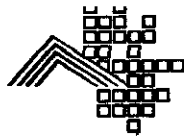


Report  junction.com
**8th
Annual Report**
1999-2000

NARAINGARH SUGAR MILLS LIMITED

**BOARD OF DIRECTORS**

| | |
|---------------------------|----------------------|
| Sh. Harbaksh Singh, IAS | (Nominee - HSIDC) |
| Sh. Krishan Kumar, IAS | (Nominee - HAIC) |
| Sh. Y.K. Bhatia | (Nominee - HSIDC) |
| Sh. Om Joshee | (Nominee - IVCF) |
| Sh. S.B. Malik | |
| Sh. Inder Kumar | |
| Sh. Avninder Thakur | |
| Sh. Vijay Mahen | |
| Sh. Lakhwinder Singh Kang | |
| Sh. J.S. Sekhon | |
| Sh. Romesh Chand Sud | (Wholetime Director) |
| Sh. Baldev Singh Kang | (Managing Director) |
| Sh. Shashi Bhushan Mahen | (Chairman) |

AUDITORS

P.K. VASUDEVA & CO.
Chartered Accountant

REGISTERED OFFICE & WORKS

Village Banondi,
P.O. Shahzadpur,
Tehsil Naraingarh,
Distt. Ambala (Haryana)

CORPORATE OFFICE

S.C.O. 367-368,
Sector 35-B,
Chandigarh - 160 022

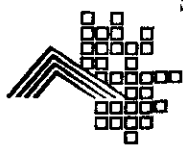
SHARE TRANSFER AGENT

M/s Aggarwal & Associates
S.C.O. 64, IInd Floor,
Sector 20-C,
Chandigarh-160 022

BANKERS

State Bank of India
State Bank of Patiala
Canara Bank
Oriental Bank of Commerce

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NOTICE

NOTICE is hereby given that the Eighth Annual General Meeting of the members of the Company will be held on Saturday the 30th day of June 2001 at 10.00 AM at the Registered Office of the Company at Vill. Banondi, Teh. Naraingarh, Distt. Ambala, Haryana to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th Sept., 2000 and profit and loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Inder Kumar who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. L.S. Kang who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTIONS.

"RESOLVED that the Authorised Share Capital of the Company be and is hereby altered from Rs.30,00,00,000/- (Rs. Thirty Crore) divided into 2,10,00,000 (Two Crore Ten Lac) equity shares of Rs.10/- (Rs. Ten) each and 90,00,000 (Ninty Lacs) Redeemable non cumulative preference shares of Rs.10/- (Rs. Ten) each to Rs.30,00,00,000/- (Rs. Thirty Crore) divided into 2,10,00,000/- (Two Crore Ten Lac) Equity Shares of Rs.10/- (Rs. Ten only) each and 90,00,000 (Ninety Lacs) Preference Shares of Rs.10/- (Rs. Ten) each."

"RESOLVED further that the existing Clause V of Memorandum of Association of the Company be deleted and the following be substituted therefore as Clause V.

"V. The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rs. Thirty Crore) divided into 2,10,00,000 (Two crores Ten lac) Equity Shares of Rs.10/- (Rs. Ten) each and 90,00,000/- (Rs. Ninety Lacs) Preference Shares of Rs.10/- (Rs. Ten) each."

6. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION, THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION.

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the existing Articles 3 of Articles of Association of the Company be deleted and the following be substituted therefor as Article 3."

"The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rs. Thrity Crore) divided into 2,10,00,000 (Two Crore Ten Lacs) Equity Shares of Rs.10/- (Ten) each and 90,00,000 (Ninety Lacs) Preference Shares of Rs.10/- (Rs. Ten) each with power to increase or decrease and with power from time to time to issue any Redeemable non-cumulative preference share or Redeemable cumulative preference shares, qualified or with special rights, privileges or conditions as may be thought fit and upon the sub division of a share to apportion the right to participate in profits in any manner as between the share resulting from sub-division. The right attached to the preference shares shall be such as may be determined by the Board at the time of issue thereof."

7. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION.

"RESOLVED that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, Articles of Association of the Company be altered so as to substitute clause 143 B as under :-



143 B : Preference shares are presumed to be redeemable non-cumulative preference shares as well as redeemable cumulative preference shares.

8. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION AS SPECIAL RESOLUTION.

"RESOLVED that pursuant to section 80, 81 and all other applicable provisions if any, of the Companies Act, 1956 (including any statutory modifications or enactments thereof, for the time being in force) and subject to the enabling provisions of the Memorandum and Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the Company's securities are listed or as may be necessary from the appropriate authorities or bodies and subject to such conditions and alterations as may be imposed by such authorities, etc. which the Board of Directors of the Company (hereinafter referred to as the 'Board') and/or a duly authorised committee thereof, thinks fit in the interest of the Company, the Board be and is hereby authorised to issue, offer and allot Redeemable non cumulative preference Shares or Redeemable cumulative preference shares of the face value of Rs.10/- each of an aggregate nominal amount not exceeding Rs.9,00,00,000/- (Rs. Nine Crore), as the Board at its sole discretion may at any time or times hereafter decide to such person or persons, companies, bodies corporate, Financial and/or Investment Institutions, Promoters, Directors, their friends and relatives, Shareholders, Employees, Business Associates, Non Resident Indians (N.R.I.), in one or more combinations thereof and whether or not such investors are members of the Company or not and whether through Public Issue, Private Placement, Preferential Allotment, Exchange of securities or conversion of Loans or otherwise and at such price or prices in one or more tranches for project funding, and for general corporate purpose including capital expenditure, working capital requirements, strategic investments as the Board or Committee thereof may in its absolute discretion think fit in consultation with Merchant Bankers, Consultants, Advisors or such persons to whom to be issued, the number of shares to be issued, rate of dividend, redemption period, manner of redemption, the ratio of exchange of shares or securities and matter incidental thereto."

"RESOLVED further that the purpose of giving effect to the above resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in absolute discretion deem necessary or desirable and pay any fee, charges, commission and incur expenses in relation thereto."

"RESOLVED further that the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the Issue, Offer or allotment of the Securities and utilisation of issue proceeds as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution, including the authority under Section 81 and other applicable provisions of the Companies Act, 1956."

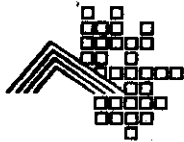
"RESOLVED further that the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any other officer or officers of the Company to give effect to the aforesaid resolutions."

9. TO CONSIDER AND, IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS ORDINARY RESOLUTION ;

"Resolved that Sh. Janmeja Singh Sekhon, be and is hereby appointed as a Director of the Company subject to retire by rotation."

BY ORDER OF THE BOARD
for NARAINGARH SUGAR MILLS LTD.

BALDEV SINGH KANG
(Managing Director)



EXPLANATORY STATEMENT

As required under Section 173 (2) of the Companies Act 1956, the following explanatory statement set out all the material facts relating to item No. 5, 6, 7, 8 & 9 mentioned in the accompanying notice.

Item No. 5

IDBI has sanctioned the restructuring of their loans which inter-alia included conversion of funded interest term loan into 12.5% Redeemable cumulative preference shares capital. In order to enable the Company to issue Redeemable cumulative preference shares, the capital clause of the Memorandum of Association of the Company need to be restructured. Accordingly the Clause V (Capital clause) of Memorandum of Association is proposed to be altered.

None of the Directors of the Company is, in any way concerned or interested in the above resolutions.

Item No. 6 & 7

Further item No. 6 and 7 of the notice required a special resolution for altering Article of Association of the Company so as to substitute Article 3 and Article 143 B which is necessary for giving effects of resolution being passed under item no. 5. As such resolutions in item No. 6 & 7 are proposed for your consideration and approval.

None of the Directors of the Company is, in any way concerned or interested in the above resolution.

Item No. 8

As IDBI has agreed to convert their funded interest term loan portion into preference share capital the Board is being authorised to decide terms and conditions of the issue of such Preference shares.

Consent of the shareholders is sought to authorise the Board of Directors to issue the Preference shares as stated in resolution in terms of provisions of section 80 and 81 and other applicable provisions of Companies Act, 1956. The Directors recommend the said resolutions for approval of the shareholders.

None of the Directors of the Company is, in any way concerned or interested in the above resolution.

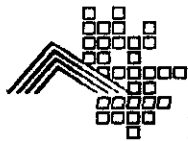
Item No. 9

Sh. Janmeja Singh Sekhon was appointed as an Additional Director of the Company on 31st January, 2001 by the Board of Directors pursuant to Article 92 of the Articles of Association of the Company and provisions of Section 260 of the Companies Act, 1956.

He will hold his office as a Director upto the date of this meeting. As required under Section 257 of the said Act, the Company has received a Notice together with necessary deposit from some members of the Company signifying their intention to propose the candidature of Sh. Janmeja Singh Sekhon for the office of Director. Accordingly the resolution for his appointment as Director of the Company is recommended for your approval.

BY ORDER OF THE BOARD
for NARAINGARH SUGAR MILLS LTD.

BALDEV SINGH KANG
(Managing Director)

**DIRECTOR'S REPORT**

The Members,
Naraingarh Sugar Mills Ltd.

Your Directors have great pleasure in presenting the 8th Annual Report of your company alongwith the Audited Statement of Accounts for the year ended on 30th September, 2000 and Auditors Report thereon.

OPERATIONS

The Company started commercial production for the fourth season w.e.f. 4/12/99 and crushed 40.10 lacs Qtl. of sugarcane and produced 3.69 lac Qtl. Sugar in 138 crushing days at average recovery of 9.2%. This is against the production of 3.57 lacs Qtl. of Sugar in last season at average recovery of 8.9%. The Company recorded turnover of Rs.5096.91 lacs as against Rs.5711.46 lacs in last year.

FINANCIAL RESULTS

| | Current Year | (Rs. in lacs) Previous Year |
|------------------------------------------------|--------------|--------------------------------|
| Profit before Financial Charges & Depreciation | 1261.04 | 1325.59 |
| Financial Charges | 967.38 | 1031.89 |
| Profit before Depreciation | 293.66 | 293.70 |
| Depreciation | 290.82 | 287.53 |
| Net profit/(Loss) | 2.84 | 6.17 |

DIVIDEND

Due to inadequacy of Profits during the year your Directors are unable to recommend any dividend.

DIRECTORS

During the year Sh. Krishan Kumar IAS is appointed as Nominee Director in place of Sh. S.S. Dhillon, IAS by HAIC and Sh. Y.K. Bhatia is appointed as Nominee Director in place of Sh. R.K. Gupta by HSIDC. Further Sh. S.B. Malik is appointed as Nominee Director in place of Sh. U.P. Mathur by IFCI. Sh. S.S. Kang has resigned from the Board and Sh. J.S. Sekhon has been co-opted as Director on the Board. Sh. J.S. Sekhon has been proposed to be inducted as regular Director subject to retire by rotation. The Board has taken on record the appreciation of services rendered by outgoing directors. The Board also warmly welcomed the appointment of Sh. Krishan Kumar, IAS, MD, HAIC and Sh. Y.K. Bhatia, DGM, HSIDC, Sh. S.B. Malik, AGM, IFCI and Sh. J.S. Sekhon, Minister Irrigation, Punjab on the Board. Sh. L.S. Kang, Director and Sh. Inder Kumar, Director retire by rotation and being eligible offer themselves for re-appointment.

AUDITOR'S REPORT

As regards Comments on Note B.5 regarding depreciation, Directors are of the view that Sugar Industry being seasonal, it would be appropriate to charge depreciation on machinery and factory building on actual capacity utilisation. Fixed assets register is being updated and non provision of depreciation on non-factory building, furniture, equipment, computer and vehicles will not have any significant effect as these will have no impact on cash profits Note B.7, B.7.4, B.8 and B.12 have no effect on profits but are giving more transparent view of financial statement. As regards comments on valuation of stock as per note 12.1, it is stated that for better comparison the valuation is done as per the method followed in last years. Other points referred to in the Auditor's Report are self explanatory and therefore, do not call for any further comments.

AUDITORS

M/s P.K. Vasudeva & Co., Chartered Accountants are retiring at the forthcoming Annual General Meeting and are eligible for re-appointment.

DISCLOSURE OF PARTICULARS UNDER SECTION 217(1) (E) OF THE COMPANIES ACT, 1956

Under the Companies (Disclosure of particulars in the Report of Board of Director) Rules 1988, the detailed information is enclosed as per Annexure. The Particulars of employees as required under section 217(2A) of the Companies Act, 1956, are Nil.

INDUSTRIAL RELATIONS

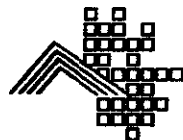
Industrial relations remained cordial during the year except for few days when workers went on strike just before the start of crushing of sugarcane in current season to press their demands. However, the matter has been settled amicably.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the assistance and co-operation extended by the Financial Institutions, Banks and Business Associates of the Company.

for Naraingarh Sugar Mills Ltd.

(Shashi Bhushan Mahen)
Chairman

**ANNEXURE TO DIRECTORS' REPORT**

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 ON 30TH SEPTEMBER, 2000.

A) Conservation of Energy

- a) The Company has installed most modern equipment in the plant and is able to minimise energy consumption.
- b) Total energy consumption and energy consumption per unit of production.

D) Power & Fuel Consumption

| 1. Electricity | Current Year | Previous Year |
|-----------------------------------------------------|--------------|----------------|
| a) Purchased : | | |
| Units | 95877 | 152169 |
| Amount | Rs. 525488/- | Rs. 737269/- |
| Rate/Unit | 5.48 | 4.85 |
| b) Own Generation | | |
| i) Through Diesel Generation Unit | 796619 | 793597 |
| Unit per Ltr. of Diesel Oil | 4.5 | 4.8 |
| Rate/Unit | Rs. 3.08 | Rs. 2.70 |
| ii) Through Steam Turbine Generation Unit | 1,16,36,230 | 1,24,96,746 |
| Unit per Ton of Fuel | 113 | 124 |
| Rate/Unit | Nil | Nil |
| (Being generated out of steam required for process) | | |
| 2. Bagasse | | |
| Quantity M.T. | 103220 | 100852 |
| Total Cost | Rs.516.10 | Rs.554.69 Lacs |
| (Estimated due to own generation) | | |
| Average Rate | Rs.500/- PMT | Rs.550/- PMT |
| 3. Fire Wood | | |
| Quantity (Tonnes) | 225 | 224 |
| Cost | Rs.3.45 lacs | Rs.3.38 lacs |
| Rate per tonne | Rs.1535/- | Rs.1500/- |

II. CONSUMPTION PER UNIT OF PRODUCT

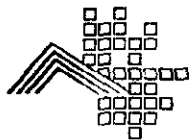
| | | |
|---------------------|------|------|
| Electricity (KW/MT) | 339 | 375 |
| Bagasse (MT/MT) | 2.80 | 2.81 |

B. TECHNOLOGY ABSORPTION**Research and Development (R&D)**

1. The Company is regularly carrying on activities of development of sugarcane in the area.
2. Agriculture Implements, Fertilisers, Pesticides and Cane Seeds are supplied to the Cane-Growers on loan basis and at subsidised rates.
3. Expenditure incurred on R&D : NIL
4. Total Expenditure as %age of Turnover : NIL
5. Technology absorption, adoption and innovation
 - i) The Company has adopted latest technology in the plant to maximise production, yield, better quality and to minimise consumption of energy.
 - ii) The Company has implemented effluent treatment plant of latest technology.
 - iii) Technology imported during the last five years - NIL

C) FOREIGN EXCHANGE EARNING AND OUTGO

- a) The Company has made no export during the year.



Auditor's Report

To the Members,

We have audited the attached Balance Sheet of Naraingarh Sugar Mills Limited as at 30th September, 2000 and the annexed Profit and Loss Account for the year ended on that date and report that :-

1. As required by the Manufacturing and other Companies (Auditor's Report) Order 1988, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph I above, 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 such books.
 - c) The Balance Sheet and Profit & Loss Account, referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet and the Profit & Loss Account complies with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, save non-provision of Excise Duty accrued on finished goods lying in the factory at the year end, as per the practice consistently followed, having no impact on the profitability of the Company.
 - e) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account, read with the notes thereon and subject to note no. B.5 : regarding depreciation, note No. B.7 & 7.4 - regarding adjustment of funded interest and allotment of Redeemable Preference Shares to Financial Institutions, note no. B.8 - regarding waiver of interest by IDBI Ltd., note no. B.12 - regarding non-provision of excise duty on closing stock of finished goods & note no. B.12.1 - regarding valuation of stocks, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - i) In so far as it relates to Balance Sheet of the state of affairs of the Company as at 30th September, 2000.
 - ii) In so far as it relates to the Profit & Loss Account of the profit of the Company for the year ended on that date.

Dated : 28th April, 2001

Place : Chandigarh

For P.K. Vasudeva & Co.
CHARTERED ACCOUNTANTS

P.K. VASUDEVA
Partner