

*20th*  
*Annual Report*  
*2011-12*



**RANA SUGARS LIMITED**



## BOARD OF DIRECTORS

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

## Company Secretary

Manmohan K. Raina

## AUDITORS

Kansal Singla & Associates  
Chartered Accountants  
SCO 80-81, 4th Floor,  
Sector 17-C, Chandigarh-160 017

## BANKERS

### State Bank of India

Sector 17-B, Chandigarh-160 017

### State Bank of Patiala

Sector 8-C, Chandigarh-160 009

### Bank of Baroda

Sector 22-B, Chandigarh-160 022

### UCO Bank

Sector 17-B, Chandigarh-160 017

### State Bank of Bikaner & Jaipur

Sector 17-D, Chandigarh 160 017

### State Bank of Hyderabad

Sector 34-A, Chandigarh-160 031

### State Bank of Mysore

Nehru Place, New Delhi

## REGD. OFFICE

SCO 49-50, Sector 8-C,  
Madhya Marg,  
Chandigarh -160 009

## C O N T E N T S

Notice	03
Directors' Report	04
Auditors' Report	15
Balance Sheet	18
Statement of Profit & Loss	19
Cash Flow Statement	20
Notes to Accounts	21
Proxy Form	39



## NOTICE

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

Day : Saturday  
Date : 29th September, 2012  
Time : 2.00 P.M.  
Place : The Institution of Engineers (India),  
Madhya Marg, Sector 19-A,  
Chandigarh.

to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Annual Accounts for the financial year ended 31st March, 2012 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri S. A. S. Bajwa, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M. P. Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Rana Veer Pratap Singh, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution with or without modification(s) as an Ordinary Resolution:

"RESOLVED THAT M/s. Kansal Singla & Associates, Chartered Accountants, Chandigarh the retiring Auditors be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix their remuneration for the said period."

By order of the Board  
for RANA SUGARS LIMITED

Place : Chandigarh  
Dated : 3rd September, 2012

(MANMOHAN K. RAINA)  
COMPANY SECRETARY

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
2. Members are requested to bring their copy of Annual Report alongwith them at the Meeting.
3. Members desirous of seeking any further information about the accounts and/or operations of the Company are requested to send their queries to the Secretary of the Company atleast seven days in advance of the Meeting so that the information, to the extent practicable, can be made available at the Meeting.



## DIRECTORS' REPORT

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

### 1. FINANCIAL RESULTS:

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

### OPERATIONS:

Cane Crushed (Qtls)	1,63,48,491	1,34,77,740
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### PRODUCTION:

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

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

the year, are higher purchase price of sugarcane as compared to sugar sale prices, increase in financial cost due to higher rate of interest, carrying cost of large sugar stocks, low sugar recovery and higher cost of raw material for liquor etc..

### 2. DIVIDEND:

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

### 3. DIRECTORS:

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

Shri S. A. S. Bajwa, Shri M. P. Singh and Rana Veer Pratap Singh, Directors retire by rotation and being eligible offer themselves for re-appointment.

### 4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the accounts for the financial year ended 31st March, 2012 on a going concern basis.



## 5. FIXED DEPOSITS:

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

## 6. AUDITORS:

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

## 7. COST AUDITORS:

The Board of Directors has appointed M/s. Khushwinder Kumar & Co., Cost Accountants as the Cost Auditors of the Company for the year 2012-2013 under Section 233 B of the Companies Act, 1956.

## 8. PARTICULARS OF EMPLOYEES:

None of the employees is covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is enclosed as Annexure 'A' and forms part of the Report.

## 10. CORPORATE GOVERNANCE:

As required under Listing Agreement with Stock Exchanges, a report on the Corporate Governance alongwith Auditors' Certificate on compliance of conditions of Corporate Governance are enclosed as

Annexure 'B' & 'C' and report of Management Discussion and Analysis is attached as annexure 'D' and the reports form the part of the Directors' Report.

## 11. INFORMATION PURSUANT TO LISTING AGREEMENT WITH THE STOCK EXCHANGES:

The name and addresses of the Stock Exchanges where the Company's securities are listed :-

1. BSE Limited,  
Floor 25, Phiroze Jeejeebhoy Towers,  
Dalal Street, MUMBAI - 400 001.
2. National Stock Exchange of India Limited,  
"Exchange Plaza",  
Bandra-Kurla Complex,  
Bandra (E), MUMBAI - 400 051.

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

## 12. ACKNOWLEDGEMENT:

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

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

For & on behalf of the Board

**RANA RANJIT SINGH**  
CHAIRMAN

Place : Chandigarh

Dated : 3rd September, 2012



## ANNEXURE 'A'

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

INFORMATION AS PER SECTION 217(1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

#### 1. CONSERVATION OF ENERGY

The Company has installed most modern equipment to save and minimise energy consumption. The Company has installed three Turbo Alternators sets with power generation capacity of 87,500 KW. The entire requirement of power is met through captive generation. The Company has also made stand by arrangement of Diesel Generating Sets.

To achieve maximum conservation of energy, the Company has put up high pressure boilers and matching Turbo alternators and prime movers. The Company has also installed electrical motors of appropriate size and continuous centrifugals in place of batch type centrifugals.

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



<b>-Tarn Taran Unit</b>		
- Through D.G. Set		
Units Generated	3,67,747	3,61,934
Units Generated per litre of Diesel Oil	3.04	3.09
Cost Per Unit (₹)	12.42	11.71
- Through Steam Turbine		
Units Generated	88,96,078	69,20,767
Unit Generated per Qtl. of Fuel	33.40	27.65
Cost Per Unit Electricity (₹)	3.62	3.47
<b>B. Consumption Per Unit of Product</b>		
<b>- Amritsar Unit</b>		
- Electricity (KW/MT)	307.88	302.34
- Bagasse (MT/MT)	2.29	1.92
- Steam (MT/MT)	4.99	4.70
<b>- Moradabad Unit</b>		
- Electricity (KW/MT)	344.06	484.43
- Bagasse (MT/MT)	2.24	1.96
- Steam (MT/MT)	4.80	3.80
<b>- Rampur Unit</b>		
- Electricity (KW/MT)	434.45	439.67
- Bagasse (MT/MT)	2.39	2.76
- Steam (MT/MT)	7.25	6.22
<b>- Tarn Taran Unit</b>		
- Electricity (KW/KL)	517.77	418.94
- Fuel (Rice Husk)/Diesel (MT/KL)	1.49	1.44
- Steam (MT/KL)	5.81	5.47
<b>C. Technology Absorption</b>		
<b>i) Research &amp; Development</b>		
a) Research & Development has continuously been carried out for improvement in quality of sugarcane and to increase the area under the sugarcane crop which will ensure its greater availability resulting into more production & better quality of cane and higher yield there by directly reducing the cost of production.		
b) The Company is trying to improve quality of Cane & ensure development of Cane by providing various facilities to the Cane growers.		
c) Amount incurred on Research & Development (₹ in lacs)	1.86	3.24
<b>ii) Technology Absorption, Adoption and Innovation.</b>		
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
<b>D. Foreign Exchange Earning &amp; Outgo</b>		
a) Foreign Exchange Earning (₹ in lacs)	1,349.14	25,907.62
b) Foreign Exchange Outgo (₹ in lacs)	768.30	14,136.56

For & on behalf of the Board

Place : Chandigarh  
Dated : 3rd September, 2012

**RANA RANJIT SINGH**  
CHAIRMAN



## REPORT ON CORPORATE GOVERNANCE

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

Your Company is complying with the principles of Corporate Governance introduced by SEBI through Clause 49 of the Listing Agreement in all respects. Your Company strongly believes that good corporate governance has an important role in enhancing shareholders value and management accountability. Company's guiding principles are focused on achieving the best standards of Corporate Governance and it is committed to attain the highest level of transparency and accountability in its dealings with investors, lenders, employees and all other stakeholders.

### b) Board of Directors

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

During the year under review, eight Board Meetings were held on 15th April, 2011, 13th May, 2011, 12th August, 2011, 3rd September, 2011, 14th November, 2011, 14th February, 2012, 5th March, 2012 and 20th March, 2012. The composition of the Board of Directors and their attendance at the Board meetings during the year and at the last Annual General Meeting as also number of other directorships in other companies are as follows:

Name of Director	Attendance at last AGM	No. of Board Meetings attended	Category of Director	Other Directorships
Rana Ranjit Singh	-	3	WTD/CH/P	4
Rana Inder Pratap Singh	Yes	8	MD/P	6
Rana Veer Pratap Singh	-	2	NED/P	2
Rana Karan Pratap Singh	Yes	5	NED/P	1
Shri A. S. Sodhi	Yes	7	NED	1
Shri S. A. S. Bajwa	Yes	8	NED	1
Shri Baljit Singh	-	8	NED	-
Shri Balour Singh	-	-	NED/PEDA	-
Shri M. P. Singh	-	1	NED/PEDA	1

CH - Chairman, MD - Managing Director, WTD - Whole Time Director, P - Promoter, NED - Non Executive Director, PEDA - Punjab Energy Development Agency

### c) Committees of the Board

The Board had constituted four Committees, which are - (a) Audit Committee (b) Share Transfer Committee (c) Shareholders/Investors Grievance Committee (d) Remuneration Committee:

#### I) Audit Committee

##### i) Terms of reference:

The Board has defined the scope of Audit Committee to cover all areas provided for under section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement of Stock Exchanges.

##### ii) Composition

The Audit Committee comprises of Three Non-Executive Directors and Company Secretary is the Secretary of the Committee. The Committee met five times during the year and the attendance of members at the meetings was as follows:





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

## II) Share Transfer Committee

### i) Term of reference:

The Committee has been formed to approve the matters relating to transfer, transmission and issue of duplicate share certificates etc.

### ii) Composition:

The Committee comprises of Three Non-Executive Directors as its members. The Committee met nine times during the year and the attendance of members at the meetings was as follows:

<u>Name of the Member</u>	<u>Status</u>	<u>No. of meetings attended</u>
Shri A. S. Sodhi	Chairman	9
Rana Veer Pratap Singh	Member	9
Shri Baljit Singh	Member	9

## III) Shareholders/Investors Grievance Committee

### i) Term of reference:

The Committee has been formed to review and for redressal of investors' grievances regarding allotment of securities, issue of duplicate certificates, dematerialisation of shares etc. and other allied matters.

### ii) Composition:

The present composition of the Shareholders/ Investors Grievance Committee is as under:

<u>Name of the Member</u>	<u>Status</u>
Shri A. S. Sodhi	Chairman
Shri S. A. S. Bajwa	Member
Rana Veer Pratap Singh	Member

In accordance with Clause 49(VI)(D) of the Listing Agreement with Stock Exchanges the Board has authorised Shri Manmohan K. Raina, Company Secretary as Compliance Officer of the Company.

### iii) Investors' Complaints received and resolved during the year:

The Company had 88,670 investors as on 31.03.2012. The Company received 23 letters/complaints from the investors and all the letters/ complaints received were attended/ resolved.

## IV) Remuneration Committee

### i) Term of reference:

The Remuneration Committee, inter alia, recommends to the Board the remuneration package of the Managing Director/Whole time Director.

### ii) Composition:

The present composition of the Remuneration Committee is as under:

<u>Name of the Member</u>	<u>Status</u>
Shri A. S. Sodhi	Chairman
Shri S. A. S. Bajwa	Member
Shri Baljit Singh	Member



**d) General Body Meetings**

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

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

**e) Disclosures**

- There are no materially significant transactions with the related parties viz. promoters, directors or the management, their subsidiaries or relatives, etc. that may have a potential conflict with the interest of the Company at large.
- No penalties or strictures have been imposed on the Company by the Stock-Exchanges or SEBI or any matter related to capital markets for non-compliance by the Company.

**f) Means of Communication**

- The quarterly, half-yearly and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. In addition, the Stock Exchanges are notified of any important developments that may materially affect the working of the Company. Disclosures with regard to shareholding pattern, change in major shareholding, quarterly Reconciliation of Share Capital Audit Report etc. are also sent to the Stock Exchanges as required under various Regulations. The results are normally published in Indian Express/Financial Express and Punjabi Tribune/Hindi Tribune.
- Management Discussion and Analysis Report forms part of this Annual Report and is given separately.

**g) General Shareholder's Information**

**i) 20th Annual General Meeting**

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

**ii) Tentative Financial Calendar**

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

**iii) Book Closure**

The register of members and share transfer books of the Company shall remain closed from 27th September, 2012 to 29th September, 2012 (both days inclusive).

**iv) Listing on Stock Exchanges and Stock Codes**

The names of the stock exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

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



v) Demat ISIN number : INE625B01014

vi) Market price data

Month	Bombay Stock Exchange		(Amount in ₹) National Stock Exchange	
	High	Low	High	Low
April, 2011	6.90	5.67	6.90	5.70
May, 2011	5.97	5.11	6.00	5.10
June, 2011	5.85	5.00	5.85	5.00
July, 2011	5.87	5.12	5.90	5.10
August, 2011	5.25	3.86	5.25	3.85
September, 2011	4.43	3.72	4.50	3.75
October, 2011	4.14	3.70	4.20	3.70
November, 2011	4.09	3.09	4.10	3.10
December, 2011	3.40	2.52	3.75	2.50
January, 2012	4.74	2.70	4.80	2.50
February, 2012	4.48	3.55	4.45	3.55
March, 2012	4.76	3.31	4.80	3.10

vii) Registrar and Transfer Agent

M/s. Alankit Assignments Limited,  
205-208, Anarkali Market,  
Jhandewalan Extension,  
New Delhi-110055.

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, 2012 was as follows:

Sr. 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	42,003	47.370	51,39,343	3.347
2.	251 to 500	17,710	19.973	75,64,427	4.926
3.	501 to 1000	13,080	14.751	1,15,80,011	7.541
4.	1001 to 2000	7,248	8.174	1,18,61,599	7.724
5.	2001 to 3000	2,724	3.072	72,22,975	4.703
6.	3001 to 4000	1,344	1.516	49,46,881	3.221
7.	4001 to 5000	1,371	1.546	66,17,111	4.309
8.	5001 to 10000	1,803	2.034	1,35,89,875	8.849
9.	10001 and above	1,387	1.564	8,50,45,598	55.380
<b>Total</b>		<b>88,670</b>	<b>100.000</b>	<b>15,35,67,820</b>	<b>100.000</b>

Details of Shareholding as on 31st March, 2012 was as under :

Sr. No.	Category	No. of shares held	% shareholding
1.	Promoters	3,47,66,079	22.639
2.	Financial Institutions, Banks and Mutual funds	25,92,246	1.688
3.	NRIs, Foreign Nationals, OCBs and FIIs	22,37,610	1.457
4.	Private Corporate Bodies	1,69,58,205	11.043
5.	Indian Public	9,70,13,680	63.173
6.	Others	0	0.00
<b>Total</b>		<b>15,35,67,820</b>	<b>100.000</b>



- 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,  
Tehsil Baba Bakala,  
District Amritsar, Punjab

ii) Village Belwara,  
Tehsil & Distt. Moradabad, U.P.

iii) Village Karim Ganj,  
Tehsil Shahabad,  
Distt. Rampur, U.P.

**Distillery Unit:**

Village Lauhka, Tehsil Patti,  
District 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) Shri S. A. S Bajwa, aged about 74 years is an outside professional Director. He has worked as Addl. Managing Director, MARKFED, Managing Director, Punjab State Co- operative Bank and Joint Registrar, Co-operative Societies.
- ii) Shri M. P. Singh, aged about 45 years is nominee Director of Punjab Energy Development Agency. Presently, he is working as Joint Director with Punjab Energy Development Agency.
- iii) Rana Veer Pratap Singh, aged about 30 years is a promoter Director. He has done Bachelor in Business Administration. He is also Director in many other Companies and has vast 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 31st March, 2012, 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 : 3rd September, 2012

CA. S. K. Kansal  
Partner  
Membership No. : 080632  
FRN 003897N



## ANNEXURE 'D'

### 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 world's major agro based industries and India is second largest producer of sugar in the World and is the largest consumer of sugar. About 50 million farmers and their families are supported by sugar industry directly or indirectly. Out of the total production, 65% of sugar is consumed in bulk. There were more than 500 sugar factories operational during the last year. Indian sugar production is likely to rise over 260 lakh tones during 2011-12 against the country's demand of only 220 lakh tones.

The Indian sugar industry is characterized by co-existence of Public, Private and Co-operative Sector. The sugar supply in India is largely controlled by the government. The government controls the sale of sugar in the open market through its regulated release mechanism. In addition to the above factors, the import and export of sugar determine the final supply in the market. The sugar sector in India, hence, goes through a phase of cyclicity, mainly on account of situations of high cane pricing, which impacts the profitability of the sugar mills.

#### Future Prospects

The Sugar Industry is currently passing through most challenging period. However, recent changes in Indian Export Policy for sugar industry is positive step for the industry. The Company's profitability affected adversely during the financial year 2011-12 on account of high sugarcane prices as comparative low sugar prices, low sugar recovery, increase in financial cost etc.. As in the past, Distillery and Co-generation Power divisions will play a vital support for improving the bottom line in the coming years too. It is expected that the performance of the Company will be far better in the year 2012-13 as compared to 2011-12.

The Company has a crushing capacity of 15,000 TCD of its three units, one in Punjab and two in Uttar Pradesh. During the year the Company has produced 14,10,452 quintals of sugar against the production of 13,99,855 quintals of last year. 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.

#### Power

The Indian sugar industry went through a phase of backward integration in early 2000, wherein most of the large mill owners had setup co-generation capacities alongwith alcohol manufacturing facilities. Cogenerated power has environmental benefits in terms of replacing fossil fuels, and is also renewable in nature. For a sugar mill, opting for cogeneration of power has the advantages of getting an additional stream of revenue. The mill can also partly protect itself from the cyclical nature of sugar business.

The Government has announced various incentives schemes for sugar Companies to set up co-generation power projects. The Govt. of India has also notified various notable initiatives for acceleration of power co-generation programme. The Company has produced 18,72,71,859 units of power during the year.

#### Distillery & Ethanol

The ethanol blending programme is primarily based on indigenously produced ethanol from sugarcane molasses, which augments fuel availability in the country. However, the process of pricing ethanol each year in itself is a difficult task with multiple problems. The government has constituted a committee headed by Mr. Saumitra Chaudhuri to look into pricing aspect and supply of ethanol on a sustainable basis. The uses of



ethanol can meet the energy needs of the country and save the valuable foreign exchange.

The Distillery Unit of the Company with a capacity of 60 KL per day is running successfully. During the year, it produced 1,79,82,741 BL of Spirit & others and 21,99,245 cases of Liquor.

### **Outlook/ Projection**

The Company projects to crush maximum Sugarcane for the current year 2012-13. The Company is making 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 production of sugar depends upon availability of sugarcane which is affected by weather of the particular place. Further, high domestic sugar consumption, Government's policy for export & import, cane & sugar prices, international crude oil prices which is critical for ethanol mix and availability of raw-sugar in international market are things which affect sugar industry considerably.

The industry is still controlled by the regulators through levy obligation and release mechanism. Owing to the Government regulations, the companies are unable to take timely effective steps to meet the challenges being faced by the industry.

### **Risk and Concern**

Sugarcane being the main raw material for the sugar industry, its availability depends upon good monsoon; competition from other crops and good seed and its varieties. The sugarcane prices fixed by Central Government and State Government will affect the profitability of the sugar industry. The control on molasses by the State Government also affects 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 propriety, 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 1026 besides few contract labour employed during the season. Relations between the employee and management have remained cordial during the period of the report.



## AUDITORS' REPORT

The Members of  
RANA SUGARS LIMITED  
CHANDIGARH

Dear Members,

1. We have audited the attached Balance Sheet of Rana Sugars Limited as at 31st March, 2012, Statement of Profit & Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order (Amendment), 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in Annexure referred to in paragraph 3 above, we report that:
  - (i) 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.
  - (ii) 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.

- (iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act.
- (v) On the basis of the written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes to Accounts in Note No 1 to 24, 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 31st March, 2012.
  - b. In the case of the Statement of Profit and Loss, of the loss for the year ended 31st March, 2012.
  - c. In the case of Cash Flow Statement, of the Cash Flows for the year ended 31st March, 2012.

For KANSAL SINGLA & ASSOCIATES,  
Chartered Accountants

**CA. S.K. KANSAL**  
Partner  
Membership No. 080632  
FRN 003897N

Place : Chandigarh  
Dated : 3rd September, 2012



Annexure Referred to in paragraph 3 of our report of even date.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off major part of the plant and machinery affecting the going concern status of the company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (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. As explained to us, no material discrepancies were noticed on physical verification. However minor discrepancies noticed on verification were properly accounted/ adjusted.
- (iii) (a) The Company has not given any loans to the Companies/Parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has taken interest free unsecured loans from eighteen parties as covered in the register maintained under Section 301 of the Act, pursuant to stipulation imposed by banks/financial institutions at the time of sanction of loans. The maximum balance outstanding during the year was ₹ 3642.93 Lacs and the year-end balance was ₹ 3580.11 Lacs.
- (c) As explained to us, terms & conditions of such loans are not prejudicial to the interest of the Company.
- (d) No stipulation has been specified for the repayment of these loans.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act, have been so entered.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted the Deposits covered as per the provisions of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has prescribed the maintenance of cost records under Section 209 (1) (d) of the Act, for all the products manufactured by the Company. We have broadly reviewed these accounts and records maintained by the Company and we are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) The Company is depositing, with delay undisputed statutory dues including, investor education protection fund,





employees' state Insurance, Income tax, wealth tax custom duty, and other material statutory dues applicable to it. According to the information and explanations given to us, following undisputed statutory dues were outstanding as at 31st March, 2012 for more than six months from the date they became due:-

Name of the statute	Nature of Dues	Amount (₹. in lacs)	Financial Year to which the amount relates
Wealth Tax Act	Wealth Tax	1.66	Year Ended 31.03.11
Cess on Sugar Cane	Cess	7.43	Year Ended 31.03.11

However, Wealth Tax and Cess on Sugar Cane has since been paid.

- (b) The Company has not deposited disputed Purchase tax on Sugar Cane amounting to ₹ 2241.94 lacs as the matter is under appeal with the Hon'ble Supreme Court.
- (x) The Company has incurred cash losses amounting to NIL (PY ₹ 778.71 lacs) during the year ended 31st March, 2012.
- (xi) As per the information and explanations given to us, the Company has paid with certain delays, the amounts due to banks and financial institutions. The overdues in respect of interest (₹ 467.38 Lacs) and installment of Term Loan (₹ 753.49 Lacs) for the month of February and March, 2012 were cleared in the month of June, 2012.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/ society.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) In our opinion, and according to the information

and explanations given to us, the Company has given guarantees for loans taken for farmers from banks. In our opinion and according to the information and explanations given to us, the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.

- (xvi) During the year, the Company has not availed any new term loan from banks/ financial institutions.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) According to the information & explanations given to us, during the year covered by audit the Company has not made any preferential allotment of shares.
- (xix) According to the information and explanations given to us, during the year covered by our audit report, the Company has not issued any debentures.
- (xx) According to the information and explanations given to us, during the year covered by our audit report, the Company has not raised any money by way of public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for KANSAL SINGLA & ASSOCIATES,  
Chartered Accountants

**CA. S.K. KANSAL**

Partner

Membership No. 080632

FRN 003897N

Place : Chandigarh

Dated : 3rd September, 2012

# RANA SUGARS LIMITED



## BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31.03.2012 (₹ in lacs)	As at 31.03.2011 (₹ in lacs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2	19,463.29	19,463.29
(b) Reserves and Surplus	3	6,142.36	8,186.84
<b>(2) Share Application money pending allotment</b>			956.79
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	22,929.38	24,209.15
(b) Long Term Provisions	5	153.29	91.00
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	6	37,621.61	32,091.57
(b) Trade Payables	7	15,657.17	6,522.59
(c) Other Current Liabilities	8	16,704.05	15,424.49
(d) Short-Term Provisions	9	36.54	36.89
<b>Total</b>		<b>1,18,707.69</b>	<b>1,06,982.61</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	47,927.92	48,943.57
(ii) Capital Work in Progress		2,450.88	2,600.49
(b) Non-current investments	11	-	10.00
(c) Long term loans and advances	12	1,140.63	872.62
<b>(2) Current Assets</b>			
(a) Current investments	13	9.25	119.09
(b) Inventories	14	51,707.26	38,604.69
(c) Trade receivables	15	4,538.50	3,560.67
(d) Cash and cash equivalents	16	2,212.42	1,860.42
(e) Short-term loans and advances	17	8,583.87	10,156.32
(f) Other current assets	18	136.96	254.74
<b>Total</b>		<b>1,18,707.69</b>	<b>1,06,982.61</b>
Significant Accounting Policies	1		
Notes to Accounts	2 to 24		

*The Notes are an integral part of the financial statements.*

**Manoj Gupta**  
Chief Financial Officer

**Manmohan K. Raina**  
Company Secretary

**Rana Inder Pratap Singh**  
Managing Director

**Rana Ranjit Singh**  
Chairman

*As per our report of even date attached.*

**FOR KANSAL SINGLA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**CA. S.K. KANSAL**  
Partner

Place : Chandigarh  
Dated : 3rd September, 2012

Membership No. : 080632  
FRN 003897N



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

Sr. No.	Particulars	Note No.	Year ended 31.03.2012 (₹ in lacs)	Year ended 31.03.2011 (₹ in lacs)
I	<b>Revenue from operations</b>			
	Sale of Products		57,011.94	79,505.62
	Less: Excise Duty		1,755.18	1,565.21
	- Revenue from operations (Net)		55,256.76	77,940.41
	- Other Operating Revenues		88.00	166.06
II	Other Income	19	151.00	217.31
III	<b>Total Revenue (I +II)</b>		<b>55,495.76</b>	<b>78,323.78</b>
	<b>Expenses:</b>			
	Cost of materials consumed	20	52,075.19	73,195.67
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		(12,017.08)	(7,231.55)
	Excise duty related to the difference between closing stock and opening stock		266.32	199.53
	Employee Benefits Expenses	21	2,538.62	2,383.08
	Financial Costs	22	7,798.37	6,660.47
	Depreciation and Amortization Expenses	10	3,222.17	3,167.34
	Other Expenses	23	3,645.62	3,895.57
IV	<b>Total Expenses</b>		<b>57,529.21</b>	<b>82,270.11</b>
V	Profit/(Loss) before exceptional and extraordinary items (III - IV)		(2,033.45)	(3,946.33)
VI	Exceptional Items		8.76	(8.96)
VII	Profit/(Loss) before extraordinary items and tax (V - VI)		(2,042.21)	(3,937.37)
VIII	Extraordinary Items		-	(46.37)
IX	Profit/(Loss) before tax (VII - VIII)		(2,042.21)	(3,891.00)
X	<b>Tax expenses of continuing operations:</b>			
	Current tax (including Wealth Tax)		2.27	1.66
	Deferred tax		-	(216.71)
XI	Profit/(Loss) for the period from continuing operations after tax (IX-X)		(2,044.48)	(3,675.95)
XII	Earning per equity share:			
	(1) Basic		(1.33)	(2.41)
	(2) Diluted		(1.33)	(2.41)
	<b>Significant Accounting Policies</b>	1		
	<b>Notes to Accounts</b>	2 to 24		

The Notes are an integral part of the financial statements.

**Manoj Gupta**  
Chief Financial Officer

**Manmohan K.Raina**  
Company Secretary

**Rana Inder Pratap Singh**  
Managing Director

**Rana Ranjit Singh**  
Chairman

*As per our report of even date attached.*

**FOR KANSAL SINGLA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**CA. S.K. KANSAL**  
Partner

Place : Chandigarh  
Dated : 3rd September, 2012

Membership No. : 080632  
FRN 003897N

# RANA SUGARS LIMITED



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year ended 31.03.2012 (₹ in Lacs)	Year ended 31.03.2011 (₹ in Lacs)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT/(LOSS) BEFORE TAX</b>	<b>(2,033.45)</b>	<b>(3,946.33)</b>
Adjustment for :		
- Depreciation & Non Cash Expenses	3,222.17	3,167.34
- Net Loss/(Profit) on Sale of Fixed Assets/Investment	(41.33)	0.13
- Dividend Received	-	(0.68)
- Interest (Net)	7,753.68	6,162.23
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>8,901.07</b>	<b>5,382.69</b>
Adjustment for :		
- (Increase)/ Decrease in Trade & other receivable	711.60	(2,042.95)
- (Increase)/ Decrease in Inventories	(13,102.57)	(6,598.31)
- (Decrease)/ Increase in Trade & other Payables	10,476.08	3,044.33
<b>CASH GENERATED FROM OPERATIONS</b>	<b>6,986.18</b>	<b>(214.24)</b>
- Direct Tax Paid/adj	(2.27)	44.71
<b>CASH FLOW BEFORE EXCEPTIONAL ITEMS</b>	<b>6,983.91</b>	<b>(169.53)</b>
Prior Period Adjustments	(8.76)	8.96
<b>NET CASH (USED IN )/FROM OPERATING ACTIVITIES</b>	<b>6,975.15</b>	<b>(160.57)</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
- Purchase of fixed assets	(2,641.92)	(792.71)
- Sale of fixed assets	361.78	75.04
- Purchase of Investments	-	(19.09)
- Sale of Investments	117.19	-
- Dividend Received	-	0.68
- Interest Received	44.69	188.50
<b>NET CASH (USED IN )/FROM INVESTING ACTIVITIES</b>	<b>(2,118.26)</b>	<b>(547.58)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
- Proceeds from issue of capital	-	518.45
- Subsidy/ Securities Premium	-	91.50
- Increase/(Decrease) in long term borrowings	(3,000.74)	(3,595.31)
- Increase/(Decrease) in Unsecured Loans	764.18	(909.28)
- Increase/(Decrease) in Working capital borrowings	5,530.04	6,709.58
- Interest Paid	(7,798.37)	(6,350.73)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(4,504.89)</b>	<b>(3,535.79)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>352.00</b>	<b>(4,243.94)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>1,860.42</b>	<b>6,104.36</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>2,212.42</b>	<b>1,860.42</b>

**Manoj Gupta**  
Chief Financial Officer

**Manmohan K. Raina**  
Company Secretary

**Rana Inder Pratap Singh**  
Managing Director

**Rana Ranjit Singh**  
Chairman

In terms of our separate report of even date annexed.

**FOR KANSAL SINGLA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**CA. S.K. KANSAL**  
Partner

Membership No. : 080632  
FRN 003897N

Place : Chandigarh  
Dated : 3rd September, 2012



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF ACCOUNTS AS AT 31ST MARCH, 2012.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### i) 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.

#### ii) 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.

#### iii) Inventories

Inventories except molasses and bagasse being by-products, are valued at lower of cost and 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.

#### iv) 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.

#### v) 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.

#### vi) 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.

#### vii) 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.

## **viii) 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.

## **ix) 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.

## **x) 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.

## **xi) Miscellaneous Expenditure**

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

## **xii) 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.

## **xiii) 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.



## xiv) Earnings per Share

Basic earnings per share are 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 are 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.

## xv) 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.

## xvi.) Provisions & Contingent liabilities

a) Provisions are 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 obligations.
- (3) In respect of which a reliable estimate can be made.

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

b) 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.

## xvii) Cash and Cash equivalents

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



## 2. SHARE CAPITAL

### (A) Authorised, Issued, Subscribed and paid-up share capital and par value per share

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ 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 ₹ 10/- each	6,000.00	6,000.00
	<b>22,000.00</b>	<b>22,000.00</b>
<b>Issued &amp; Subscribed 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
	<b>19,466.12</b>	<b>19,466.12</b>
<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 in arrear	2.83	2.83
<b>Total</b>	<b>19,463.29</b>	<b>19,463.29</b>

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

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Number of shares outstanding as at the beginning of the year	15,35,67,820	11,13,49,620
<b>Add:</b>		
Shares Issued During the Year	-	4,22,18,200
Number of shares outstanding as at the end of the year	<b>15,35,67,820</b>	<b>15,35,67,820</b>

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

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Number of shares outstanding as at the beginning of the year	4,10,93,424	4,10,93,424
Number of shares outstanding as at the end of the year	<b>4,10,93,424</b>	<b>4,10,93,424</b>

### (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	Percentage of shares held
1. Mrs. Rajbans Kaur	95,70,001	6.23%
2. Mrs. Sukhjinder Kaur	85,00,000	5.54%





## 3. RESERVES AND SURPLUS

Particulars	AS AT 31.03.2011 (₹ in lacs)	Additions during the year	Deductions during the year	AS AT 31.03.2012 (₹ in lacs)
Capital Reserves	806.93	-	-	806.93
Capital Redemption Reserve	1,027.34	-	-	1,027.34
Securities Premium Reserve	8,315.02	-	-	8,315.02
Surplus/(Deficit) in Statement of Profit & Loss	(1,962.45)	(2,044.48)	-	(4,006.93)
<b>Total</b>	<b>8,186.84</b>	<b>(2,044.48)</b>	<b>-</b>	<b>6,142.36</b>
		<b>Year ended 31.03.2012</b>		<b>Year ended 31.03.2011</b>
Profit/(Loss) for the period		(2,044.48)		(3,675.95)
Less: Proposed dividend on equity shares		-		-
Tax on distributed profits on equity shares		-		-
		<b>(2,044.48)</b>		<b>(3,675.95)</b>



## 4. LONG-TERM BORROWINGS

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
<b>(A) TERM LOANS FROM BANKS</b>		
<b>Secured</b>		
(i) Term loan from State Bank of India	4,692.54	5,491.22
(ii) Term loan from State Bank of Patiala	2,777.50	3,250.00
(iii) Term loan from Bank of Baroda	2,776.43	3,255.00
(iv) Term loan from State Bank of Mysore	1,642.60	1,937.50
(v) Term loan from State Bank of Bikaner and Jaipur	1,656.39	1,937.50
(vi) Term loan from State Bank of Hyderabad	1,652.74	1,937.50
Term Loan from above banks 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 Tarn Taran 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	612.00
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 Tarn Taran and is repayable in 20 quarterly instalments starting from 01.07.2008 and last instalment falling due on 01.07.2013		
(viii) Excise Term loan from Bank of Baroda	-	20.94
Term Loan is Secured by pari-pasu residual charges i.e. 4th charge on the fixed assets of the Company and is further secured by personal guarantee of Promoters/Directors.		
<b>Total (A)</b>	<b>15,402.20</b>	<b>18,441.66</b>
<b>(B) Unsecured Loans and Advances from Related Parties</b>	<b>3,580.11</b>	<b>2,936.34</b>
<b>Total (B)</b>	<b>3,580.11</b>	<b>2,936.34</b>
<b>(C) Unsecured Loans and Advances from Others</b>	<b>3,885.66</b>	<b>2,808.46</b>
<b>Total (C)</b>	<b>3,885.66</b>	<b>2,808.46</b>
<b>(D) Long term Maturities of Finance Lease obligations (Secured by Hypothecation of underlying Vehicles taken on Finance Lease)</b>	<b>61.41</b>	<b>22.69</b>
<b>Total (D)</b>	<b>61.41</b>	<b>22.69</b>
<b>Total (A+B+C+D)</b>	<b>22,929.38</b>	<b>24,209.15</b>

The Company has defaulted in repayment of principal on term loans amounting to ₹ 753.49 lacs (Previous year ₹ 807.52 lacs) and interest on term loans amounting to ₹ 467.38 lacs (Previous year ₹ 322.57 lacs). The period of default is upto 60 days. The amount of defaults has since been paid.



## 5. LONG-TERM PROVISIONS

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Employees Benefits	153.29	91.00
<b>Total</b>	<b>153.29</b>	<b>91.00</b>

## 6. SHORT TERM BORROWINGS

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
<b>LOANS REPAYABLE ON DEMAND</b>		
<b>Secured</b>		
Working Capital Loans repayable on demand (secured against hypothecation of stocks and book debts)		
- <b>For Sugar Unit at Amritsar</b>	12,640.37	10,557.79
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.		
- <b>For Distillery Unit at Tarn Taran</b>	920.28	878.62
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.		
- <b>For Sugar Unit at Moradabad</b>	11,652.11	9,768.17
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 & Jaipur, State Bank of Hyderabad & State Bank of Mysore on pari-passu basis.		
- <b>For Sugar Unit at Rampur</b>	12,408.85	10,886.99
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 & Jaipur, State Bank of Hyderabad, State Bank of Mysore & Bank of Baroda on pari-passu basis.		
On the above, the working capital at all units is further secured by personal guarantee of promoters / directors and third pari-passu charge on the entire fixed assets of the company including sugar & power units at Amritsar, Moradabad, Rampur, and Distillery unit at Tarn Taran.		
<b>Total</b>	<b>37,621.61</b>	<b>32,091.57</b>

The Company has defaulted in payment of interest on working capital loans amounting to ₹ 542.61 lacs (Previous year ₹ 366.64 lacs). The period of default is upto 60 days. The amount of defaults has since been paid.



## 7. TRADE PAYABLES

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Micro & Small Enterprises	61.70	31.29
Others (Including Cane Price Payable)	15,595.47	6,491.30
<b>Total</b>	<b>15,657.17</b>	<b>6,522.59</b>

## 8. OTHER CURRENT LIABILITIES

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Current maturities of long term debt	3,769.97	4,477.06
Current maturities of finance lease obligations	32.93	75.53
Crop Loan from Banks	4,651.79	4,069.64
Interest accrued and due on borrowings	467.39	322.57
Unpaid/unclaimed dividends	-	14.21
Other liabilities and payable	7,781.97	6,465.48
<b>Total</b>	<b>16,704.05</b>	<b>15,424.49</b>

## 9. SHORT-TERM PROVISIONS

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Provision for employees benefits	32.61	35.23
Provision for wealth-tax	3.93	1.66
<b>Total</b>	<b>36.54</b>	<b>36.89</b>



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

(₹ in lacs)

### 10. Fixed Assets

Sr. No	Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying amount	
		As at 31.03.2011	Additional adjustment during the year	Deductions during the year	As at 31.03.2012	As at 31.03.2011	Provided during the year	Deductions during the year	As at 31.03.2012
	<b>Tangible Owned Assets</b>								
1	Land	2,261.61	14.64	59.85	2,216.40	-	-	-	2,216.40
2	Buildings								
	- Factory Building	4,232.88	344.02	-	4,576.90	806.31	142.52	-	948.83
	- Non Factory Building	1,793.69	259.90	-	2,053.59	161.08	30.55	-	191.63
3	Plant and Equipment	53,121.52	1,648.14	250.94	54,518.72	12,990.77	2,806.72	35.32	15,762.17
4	Furniture & Fixtures	179.75	10.43	0.07	190.11	60.96	10.60	0.04	71.52
5	Vehicles	625.45	162.33	104.00	683.78	234.02	57.36	62.21	229.17
6	Office Equipment	40.15	6.56	-	46.71	19.67	2.44	-	22.11
7	Computer	341.49	15.32	38.18	318.63	146.34	49.65	38.18	157.81
8	Electrical Installations	193.75	8.28	-	202.03	120.94	7.22	-	128.16
9	Misc. Fixed Assets	673.05	50.08	0.51	722.62	200.08	41.69	-	241.77
10	Trucks & Tankers	543.24	-	-	543.24	352.89	69.00	-	421.89
11	Tractors	21.27	4.34	-	25.61	4.53	2.90	-	7.43
12	Lab Equipments	18.41	0.28	-	18.69	5.10	1.52	-	6.62
	<b>Total</b>	<b>64,046.26</b>	<b>2,524.32</b>	<b>453.55</b>	<b>66,117.03</b>	<b>15,102.69</b>	<b>3,222.17</b>	<b>135.75</b>	<b>18,189.11</b>
	<b>(Previous Year)</b>	<b>61,962.32</b>	<b>2,193.36</b>	<b>109.42</b>	<b>64,046.26</b>	<b>11,969.61</b>	<b>3,167.34</b>	<b>34.26</b>	<b>15,102.69</b>
									<b>48,943.57</b>
									<b>49,992.71</b>



## 11. NON-CURRENT INVESTMENTS

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Non-Trade Investment (Quoted)		
Investment in Mutual Funds		
- SBI Magnam Comma Fund (30788.177 units @ ₹ 16.24 per unit)	-	5.00
- SBI Contra Dividend (19538.882 units @ ₹ 25.59 per unit)	-	5.00
<b>Total</b>	<b>-</b>	<b>10.00</b>

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

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Capital Advances	1,075.31	808.10
Security Deposits	65.32	64.52
<b>Total</b>	<b>1,140.63</b>	<b>872.62</b>

## 13. CURRENT INVESTMENTS

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Non-Trade Investment (Quoted)		
Investment in Mutual Funds		
- Magnam Insta Cash (459345 units @ ₹ 21.77 per unit having NAV ₹ 21.78 per unit)	-	100.00
- SBI PSU Fund Growth (100000 units @ ₹ 10 per unit having NAV ₹ 9.84 per unit)	-	9.84
- SBI CPOF- Series II (92468 units @ ₹ 10 per unit having NAV ₹ 10.74 per unit)	9.25	9.25
<b>Total</b>	<b>9.25</b>	<b>119.09</b>

## 14. INVENTORIES (Finished goods valued at lower of cost and net realisable value, unless stated otherwise)

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
(a) Raw Materials	18.31	15.91
(b) Work-in-progress	754.71	700.36
(c) Finished Goods	47,561.29	35,598.56
(d) Stores and spares	3,075.78	2,074.28
(e) Packing Materials	297.17	215.58
<b>Total</b>	<b>51,707.26</b>	<b>38,604.69</b>



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

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Trade receivables outstanding for more than six months from the date they became due for payment	280.34	164.40
Other trade receivables	4,258.16	3,396.27
<b>Total</b>	<b>4,538.50</b>	<b>3,560.67</b>

## 16. CASH AND CASH EQUIVALENTS

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
<b>(A) Balances with Banks</b>		
(I) Earmarked Bank balances		
(i) Unpaid dividend bank account	-	14.21
(II) Bank balances held as margin money or as security against:		
(i) Guarantees	68.04	63.64
(ii) Letters of Credit	172.78	362.61
(iii) Other commitments	207.18	145.95
(III) Other Bank balances	1,345.00	1,021.84
<b>(B) Cheques, drafts in hand</b>		
(i) Cheques on hand	52.36	18.12
<b>(C) Cash on hand</b>	<b>367.06</b>	<b>234.05</b>
<b>Total</b>	<b>2,212.42</b>	<b>1,860.42</b>

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

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
<b>Short Term Loans &amp; Advances</b>		
- Advances recoverable in cash or in kind or for value to be received	7,066.13	7,938.94
- Balance with Excise, customs etc.	1,278.91	2,101.96
- Payments of Taxes under protest/appeal	167.06	70.24
- Advance payment of Tax (including Tax deducted at source)	71.77	45.18
<b>Total</b>	<b>8,583.87</b>	<b>10,156.32</b>

## 18. OTHER CURRENT ASSETS

Particulars	AS AT 31.03.2012 (₹ in lacs)	AS AT 31.03.2011 (₹ in lacs)
Interest and other Receivable	136.96	254.74
<b>Total</b>	<b>136.96</b>	<b>254.74</b>



## 19. OTHER INCOME

Particulars	Year ended 31.03.2012 (₹ in lacs)	Year ended 31.03.2011 (₹ in lacs)
Interest Income	44.69	188.50
Dividend Income	-	0.68
Net Gain/(Loss) on sale of Investment/Asset	41.33	(14.15)
Other Non-Operating Income/(Expenses) (Net of Expenses directly attributable to such income)	64.98	42.28
<b>Total</b>	<b>151.00</b>	<b>217.31</b>

## 20. COST OF MATERIAL CONSUMED

Particulars	Year ended 31.03.2012 (₹ in lacs)	Year ended 31.03.2011 (₹ in lacs)
Raw material consumed		
- Sugarcane	40,063.52	29,990.13
- Raw Sugar	859.39	28,513.21
- Others	1,484.42	2,949.22
- Bagasse/Husk and Other Fuels	125.94	3,799.52
- Molasses and Grain	4,651.61	3,826.51
Power and Fuel consumed	1,335.26	1,093.94
Stores, spares, chemicals and packing materials consumed	3,555.05	3,023.14
<b>Total</b>	<b>52,075.19</b>	<b>73,195.67</b>

## 21. EMPLOYEE BENEFITS EXPENSES

Particulars	Year ended 31.03.2012 (₹ in lacs)	Year ended 31.03.2011 (₹ in lacs)
Salaries and Wages, bonus, gratuity and allowances	2,390.08	2,233.44
Contribution to PF and Superannuation Fund	97.41	99.48
Staff Welfare Expenses	51.13	50.16
<b>Total</b>	<b>2,538.62</b>	<b>2,383.08</b>

## 22. FINANCE COSTS

Particulars	Year ended 31.03.2012 (₹ in lacs)	Year ended 31.03.2011 (₹ in lacs)
Interest Expenses	7,560.70	5,886.23
Other Borrowing costs	273.91	371.31
Net (Gain)/Loss on foreign currency transactions/translation	(36.24)	402.93
<b>Total</b>	<b>7,798.37</b>	<b>6,660.47</b>





## 23. OTHER EXPENSES.

Particulars	Year ended 31.03.2012 (₹ in lacs)	Year ended 31.03.2011 (₹ in lacs)
Processing Charges	338.88	343.22
Insurance Expenses	57.59	62.64
Repairs		
Plant and machinery	1,094.82	1,024.63
Factory Buildings	112.29	129.92
Rent	57.36	40.57
Other Interest Expenses	128.85	93.19
Rates and Taxes other than taxes on income	127.36	124.46
Donations - Others	22.23	3.24
Travelling & Conveyance	310.93	297.97
Vehicle Running & Maintenance	273.31	237.85
Office Expenses	273.20	301.78
Payments to statutory auditors		
- as auditors	6.30	6.47
- for taxation matters	2.00	1.85
Legal, professional and consultancy charges	32.58	45.71
Advertisement, Publicity and Sales Promotion	34.67	131.18
Commission on sales	249.98	224.91
Other Selling Expenses	539.33	808.66
Directors' fees	1.55	2.15
Net (Gain)/Loss on foreign currency transactions (other than adjusted as finance costs)	(38.53)	-
Miscellaneous expenses	20.92	15.17
<b>Total</b>	<b>3,645.62</b>	<b>3,895.57</b>



## Note No. 24

### 24.1 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 assessments is accounted for in the year in which the assessments are completed.
  - i) Income Tax assessments have been completed up to the assessment year 2009-10. There is no demand in respect of the assessment Years upto 2009-10.
  - ii) Sales Tax assessments have been completed up to the assessment year 2004-05 for Punjab units & 2008-09 for Uttar Pradesh units.
- b) An amount of ₹ 36.95 lacs (Previous year ₹ 24.61 lacs) has been reduced from Cenvat Receivable on account of disputed excise duty on bagasse and the same has been shown under the head Payments of Taxes under protest/appeal under 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 ₹ 12.36 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 ₹ 80.26 lacs on account of Entry tax under protest (Previous year ₹ 26.99 lacs) and the same has been shown under the head Payments of Taxes under protest/appeal under 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 Loans & Advances. The Company has filed an appeal with the Appellate Authority against the order of Commissioner Appeals.
- f) Bank Guarantees/LC's issued to PEC Limited and other companies amounting to ₹ 1339.58 lacs (previous year ₹ 2780.36 lacs) are secured by pledge of FDRs of ₹ 215.83 lacs (previous year ₹ 410.67 lacs) and lien of ₹ 40 lacs on current a/c & counter guarantees given by the Company.
- g) The estimated amount of contracts remaining to be executed is ₹ 8.42 Lacs (Previous Year ₹ 238.61 Lacs).

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

**24.3** 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.

**24.4** Prior period expenses

Prior period income/expenses include the followings:-

Particulars	(₹ in Lacs)	(₹ in Lacs)
	<u>31.03.2012</u>	<u>31.03.2011</u>
Income	2.56	19.93
Expenses	11.32	10.97

**24.5** Excise duty amounting to ₹ 1604.97 Lacs (Previous year ₹ 1338.66 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.

**24.6** 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 for its unit at Amritsar and Head Office at Chandigarh and paid annual premium of ₹ 12.00 Lacs for the year ended 31st March 2012. The following are the actuarial assumptions taken based on which the premium has been determined:

- Discounting factor 8%
- Salary Increase 7%

- (ii) The Company has made provision of gratuity for its units at Moradabad, Rampur and Tarn Taran as per actuarial valuation certificate.

- (iii) The Company has made provision for leave Encashment as per the Actuarial valuation certificate.

## 24.7 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.

(₹ in Lacs)

	White Crystal Sugar		Power Generation		Distillery		Elimination		Total	
Description	Cu. Year 31.03.12	Pr. Year 31.03.11	Cu. Year 31.03.12	Pr. Year 31.03.11	Cu. Year 31.03.12	Pr. Year 31.03.11	Cu. Year 31.03.12	Pr. Year 31.03.11	Cu. Year 31.03.12	Pr. Year 31.03.11
<b>Segment Revenue</b>										
a) External Sales	40138.91	63250.82	5046.84	5585.53	10159.01	8971.98	0.00	0.00	55344.76	77808.32
b) Inter Segment Sales	8449.99	5046.35	9343.42	6320.02	0.00	0.00	17793.41	11366.37	0.00	0.00
<b>Total</b>	<b>48588.90</b>	<b>68297.17</b>	<b>14390.26</b>	<b>11905.55</b>	<b>10159.01</b>	<b>8971.98</b>	<b>17793.41</b>	<b>11366.37</b>	<b>55344.76</b>	<b>77808.32</b>
Segment Result	1243.49	(118.08)	4127.71	2152.11	307.70	366.67	0.00	0.00	5678.90	2400.72
Interest									7798.37	6350.73
Unallocated Corp. Income									86.02	3.68
Unallocated Corp. Expenses									0.00	0.00
Profit/(Loss) before Tax & Prior Period Items	(5625.42)	(5762.30)	3398.07	1707.26	107.88	105.03			(2033.45)	(3946.33)
Prior Period (Expenses)/Income	(7.91)	8.94	0.00	0.00	(0.85)	0.02			(8.76)	8.96
Profit/(Loss) before tax	(5633.33)	(5753.36)	3398.07	1707.26	107.03	105.05			(2042.21)	(3937.37)
Extra Ordinary Income									0.00	0.00
Provision for Current Tax									2.27	1.66
Provision for Deferred Tax									0.00	(216.71)
Earlier Year Provision for Tax W/Back / W/Off									0.00	(46.37)
Profit/(Loss) After Tax									(2044.48)	(3675.95)
<b>Segment Assets</b>	<b>88876.02</b>	<b>86902.41</b>	<b>26698.93</b>	<b>20281.68</b>	<b>7260.93</b>	<b>6051.51</b>	<b>4128.19</b>	<b>6252.99</b>	<b>118707.69</b>	<b>106982.61</b>
Unallocated Corp Assets									0.00	0.00
<b>Total Assets</b>									<b>118707.69</b>	<b>106982.61</b>
<b>Segment Liability</b>	<b>76971.79</b>	<b>65302.30</b>	<b>5718.36</b>	<b>4173.41</b>	<b>7074.30</b>	<b>9393.93</b>	<b>4128.19</b>	<b>6252.99</b>	<b>85636.26</b>	<b>72616.67</b>
Unallocated Corp. Liability									7465.77	5759.02
<b>Total Liabilities</b>									<b>93102.03</b>	<b>78375.69</b>
Capital Expenditure	833.44	275.21	1128.91	113.77	226.03	403.73			2188.38	792.71
Depreciation	1598.20	2342.28	1389.29	614.14	234.68	210.92			3222.17	3167.34
Non Cash Expenses									0.00	0.28

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 31.03.12	Pr. Year 31.03.11	Cu. Year 31.03.12	Pr. Year 31.03.11	Cu. Year 31.03.12	Pr. Year 31.03.11
a) Carrying Amount of Segment Assets	42,925.45	40,619.30	75,782.24	66,363.31	1,18,707.69	1,06,982.61
b) Addition to Fixed Assets & Intangible Assets	405.50	582.16	1,969.25	210.55	2,374.75	792.71
c) Segmental Revenue from External Customers	27,271.26	54,897.28	28,073.50	22,911.04	55,344.76	77,808.32

### 24.8 Related Party Disclosures:

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

#### 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 Partap Singh - Managing Director
3. Rana Veer Partap Singh - Director
4. Rana Karan Partap Singh - Director

##### c) Relatives of Key Management Personnel:

1. Rana Gurjeet Singh
2. Mrs. Rajbans Kaur
3. Rana Preet Inder Singh
4. Mrs. Sukhjinder Kaur.

#### B. Transactions with related Parties

S. No.	Nature of Transactions	(₹ In Lacs.)					
		Associate Companies		Key Management Personnel		Relatives	
		Year ended 31.03.12	Period ended 31.03.11	Year ended 31.03.12	Period ended 31.03.11	Year ended 31.03.12	Period ended 31.03.11
1.	Purchase	0.29	0.27	-	-	-	-
2.	Rent Received	3.00	3.00	-	-	-	-
3.	Interest Free Unsecured Loans						
a)	Loans Received	0.00	50.00	426.13	132.61	385.36	214.02
b)	Loans Repaid	43.82	70.01	44.65	293.75	79.25	447.35
c)	Outstanding Balances	1944.45	1988.27	400.86	19.38	1234.80	928.69

### 24.9 Earning Per Share:

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



	31.03.2012	31.03.2011
a) Weighted average number of shares	15,35,67,820	15,22,47,546
b) Net Profit/(Loss) after tax available for Equity Share Holders (₹ in lacs)		
- Before Extra ordinary Items	(2044.48)	(3675.95)
- After Extra ordinary Items	(2044.48)	(3675.95)
c) Basic/Diluted Earning per share (₹)		
(Face value ₹ 10)		
- Before Extra ordinary Items	(1.33)	(2.41)
- After Extra ordinary Items	(1.33)	(2.41)

## 24.10 Deferred Tax Liability

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:-

(₹ in Lacs)

	31st March 2012	During the Year	31st March 2011
<b>CALCULATION OF DEFERRED TAX LIABILITY</b>			
<b>A Deferred Tax Liabilities</b>			
Difference between carrying amount of fixed assets in the financial statements and the income tax return	20,745.83	872.42	19,873.41
<b>Total "A"</b>	<b>20,745.83</b>	<b>872.42</b>	<b>19,873.41</b>
<b>B Deferred Tax Assets</b>			
- Amount disallowed U/s 145 A of Income Tax Act	1,656.30	2,162.03	(505.73)
- Unabsorbed depreciation and business loss	19,329.38	1,206.48	18,122.90
- Disallowed u/s 40 (a) (ia)	-	(293.69)	293.69
- Expenses debited in statement of Profit & loss but disallowed in the Income Tax Act, 1961	2,962.73	(7.03)	2,969.76
<b>Total "B"</b>	<b>23,948.41</b>	<b>3,067.79</b>	<b>20,880.62</b>
Deferred Tax Asset/ (A-B)	(3,202.58)	(2,195.37)	(1,007.21)
Net Timing Difference	(989.60)	(678.37)	(311.23)
Deferred Tax Asset	(678.37)		

During the year ended 31st March, 2012 deferred tax asset worth ₹ 678.37 lacs has been generated, which has not been recognized as a matter of prudence.

## 24.11 Impairment of Assets

As per Accounting Standard -28 "Impairment of Assets" issued by ICAI, the management has reviewed its cash generating units as on 31.03.2012. 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.

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

Particulars	Opening Balance as on 01.04.2011	Additions during the Year	Paid/ Reversed	Closing Balance as on 31.3.2012
Income Tax	NIL	NIL	NIL	NIL
Deferred Tax	NIL	NIL	NIL	NIL
Retirement Benefit	105.61	76.71	14.66	167.66

## 24.13 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, Allied Alloys Product, Gita Flow Pumps Pvt. Ltd. and Nikhil Techno Chem (P) Ltd.

The above information has been compiled in respect of suppliers 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.

<b>24.14 Auditors Remuneration</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>
Audit Fees	6.00	6.00
Taxation Matters	2.00	1.85
Cost Audit Fees	0.30	0.47

**24.15 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

Break up of expenditure incurred on employees in receipt of remuneration aggregating to ₹ 60,00,000/- per annum or ₹ 5,00,000/- or more per month

	<b>31.03.2012</b>	<b>31.03.2011</b>
i) Employed for full year		
-Number of employees	-	-
-Salaries & Allowances	-	-
ii) Employed for the part of the year		
-Number of employees	-	-
-Salaries & Allowances	-	-

**24.16 Foreign currency details:**

Particulars	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>
Expenditure in Foreign Currency	768.30	26403.56
CIF Value of imports-Raw Materials	747.79	26296.23
Earning in Foreign Exchange	1349.14	25907.62
FOB Value of Exports	1349.14	24454.09
Capital Goods Imported	Nil	62.68

**24.17 Consumption of Raw Materials and Stores and Spares**

	<b>31.03.2012</b>		<b>31.03.2011</b>	
	<b>(₹In Lacs)</b>	<b>% age</b>	<b>(₹In Lacs)</b>	<b>% age</b>
a) Raw Material				
Imported	-	-	4378.23	100.00
Indigenous	44841.07	100.00	36259.21	100.00
<b>Total</b>	<b>44841.07</b>		<b>40637.44</b>	
b) Store & Spares				
Imported	-	-	-	-
Indigenous	2834.78	100.00	2783.93	100.00
<b>Total</b>	<b>2834.78</b>		<b>2783.93</b>	
c) Packing Material	2251.09	100.00	1816.47	100.00

24.18 No amount has been transferred to Capital Redemption Reserve as the company has incurred losses during the year.

24.19 The company has given guarantees against crop loans of ₹ 4651.79 lacs (previous year ₹ 4069.64 lacs) availed by the farmers. The loan given by the company to the farmers is included in Advances recoverable in cash or in kind or for value to be received.

24.20 The company has made provision for Purchase tax on sugar cane amounting to ₹ 315.00 lacs (Previous year ₹ 554.56 lacs). However, the same has not been paid as the matter is under appeal with the Hon'ble Supreme Court.

24.21 During the year dividend amounting to ₹ 14.21 lacs, which have remained unclaimed for a period of seven years have been transferred to Investor Education & Protection Fund.

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



## 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 .....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 TWENTIETH ANNUAL GENERAL  
MEETING of the Company to be held on Saturday, the 29th September, 2012 at 2.00 P.M. at The Institution of  
Engineers (India), Madhya Marg, Sector 19-A, Chandigarh and at any adjournment thereof.

Signed this.....day of .....2012

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 Twentieth 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**  
(Printed Matter)

If undelivered, please return to :

**RANA SUGAR& LIMITED**

SCO 49-50, Sector 8-C,

Madhya Marg,

Chandigarh - 160 009