



**Naraingarh Sugar Mills Ltd.**

**Annual Report 2002-2003**

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**11<sup>th</sup>**

**ANNUAL REPORT**

**2002-2003**

**NARAINGARH SUGAR MILLS LTD.**

**BOARD OF DIRECTORS**

Sh. R.K.Gupta	(Nominee-HSIDC)
Sh. Mahavir Singh	(Nominee-HSIDC)
Sh. Rajeev Mukhija	(Nominee-IVCF)
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**

**Sh. P.K. VASUDEVA & CO.**  
Chartered Accountant

**REGISTERED OFFICE & WORKS**

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

**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 11th Annual General Meeting of the Members of the Company will be held on, Wednesday, the 31st day of March, 2004 at 9.00 a.m. at the Registered Office of the Company at Village Banondi, Tehsil Naraingarh, Distt. Ambala, Haryana to transact the following business.

## ORDINARY BUSINESS

- I. To receive, consider and adopt the Audited Balance Sheet as at 30th Sept. 2003 and Profit and Loss account for the year ended on that date and the reports of Directors and Auditors thereon.
- 2: To appoint a Director in place of Sh. J.S Sekhon who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

BY ORDER OF THE BOARD  
for NARAINGARH SUGAR MILLS LTD.

Regd. office :  
Village Banondi  
Tehsil Naraingarh  
Distt. Ambala (Haryana)

BALDEV SINGH KANG  
(Managing Director)

Place Naraingarh  
Date 31st December, 2003

## Notes :

4. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll only to vote instead of himself. Such proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A blank form of proxy is enclosed.
5. Members/Proxies should bring the attendance slip sent herewith, duly filled in and signed and hand over the same at the entrance of the hall.
6. Members may note that the copies of Annual Report will be provided at the meeting.
7. Members are advised that no gift/gift coupons will be distributed at the Annual General



## DIRECTORS REPORT

The Members,  
Naraingarh Sugar Mills Ltd.

Your Directors have great pleasure in presenting the 11<sup>th</sup> Annual Report of your Company alongwith the Audited Statement of Accounts for the year ended on 30<sup>th</sup> September, 2003.

## OPERATIONS

The Company started commercial production for the 7<sup>th</sup> season w.e.f. 16-03-2003 and crushed 14.51 lac Qtl. of Sugarcane and produced 1.45 lac Qtl. sugar in 64 crushing days at an average recovery of 10.01%. This is against the crushing of 32.65 lac Qtl. of sugarcane in 135 crushing days in last season at an average recovery of 9.87 %. The company recorded turnover of Rs. 3285.05 lacs as against Rs. 4312.52 lacs in last year.

## FINANCIAL RESULTS

	Current Year (Rs. In lacs)	Previous Year (Rs. In lacs)
Profit before financial Charges & Depreciation	256.70	627.16
Financial Charges	478.07	816.73
Profit before Depreciation	(221.37)	(189.57)
Depreciation	93.93	222.08
Net Profit/Loss	(315.30)	(411.65)

- 1 The company has made payment over and above statutory minimum price (SMP) to cane growers. Company reserves its right for recovery/adjustment of the same against any statutory dues of growers.

## DIVIDEND

Due to Loss suffered by the Company during the year, your Directors are unable to recommend any dividend.

## DIRECTORS

During the year IFCI has withdrawn its nominee Director Sh. V.K. Joy from the Board. IVCF has replaced its nominee director Sh. Om Joshee with Sh. Rajiv Mukhija. The Board took on record the appreciation of service rendered by outgoing Directors. Sh. J.S. Sekhon, Director retire by rotation and being eligible offer himself for re-appointment.

## AUDITORS

M/s P.K. Vasudeva & Co. Chartered Accountants, the auditors of the Company who are to retire at the ensuing Annual General Meeting being offer themselves for reappointment. The Company has received a certificate to the effect that their reappointment, if made, shall be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. As regards comments on Note No. B9-a it is stated that the valuation is being done as per the method followed in last year for better comparison and as regards Note No. 10-a it is stated that the amount is advanced in the mutual interest of the business. Other points referred in the Auditors Report are self explanatory and therefore do not call for any comments. Further, these have not any significant impact on loss during the year.

## COST AUDITORS

M/s Verma, Verma & Associate, Cost Accountant, Jalandhar has been appointed as the Cost Auditor for the year 2003-04 and their report will be submitted to the Department of Company Affairs, Govt. of India in accordance with the requirements of Law.



## DISCLOSURE OF PARTICULARS UNDER SECTION 217(I) (E) OF THE COMPANIES ACT, 1956.

Under the Companies (Disclosure of particulars in the Report of Board of Directors) 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.

## RESPONSIBILITY STATEMENT

In the preparation of annual accounts, the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the Company have been followed.

The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so far as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2002-03 and of the Loss of the company for that period.

The Directors have 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.

The Directors have prepared the annual accounts on a going concern basis.

## LISTING AGREEMENT

Pursuant to Clause 49 of the listing agreement with Stock Exchange, a report on Corporate Governance is made part of this Annual Report.

## ACKNOWLEDGEMENT

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

For Naraingarh Sugar Mills Ltd.

(Shashi Bhushan Mahen)  
Chairman

## Naraingarh Sugar Mills Ltd.

## Annual Report 2002-03

## ANNEXURE TO DIRECTOR'S REPORT

INFORMATION AS PER SECTION 217(I) (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 30<sup>TH</sup> SEPTEMBER 2003.

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.

B)

Power & Fuel Consumption

1.

Electricity

	Current Year	Previous Year
a) Purchased Units	229115	147387
Amount	1108411	Rs. 945705
Rate/Unit	4.83	6.42
b) Own Generation		
i) Through Diesel Generator		
Unit	400186	447078
Unit per Ltr. Of Diesel Oil	3.21	3.08
Rate/Unit	Rs. 6.08	Rs. 5.06
ii) Through Steam Turbine		
Generation Unit	50,46,136	1,21,52,402
Unit per Tone of Fuel	141	155
Rate/Unit	Nil	Nil
(Being Generated out of Steam required for process)		
2. Bagasse		
Quantity M.T.	35700	78616
Total Cost (Rs. In Lacs)	354.00	353.77
(Estimated due to own generation)		
Average Rate per Tonne	Rs. 991/-	Rs. 450/-
3. Fire Wood		
(Quantity Tonnes)	0.59	0.90
Cost (Rs. In lacs)	Rs. 1.07	Rs. 1.53
Rate per Tonne	Rs.1802/-	Rs. 1697/-

II.

CONSUMPTION PER UNIT OF PRODUCT

Electricity (KW/MT)	386	396
Bagasse (MT/MT)	2.43	2.44

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, Fertilizers, Pesticides and cane Seeds are supplied to the Cane-Growers on loan basis and at subsidised rates.

3)

Expenditure incurred on R&D.

4)

Total Expenditure as % age of Turnover.

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 30<sup>th</sup> September, 2003, the Profit and Loss Account and Cash Flow of the Company 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.

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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and other companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement of the matter specified in paragraphs 4 & 5 of the said order, to the extent applicable.
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 accounts as required by law have been kept by the Company so far as appears from our examination of the books.
  - c) The Balance Sheet, the Profit & Loss account and Cash Flow Statement dealt with by this report, are in agreement with the books of account.
  - d) In our opinion, Balance Sheet and Profit & Loss account comply with the accounting standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
  - e) On the basis of written representation received from the directors, as on 30<sup>th</sup> September, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30<sup>th</sup> September, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) 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 notes thereon, and subject to note nos. B.9.a regarding valuation of stock & note no. 10.a regarding interest free unsecured advances in the nature of loans given by the Company : give the information required by the Companies Act., 1956 in the manner so required and give a true and fair view :
    - i) in the case of the Balance Sheet of the state of affairs of the Company as at 30<sup>th</sup> September, 2003.
    - ii) in the case of the Profit & Loss Account of the loss of the Company for the year ended on that date.
    - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For P.K. VASUDEVA & CO.,  
CHARTERED ACCOUNTANTS

Dated : 31<sup>st</sup> December, 2003  
Place : Chandigarh

( P.K. VASUDEVA )  
Partner



## Naraingarh Sugar Mills Ltd.

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## Annexure to the Auditor's Report

(Annexure referred to in paragraph 1 of the Auditors Report to the members of Naraingarh Sugar Mills Ltd. on the accounts for the year ended 30<sup>th</sup> September, 2003)

1. The Company is in the process of maintaining/updation of records of its fixed assets to show full particulars, including quantitative details and situation of fixed assets. A portion of fixed assets has been physically verified by the management, during the year, in accordance with the phased programme of verification adopted by the Company. The discrepancy, if any, will be ascertained only after the completion/updation of such records.
2. None of the fixed assets have been revalued during the year.
3. As explained to us, the stocks of finished goods, spare parts and raw material have been physically verified during the year by the management. In our opinion & according to the information & explanations given to us, the frequency and the procedures of physical verification of stocks, followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business and the frequency of verification is reasonable. As explained to us, the discrepancies noticed on verification between the physical stock and book records were not significant and the same have been properly dealt within the books of accounts. On the basis of our examination of the stock records, the valuation of stock, except that of finished goods valued as explained in note nos. B.9.a forming part of schedule "O"; is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
4. The company has not taken loans, secured or unsecured, from Companies/firms/other parties, listed in the register maintained under section 301 of the Companies Act, 1956.
5. The company has not granted any loans, secured or unsecured, to firms/other parties, listed in the register maintained under section 301 of the Companies Act, 1956. The Company had granted, interest free, unsecured loans to body corporate, in respect of which no formal agreements were entered into and no stipulations etc. with regard to the repayment/interest were determined. It was explained to us, that the outstanding balances were recovered at the close of the year. (refer note no. B.10.a of Schedule "O").
6. The company has not granted any loans or advances, in the nature of loans except for advances to employees in the ordinary course of business, who are generally repaying the principal amount, as stipulated.
7. 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 nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
8. In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction for purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating, during the year, to Rs. Fifty thousand or more in respect of each party.
9. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials & finished goods and according to the information given to us there have been no major items so determined during the year.
10. In our opinion and according to the information & explanations given to us, the Company has not accepted any deposits from public within the meaning of section 58-A of the Companies Act, 1956 and the rules framed thereunder.
11. In our opinion, reasonable records have been maintained by the company for recording the sale and disposal of realisable by-products & scrap, where significant.
12. In our opinion, the Company does not have any formal internal audit system. However, the internal checks and controls, exercised by the management, appear to be adequate for the size and operations of the Company.
13. According to the information & explanations given to us, maintenance of cost records have been prescribed by the Central Government under section 209 (I) (d) of the Companies Act, 1956 in respect of the Company's business. However, we were informed that such accounts & records are being updated.
14. As explained to us, the provisions of Employees, State Insurance Act are not applicable to the Company. According to the records of the Company, the Provident Fund dues, except for certain cases of late deposits, have been regularly deposited with the appropriate authority.
15. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding, as at 30<sup>th</sup> September, 2003, for a period of more than six months from the date they became payable.
16. According to information & explanations given to us and according to the records examined by us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
17. The company is not a sick industrial company within the meaning of clause (o) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For P.K. VASUDEVA & CO.,  
CHARTERED ACCOUNTANTS

( P.K. VASUDEVA )  
Partner

Dated : 31<sup>st</sup> December, 2003  
Place : Chandigarh

## Naraingarh Sugar Mills Ltd.

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## BALANCE SHEET AS AT 30TH SEPTEMBER 2003

Schedule	30th September, 2003		30th September, 2002	
	Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>				
Shareholder's Funds				
-Share Capital	"A"	258,173,730		258,173,730
Loan Funds				
-Secured Loans	"B"	511,303,289	528,972,893	
-Unsecured Loans	"C"	<u>155,628,046</u>	<u>111,082,005</u>	<u>640,054,898</u>
		<u>666,931,335</u>		<u>898,228,628</u>
		<u>925,105,065</u>		
<b>APPLICATION OF FUNDS</b>				
Fixed Assets	"D"			
-Gross Block (At Cost)		637,674,561	613,999,456	
-Depreciation		<u>166,471,969</u>	<u>157,079,259</u>	
Net Block		471,202,592		456,920,197
Current Assets, Loans & Advances				
-Current Assets	"E"	398,293,956	472,230,065	
-Loans & Advances	"F"	<u>7,716,928</u>	<u>40,487,073</u>	
		<u>406,010,884</u>	<u>512,717,138</u>	
-less : Current Liabilities & Provisions	"G"	<u>53,721,365</u>	<u>121,866,493</u>	390,850,645
Miscellaneous Expenditure (To the extent not written off or adjusted)	"H"	<u>101,612,954</u>		<u>50,457,786</u>
		<u>925,105,065</u>		<u>898,228,628</u>
NOTES FORMING PART OF THE ACCOUNTS	"O"			

**"AUDITOR'S REPORT"**

In terms of our attached report of even date

BALDEV SINGH KANG  
Managing DirectorSHASHI BHUSHAN MAHEN  
ChairmanFor P.K. VASUDEVA & CO.  
Chartered AccountantsHEM RAJ SINGH  
General ManagerP.K. VASUDEVA  
PartnerMOHINDER SINGH  
Manager Finance & AccountsVINOD KUMAR PURI  
Manager Finance cum  
Company Secretary

Dated : 31st December 2003

Place : Chandigarh

## Naraingarh Sugar Mills Ltd.

## Annual Report 2002-2003

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 30TH Sep. 2003

		30th September, 2003		30th September, 2002	
	Schedule	Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
-Sales	"I"		330,243,510		431,680,923
-Increase	"J"		(127,449,250)		69,986,788
<b>EXPENDITURE</b>					
-Material/Manufacturing & Operating Expenses	"K"	168,538,980		413,230,465	
-Administrative & Other Expenses	"L"	20,758,893		20,188,225	
-Financial Charges	"M"	47,806,921		81,672,702	
-Selling & Distribution Expenses	"N"	<u>13,934,408</u>	251,039,202	<u>5,372,665</u>	520,464,057
Gross Operating Profit/Loss			(48,244,942)		(18,796,346)
Depreciation			9,392,710		22,207,891
Prior Period Adjustments			(26,107,731)		160,387
Profit/Loss before Income Tax			(31,529,921)		(41,164,624)
Income Tax (Earlier Years)			0		70,956
Surplus/Deficit Carried to Balance Sheet			(31,529,921)		(41,235,580)

"O"

NOTES ON ACCOUNTS FROM AN INTEGRAL  
PART OF THIS PROFIT AND LOSS ACCOUNT

## "AUDITOR'S REPORT"

In terms of our attached report of even date

BALDEV SINGH KANG  
Managing Director

SHASHI BHUSHAN MAHEN  
Chairman

For P.K. VASUDEVA & CO.  
Chartered Accountants

HEM RAJ SINGH  
General Manager

P.K. VASUDEVA  
Partner

MOHINDER SINGH  
Manager Finance & Accounts

VINOD KUMAR PURI  
Manager Finance cum  
Company Secretary

Dated : 31st December 2003

Place : Chandigarh