.71	7798.37
Unallocated Corp. Income									17.00	86.02
Unallocated Corp. Expenses									0.00	0.00
Profit/(Loss) before exceptional & extraordinary items	(4313.83)	(5625.42)	4890.85	3398.07	10.64	107.88			604.66	(2033.45)
Exceptional items	(42.68)	(7.91)	(3.17)	0.00	0.00	(0.85)			(45.85)	(8.76)
Profit/(Loss) before extraordinary items and tax	(4356.51)	(5633.33)	4887.68	3398.07	10.64	107.03			558.81	(2042.21)
Extra Ordinary Items									(14.38)	0.00
Provision for Current Tax									(3.62)	(2.27)
Provision for Deferred Tax									0.00	0.00
Profit/(Loss) After Tax									540.81	(2044.48)
<b>Segment Assets</b>	<b>100192.92</b>	<b>91911.01</b>	<b>35627.38</b>	<b>29986.39</b>	<b>7840.45</b>	<b>7260.93</b>	<b>18761.01</b>	<b>10459.89</b>	<b>124899.74</b>	<b>118698.44</b>
Unallocated Corp. Assets									9.25	9.25
<b>TOTAL ASSETS</b>									<b>124908.99</b>	<b>118707.69</b>
<b>Segment Liability</b>	<b>86499.67</b>	<b>80255.32</b>	<b>11135.82</b>	<b>5718.36</b>	<b>11349.93</b>	<b>10118.54</b>	<b>18761.01</b>	<b>10459.89</b>	<b>90224.41</b>	<b>85632.33</b>
Unallocated Corp. Liability									8538.14	7469.70
<b>TOTAL LIABILITIES</b>									<b>98762.55</b>	<b>93102.03</b>
Capital Expenditure	624.40	1046.98	145.47	1275.28	39.93	202.06			809.80	2524.32
Depreciation	1607.11	1598.20	1444.70	1389.29	240.31	234.68			3292.12	3222.17
Non Cash Expenses									0.00	0.00

Geographical segments have been identified on the basis of the location of the assets of the Company. Company operates in two Geographical areas in India i.e., Punjab and Uttar Pradesh.

## GEOGRAPHICAL SEGMENTS

	(₹ In lacs)					
	Punjab		U.P.		Total	
	Cu.Year 31.03.13	Pr.Year 31.03.12	Cu.Year 31.03.13	Pr.Year 31.03.12	Cu.Year 31.03.13	Pr.Year 31.03.12
a) Carrying Amount of Segment Assets	<b>46,727.93</b>	42,925.45	<b>78,181.06</b>	75,782.24	<b>124,908.99</b>	118,707.69
b) Addition to Fixed Assets & Intangible Assets	<b>493.74</b>	447.58	<b>316.06</b>	2,076.74	<b>809.80</b>	2,524.32
c) Segmental Revenue from External Customers	<b>30,321.58</b>	27,383.51	<b>40,039.52</b>	28,112.25	<b>70,361.10</b>	55,495.76

### 23.9 Related Party Disclosures:

Disclosures as required by the Accounting Standard -18 "Related Party Disclosures" issued by the ICAI are given below:

# RANA SUGARS LIMITED



## A. Relationship

### a) Associate Companies

1. Rana Polycot Limited.
2. RSL Distilleries Pvt. Ltd.
3. Rana Informatics Pvt. Ltd.
4. Rana Leathers Pvt. Ltd.
5. Rana Infrastructure Pvt. Ltd.
6. Rana Power Ltd.
7. Superior Food Grain Pvt. Ltd.

### b) Key Management Personnel:

1. Rana Ranjit Singh – Chairman
2. Rana Inder Pratap Singh – Managing Director
3. Rana Veer Pratap Singh – Director
4. Rana Karan Pratap Singh - Director

### c) Relatives of Key Management Personnel:

1. Rana Gurjeet Singh - Father of Rana Inder Pratap Singh
2. Mrs. Rajbans Kaur - Mother of Rana Inder Pratap Singh
3. Rana Preet Inder Singh - Son of Rana Ranjit Singh
4. Mrs. Sukhjinder Kaur. – Wife of Rana Ranjit Singh

## B. Transactions with related Parties

(₹ In Lacs.)

S.No.	Nature of Transactions	Associate Companies'		Key Management Personnel		Relatives	
		Year ended 31-03-13	Year ended 31-03-12	Year ended 31-03-13	Year ended 31-03-12	Year ended 31-03-13	Year ended 31-03-12
1	Purchase	0.00	0.29	-	-	-	-
2	Rent Received	3.00	3.00	-	-	-	-
3	Interest Free Unsecured Loans						
	a. Loans Received	0.00	0.00	812.41	426.13	401.17	385.36
	b. Loans Repaid	15.63	43.82	144.65	44.65	127.88	79.25
	c. Outstanding Balances	1928.82	1944.45	1068.62	400.86	1508.09	1234.80

## 23.10 Earning Per Share:

As per Accounting Standard -20 "Earnings Per Share" issued by ICAI, the EPS has been calculated as follows

	31.03.2013	31.03.2012
a) Weighted average number of shares	153567820	153567820
b) Net Profit/(Loss) after tax available for Equity Share Holders (₹ in lacs)		
- Before Extra ordinary Items	555.18	(2044.48)
- After Extra ordinary Items	540.81	(2044.48)
c) Basic/Diluted Earning per share (₹) (Face value ₹ 10)		
- Before Extra ordinary Items	0.36	(1.33)
- After Extra ordinary Items	0.35	(1.33)



## 23.11 Deferred Tax

Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

Major components of Deferred Tax Assets and Liabilities are:-

(₹ in Lacs)

	31st March 2013	During the Year	31st March 2012
<b>A Deferred Tax Liabilities</b>			
Difference between carrying amount of fixed assets in the financial statements and the income tax returns	20,915.73	169.90	20,745.83
<b>TOTAL "A"</b>	<b>20,915.73</b>	<b>169.90</b>	<b>20,745.83</b>
<b>B Deferred Tax Assets</b>			
- Amount disallowed U/s 145A of Income Tax Act	(233.15)	(1,889.45)	1,656.30
- Unabsorbed depreciation and business losses	18,563.23	(766.15)	19,329.38
- Expenses debited to Profit & loss account but disallowed in the Income Tax Act, 1961	2,998.03	35.30	2,962.73
<b>TOTAL "B"</b>	<b>21,328.10</b>	<b>(2620.31)</b>	<b>23,948.41</b>
Deferred Tax Asset/(Liability) (B-A)	412.38	(2,790.20)	3,202.58
Tax Impact	127.42	(862.17)	989.60

Deferred tax Liability of ₹ 862.17 lacs for the current year has been set off against the unrecognized Deferred Tax Asset of ₹ 989.60 lacs as at the end of last year. Further, as a matter of prudence net Deferred Tax Asset of ₹ 127.42 lacs as at the end of the year has not been recognized.

## 23.12 Impairment of Assets

As per Accounting Standard -28 "Impairment of Assets" issued by ICAI, the management has reviewed its cash generating units as on 31.03.2013. No indication has been found by the management to suggest that the recoverable amount of Asset is less than the carrying amount. Hence no impairment loss on asset has been recognized.

## 23.13 The Movement of Provisions as required by Accounting Standard (AS – 29) "Provisions, Contingent Liabilities and Contingent Assets" issued by ICAI are as follows:

(₹ in Lacs)

Particulars	Opening Balance as on 01.04.2012	Additions during the year	Paid/ Reversed	Closing Balance As on 31.03.2013
Income Tax	NIL	NIL	NIL	NIL
Deferred Tax	NIL	NIL	NIL	NIL
Retirement Benefit	167.66	133.54	22.05	279.15

## 23.14 Derivatives instruments and unhedged foreign currency exposure

Particulars	31.03.2013	31.03.2012
Unhedged foreign currency exposure	Nil	Nil

## 23.15 The Micro and Small Enterprises to whom amount is outstanding as at the year end and requiring disclosure under the Micro Small and Medium Enterprises Development Act, 2006 are as follows:

Chemicals & Chemicals, Raj Lime Industries and Nikhil Techno Chem (P) Ltd.

The above information has been compiled in respect of parties to the extent to which they could be identified as micro or small enterprises on the basis of intimation received from the "suppliers" regarding their status under the Micro Small and Medium Enterprises Development Act, 2006.

# RANA SUGARS LIMITED



23.16 Auditors Remuneration	31.03.2013 (₹ in lacs)	31.03.2012 (₹ in lacs)
Audit Fees	7.86	6.00
Taxation Matters	0.55	2.00
Cost Audit Fees	0.54	0.30

## 23.17 Expenditure on employees:

There was no employee employed for full or part of the year who was getting remuneration in excess of the limits specified in Section 217 (2A) of the Companies Act, 1956

## 23.18 Foreign currency details:

Particulars	(₹ in Lacs)	
	31.03.2013	31.03.2012
Expenditure in Foreign Currency	53.07	20.51
CIF Value of imports-Raw Materials	Nil	747.79
Earning in Foreign Exchange	Nil	1349.14
FOB Value of Exports	Nil	1349.14
Capital Goods Imported	173.34	Nil

## 23.19 Consumption of Raw Materials and Stores and Spares

	31.03.2013		31.03.2012	
	(₹ in Lacs)	% age	(₹ in Lacs)	% age
a) Raw Material				
Imported	--	--	--	--
Indigenous	49760.34	100.00	44841.07	100.00
<b>Total</b>	<b>49760.34</b>		<b>44841.07</b>	
b) Stores & Spares				
Imported	--	--	--	--
Indigenous	3125.08	100.00	2834.78	100.00
<b>Total</b>	<b>3125.08</b>		<b>2834.78</b>	
c) Packing Material	1947.67	100.00	2251.09	100.00

**23.20** The company has given guarantees against crop loans of ₹ 4923.28 lacs (previous year ₹ 4651.79 lacs) availed by the farmers.

**23.21** The company has filed an appeal with the Hon'ble Supreme Court against the Imposition of Purchase Tax on Sugarcane and the same is still pending. The total amount of Purchase Tax works out to ₹ 2248.56 lacs (Previous year ₹ 2075.32 lacs) which has been provided but not paid.

**23.22** Extra ordinary items includes Loss of Cash in transit amounting to ₹ 14.37 lacs (Previous year Nil).

**23.23** During the Current year, company transferred ₹ 342.45 lacs (Previous year Nil) to Capital Redemption Reserve.

**23.24** In Preference to the Companies Act, 1956, the company has not provided for Dividend on non-cumulative Preference share in view of the stipulation imposed by the lending institutions.

**23.25** Previous year figures have been recasted/ regrouped/ rearranged wherever necessary to make them comparable with that of current year.

# RANA SUGARS LIMITED



## RANA SUGARS LIMITED

Regd. Office : SCO 49-50, Sector 8-C,  
Madhya Marg, CHANDIGARH-160 009

(In case the Member is unable to be present in person at the meeting this form may be used)

### PROXY FORM

I/We .....  
of .....being a member/members of Rana Sugars Limited  
hereby appoint Mr./Mrs./Miss .....of .....  
or failing him/her, Mr./Mrs./Miss .....of .....

as my/our proxy to attend and to vote for me/us and on my/our behalf at the TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on Monday, the 30th September, 2013 at 3.00 P.M. at the Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh and at any adjournment thereof.

Signed this .....day of .....2013.

Folio / Client I.D. No. ....

Revenue  
Stamp

Signature .....

#### NOTE :

1. The proxy must be deposited at the Regd. Office of the Company at SCO 49-50, Sector 8-C, Madhya Marg, Chandigarh, atleast 48 hours before the time for holding the Meeting.
2. A proxy need not be a member of the Company.

## RANA SUGARS LIMITED

Regd. Office : SCO 49-50, Sector 8-C, Madhya Marg, CHANDIGARH-160 009  
ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Name of the attending Member (IN BLOCK LETTERS)

Folio / Client I.D. No .....

No. of Shares .....

Name of the Proxy (IN BLOCK LETTERS)

[To be filled in if the Proxy attends instead of the Member(s)]

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING at the Institution of Engineers (India), Madhya Marg, Sector 19-A, Chandigarh.

Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

NOTE : The copy of the Annual Report may please be brought to the Meeting Hall.

For Office Use :

# BOOK POST

If undelivered, please return to :  
Rana Sugars Limited,  
SCO 49-50, Sector 8 c,  
Madhya Marg,  
CHANDIGARH - 160 009



## FORM A

1. Name of the Company : Rana Sugars Limited
2. Annual financial Statements for the year ended : 31<sup>st</sup> March 2013
3. Type of Audit observation : The following observations have been made as per Companies Auditor's Report Order, 2003 :
- I. 'The company has delayed in the Payment of Wealth Tax amounting to ₹2.27 lacs for a period of Six months from the date it become payable. However the same has since been paid.'
  - II. 'The company has paid the amounts due to banks & financial institutions with certain delays. The overdues in respect of interest amounting to ₹ 121.16 lacs and installments of term loans amounting to ₹ 153.58 lacs as on 31<sup>st</sup> March 2013 have since been paid.'
4. Frequency of observation : The observation in point 3 (i) & 3 (ii) above are repetitive in nature.

  
Rana Inder Pratap Singh  
Managing Director



  
CA. S.K. Arora  
Auditor of the Company



  
Manoj Gupta  
Chief Financial Officer



  
A.S. Sodhi  
Audit committee Chairman

