



Naraingarh Sugar Mills Ltd.

Annual Report 2008-09

16th ANNUAL REPORT 2008-2009

NARAINGARH SUGAR MILLS LIMITED

**BOARD OF DIRECTORS**

Mr. Mahavir Singh, Nominee Director (HSIDC)
 Mr. Sanjay Suroya, Nominee Director (IDBI)
 Mr. Shashi Bhushan Mahen, Chairman
 Mr. Baldev Singh Kang, Managing Director
 Mr. Onkar Anand, Director & Vice Chairman
 Mr. Jitendra Anand, Executive Director
 Mrs. Renu Anand, Director
 Mrs. Ravinder Kaur Kang, Director
 Mr. Vijay Mahen Director
 Mr. Romesh Chand Sud, Director

COMPANY SECRETARY

Mrs. Jaswant Kaur

STATUTORY AUDITORS

M/s VASUDEVA & ASSOCIATES
 Chartered Accountants
 Chandigarh

COST AUDITORS

M/s Khushwinder Kumar & Co.,
 Cost Accountants
 Jalandhar

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
 Allahabad Bank

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NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the company be and is hereby convened to be held on Wednesday the 30th September, 2009 at 11.30 a.m. at the registered office of the company at Village Banondi, PO: Shazadpur, Teh. Naraingarh, Distt. Ambala to transact the following business(s):

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the period ended at that date alongwith the Director's and Auditor's report thereon.
2. To appoint a Director in place of Mr. Vijay Mehan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Romesh Chand Sud who retires by rotation and being eligible offers himself for reappointment.
4. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

To appoint Auditors and fix their remuneration.

RESOLVED THAT M/s. Vasudeva & Associates, Chartered Accountants, having office at SCO: 32-35, 1st Floor, Madhya Marg, Sector 8C, Chandigarh, the Statutory Auditors of the company, retiring at the ensuing Annual General Meeting, be and are hereby appointed as the Statutory Auditors of the company for the financial year ending on 31st March, 2010.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to fix the remuneration and all out of pocket expenses in consultation with M/s. Vasudeva & Associates, Chartered Accountants.

SPECIAL BUSINESS

5. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

To regularize the appointment of Mr. Onkar Anand as Director liable to retire by rotation.

RESOLVED THAT Mr. Onkar Anand, who was appointed as Additional Director of the company and whose appointment comes to an end on the ensuing Annual General Meeting of the company and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 from one of the shareholders, be and is hereby appointed as Director liable to retire by rotation.

6. **To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:**

Ratification of Appointment of Mr. Onkar Anand as Vice Chairman and fixation of his remuneration.

RESOLVED THAT as per the provisions of Section 198, 269, 309, 311 read with Schedule XIII of the Companies Act, 1956 the appointment of Mr. Onkar Anand, who was appointed as Additional Director and Vice Chairman w.e.f 3rd November, 2008 by the Board of Directors for a period of five years at a monthly remuneration of Rs. 50,000/- per month be and is hereby ratified and his appointment be considered effective from 03.11.2008 to 03.11.2013.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to alter and vary any terms and conditions of the said appointment, if any and as maybe agreed to between the Board and Mr. Onkar Anand in conformity with Schedule XIII and other approvals as may be required from time to time under the provisions of the said Schedule and the Companies Act, 1956.



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7. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

To regularize the appointment of Mr. Jitendra Anand as Director liable to retire by rotation.

RESOLVED THAT Mr. Jitendra Anand, who was appointed as Additional Director of the company and whose appointment comes to an end on the ensuing Annual General Meeting of the company and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 from one of the shareholders, be and is hereby appointed as Director liable to retire by rotation.

8. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

Ratification of Appointment of Mr. Jitendra Anand as Executive Director and fixation of his remuneration.

RESOLVED THAT as per the provisions of Section 198, 269, 309, 311 read with Schedule XIII of the Companies Act, 1956 the appointment of Mr. Jitendra Anand, who was appointed as Additional Director and Executive Director w.e.f 3rd November, 2008 by the Board of Directors for a period of five years at a monthly remuneration of Rs. 1,00,000/- per month be and is hereby ratified and his appointment be considered effective from 03.11.2008 to 03.11.2013.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to alter and vary any terms and conditions of the said appointment, if any and as maybe agreed to between the Board and Mr. Jitendra Anand in conformity with Schedule XIII and other approvals as may be required from time to time under the provisions of the said Schedule and the Companies Act, 1956.

9. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

To regularize the appointment of Mrs. Renu Anand as Director liable to retire by rotation.

RESOLVED THAT Mrs. Renu Anand, who was appointed as Additional Director of the company and whose appointment comes to an end on the ensuing Annual General Meeting of the company and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 from one of the shareholders, be and is hereby appointed as Director liable to retire by rotation.

By order of the board
For Naraingarh Sugar Mills Limited
sd/-

(Onkar Anand)
Vice Chairman

Dated: 02/09/2009

Place: Chandigarh

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 need not to be the member of the company. The Proxies in order to be effective be deposited at the registered office of the company at least 24 hrs before the time fixed of the meeting.
2. A member or Proxy should fill the enclosed attendance slip and deposit the same at the entrance of the meeting hall.
3. All correspondence regarding change of address, transfer/transmission of shares etc maybe made to the Registrars and Share Transfer agents M/s Alankit Assignments Limited, 205-206, Anarkali Market, Jhandelwala Extension, New Delhi 110055.
4. The members desirous of obtaining any information concerning the accounts and the operations of the company are requested to send their queries to the company atleast seven days before the date of



- meeting so as to enable the company to make available the desired information at the meeting.
5. Share Transfer Books and Register of Members will remain closed from Friday, 25th September, 2009 to Wednesday, 30th September, 2009 (both days inclusive)
 6. Members are requested to bring their copies of Annual reports as no additional copies will be provided.
 7. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Items Nos 5 to 9 is annexed hereto.

Item-5

As the shareholders are aware that Mr. Onkar Anand was appointed as Additional Director on the Board of the Company under the provisions of the Section 260 of the companies Act, 1956 to hold office till the conclusion of the Annual General Meeting w.e.f 3rd November, 2008. Mr. Onkar Anand has been contributing to the growth of the company with his valuable services and has handled all the responsibilities efficiently as and when assigned to him by the Board. Besides, the company has also received notice under section 257 of the Companies Act, 1956 proposing his candidature for the appointment as Director.

Your Board, therefore, recommends the regularization of his appointment as Director liable to retire by rotation by way of ordinary resolution.

None of the Directors except Mr. Onkar Anand, Mrs. Renu Anand and Mr. Jitendra Anand is interested in the above resolution

Item - 6

It is informed that Mr. Onkar Anand was also appointed as Vice Chairman by the Board of Directors in its meeting held on 3rd November, 2008 at a remuneration of Rs. 50,000/- per month after compliance of Section 198, 269, 309, 311 read with Schedule XIII of the Companies Act, 1956. However, the said resolution for his appointment as Vice Chairman was subject to ratification of the shareholders in the ensuing Annual General Meeting. Brief particulars of Mr. Onkar Anand are as follows:-

Date of Birth: 12.01.1957

Qualification: B. Sc. Diploma in Materials Management & Diploma in Marketing Management.

Experience: (A) 32 years rich experience in the over all management of company's affairs & sufficient knowledge on the following subjects:

- Rehabilitation of Sick Industries
- Liaison with Financial Institutions/Banks
- Finance Control
- Taxation Matters
- Legal Matters
- Marketing Research & Selling Strategies
- Vendor Development
- Man Management

(B) Promoted Rahul Sales Ltd., in the year 1991. The company specializes in the import of various commodities such as petroleum products, petrochemicals, polymers, heavy/ fine industrial chemicals, agro products with multi-crore turnover.

(C) Have been trading in Sugar, Raw Sugar, molasses and Ethanol in Domestic & International Market for 10 years.

(D) Was associated with Gangeshwar Ltd., Deoband and have got adequate experience of Chemical Process of Sugar Industry and Distillery.



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The appointment of Mr. Onkar Anand as Vice Chairman is in the best interests of the company. In view of the above, your Board places the proposal for ratification of the decision taken by the directors on 3rd November, 2008 by way of ordinary resolution.

None of the Directors except Mr. Onkar Anand, Mrs. Renu Anand and Mr. Jitendra Anand is interested in the above resolution.

Item-7

As the shareholders are aware that Mr. Jitendra Anand was appointed as Additional Director on the Board of the company under the provisions of the Section 260 of the companies Act, 1956 to hold office till the conclusion of the Annual General Meeting w.e.f 3rd November, 2008. Mr. Jitendra Anand has been contributing to the growth of the company with his valuable services and has handled all the responsibilities efficiently as and when assigned to him by the Board. Besides, the company has also received notice under section 257 of the Companies Act, 1956 proposing his candidature for the appointment as Director.

Your Board, therefore, recommends the regularization of his appointment as Director liable to retire by rotation by way of ordinary resolution. None of the Directors except Mr. Onkar Anand, Mrs. Renu Anand and Mr. Jitendra Anand is interested in the above resolution

Item - 8

It is informed that Mr. Jitendra Anand was also appointed as Executive Director by the Board of Directors in its meeting held on 3rd November, 2008 at a remuneration of Rs. 1,00,000/- per month after compliance of Section 198, 269, 309, 311 read with Schedule XIII of the Companies Act, 1956. However, the said resolution for his appointment as Executive Director was subject to ratification of the shareholders in the ensuing Annual General Meeting. Brief particulars of Mr. Jitendra Anand are as follows:-

Date of Birth: 11.01.1951

Qualification: B. A.

Experience: Worked in managerial capacity with the following sugar manufacturing companies:

- (A) Gangeshwar Limited, Deoband for 13 years
- (B) Mahaluxmi Sugar Mills Limited, Iqbalpur for 1 year
- (C) RBN Sugar Mills, Laksar for 2 years.

During association with the above companies, was directly involved in cane development, accounts, stores, purchase & stocks besides other administrative activities.

Have Excellent contacts in Sugar Industry in entire North India.

Have been associated with Rahul Sales Limited for last 16 years and have been looking after procurement, marketing & logistics of sizeable volumes of various commodities including sugar, molasses & ethanol.

The appointment of Mr. Jitendra Anand as Executive Director is in the best interests of the company. In view of the above, your Board places the proposal for ratification of the decision taken by the directors on 3rd November, 2008 by way of ordinary resolution. None of the Directors except Mr. Onkar Anand, Mrs. Renu Anand and Mr. Jitendra Anand is interested in the above resolution

Item 9

As the shareholders are aware that Mrs. Renu Anand was appointed as Additional Director on the Board of the company under the provisions of the Section 260 of the companies Act, 1956 to hold office till the conclusion of the Annual General Meeting w.e.f 3rd November, 2008. Mrs. Renu Anand has been contributing to the growth of the company with her valuable services and has handled all the responsibilities efficiently as and when assigned



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to her by the Board. Besides, the company has also received notice under section 257 of the Companies Act, 1956 proposing her candidature for the appointment of Director. Your Board, therefore, recommends the regularization of her appointment as Director liable to retire by rotation by way of ordinary resolution.

None of the Directors except Mr. Onkar Anand, Mrs. Renu Anand and Mr. Jitendra Anand is interested in the above resolution

By order of the board
For Naraingarh Sugar Mills Limited
sd/-

(Onkar Anand)
Vice Chairman

Dated: 02/09/2009
Place: Chandigarh

Annexure to Notice : The information in respect of Items No. 5 to 9 pursuant to SEBI Code of Corporate Governance in respect of regularization of Directors in this Annual General meeting is furnished hereunder:
General meeting is furnished hereunder :

PARTICULARS	ITEM NO. 5 & 6	ITEM NO. 7 & 8	ITEM NO. 9
Name	Onkar Anand	Jitendra Anand	Renu Anand
Age	52 years	57 years	47 years
QUALIFICATION			
Academic	B.Sc.- Diploma in Materials Management Diploma in Marketing Management	B.A.	M. Com.
EXPERIENCE	(A) 32 years rich experience in the over all management of company's affairs & sufficient knowledge on the following subjects : - Rehabilitation of Sick Industries - Liaison with Financial Institutions/Banks - Finance — Control - Taxation Matters - Legal Matters - Marketing Research & Selling Strategies - Vendor Development - Man Management (B) Promoted Rahul Sales Ltd., in the year 1991. The company specializes in the import of various commodities such as petroleum products, petrochemicals, polymers, heavy/ fine industrial chemicals, agro products with multi-crore turnover (C) Have been trading in Sugar, Raw Sugar, molasses and Ethanol in Domestic & International Market for 10 years. (D) Was associated with Gangeshwar Ltd., Deoband and have got adequate experience of Sugar Industry & Distillery.	Worked in managerial capacity with the following sugar manufacturing companies: (A) Gangeshwar Limited, Deoband for 13 years (B) Mahaluxmi Sugar Mills Limited, Iqbalpur for 1 year (C) RBN Sugar Mills, Laksar for 2 years — During association with the above companies, was directly involved in cane development, accounts, stores, purchase & stocks, besides other administrative activities. — Have Excellent contacts in Sugar Industry in entire North India — Have been associated with Rahul Sales Limited for last 16 years and have been looking after procurement, marketing & logistics of sizeable of various commodities including sugar, molasses & ethanol.	Promoted Chemicraft, proprietorship concern trading in industrial chemicals & paper for 7 years. Have been associated with Rahul Sales Ltd. since the inception of the company in 1991 and have been handling finance, accounts and other administrative activities. Have adequate knowledge of banking, Finance & taxation matters.



DIRECTORS' REPORT

To

The shareholders of
Naraingarh Sugar Mills Limited
Naraingarh

Your Directors are pleased to present the 16th Annual report of your company alongwith audited annual accounts of the company for the period ended 31st March, 2009

OPERATIONS & FINANCIAL RESULTS

Particulars	Current Year (31.03.2009)	Previous year (31.03.2008)
Profit before Depreciation and Tax	586.17	293.59
Depreciation	119.02	167.52
Profit after Depreciation and before tax	467.15	126.07
Taxes	78.95	(81.43)
Profit after Taxes	388.19	207.50
Earning per share	1.79	0.72

The company achieved a turnover of Rs. 8225.49 Lacs which is approximately 21% higher than the last year's figure of Rs. 6796.82 Lacs. It is worth mentioning that the entire amount is out of the operational profits. The net profit before taxes for the current year is Rs. 467.15 Lacs against the previous year figure of Rs. 126.07 Lacs.

Cane Crushing

The comparative figures of Cane crushed during the current and last financial year is given hereunder:-

Period ended 31 st March 2009		Period ended 31 st March 2008	
01/01/2008 to 14/04/08	100222.44	01/04/07 to 02/05/07	658193.49
12/11/08 to 14/03/09	2729223.15	23/11/07 to 31/03/08	3647077.64
Total	2829445.59	Total	4305271.13

The company has been able to achieve much better results despite the fact that sugarcane crushing has been low by 1475825.54 qtls as compared to the last financial year. This is mainly because of the following factors:

- Lot of emphasis was given on higher sugar recovery inspite of bad crop. While most of the neighboring sugar factories were not able to achieve their last year pattern, your company has been able to increase its sugar recovery substantially.
- Lot of emphasis was laid on improving the quality of sugar. The quality of sugar produced was much better than the production of previous year. The quality has been appreciated by the dealers/actual users who have started considering the sugar produced by your company at par with the best being produced in the region.
- Your company started crushing season from 12th November, 2008 while other sugar manufacturing concerns started production in the first week of December, 2008. Similarly, the production continued till 14th March, 2009 as compared to other factories which ended their season in Feb/first week of March, 2009, because of which the company could get more number of working days.

Though the availability of sugarcane was quiet low, however good market prices with better marketing strategies helped us a lot in improving the profitability.



Future Plans

Your management is taking keen interest in upgrading the technology and performance of the sugar manufacturing unit. Presently, the sugar mill has an installed capacity of 4000 TCD at its plant. However, the Company has not been able to achieve desired utilization levels on account of various technical limitations in its manufacturing process. Such limitations have affected the company's operational efficiency and created a dent on its profitability. Therefore, the Company's management in conformance with its technical team has decided to overcome such inefficiencies by de-bottlenecking its manufacturing process through modernization of its key plant & machinery in the various stages of manufacturing process. The proposed investment in modernization of plant & machinery and optimization of production process coupled with intensive cane development program will result in significant improvements. It will improve the capacity utilization from average 67% to 95% of installed capacity besides bringing a significant improvement in the yield, thereby, providing a one third production increase without substantial investment. The said enhancement will improve the profitability quite substantially to more than double of existing profits as it will not have additional fixed cost.

Further, with the introduction of new technology, steam consumption shall be reduced from 52% to 40%. Besides this various power saving equipments shall be implemented to obtain optimum utilization of resources. The company has targeted to optimize its capacity to 4000 TCD with 95% efficiencies. For the purpose, the company has done an in house feasibility with the help of newly recruited, highly competent technical professionals and now envisages implementing a Modernization cum Debottlenecking Scheme. In addition to this, a separate refinery section will be set up to process raw sugar which will be imported from other countries. The processing of raw sugar will be done in off-season when sugarcane is not readily available and most of the sugar factories are shut down. The sugar so processed shall be much better in quality as compared to the sugar produced after crushing of sugarcane. The company intends to eliminate the old mechanical system and substitute the same with power saving equipments thereby reducing the power consumption to 80% of the present consumption. This will increase the viability of the project and will also increase the Sugar recovery rate from 0.5% to 0.9%.

In view of the above, your Board is expecting much better performance in the current year as sugar prices are expected to increase in the coming year.

DIVIDEND

Keeping in view the financial constraints of the company, your directors have decided not to recommend any dividend for the year under review.

DIRECTORS

Change in Directorship

During the year under review, Mr. Avninder Thakur, Mr. Inder Kumar and Mr. Lakhwinder Singh resigned from the Directorship of the company. In their place, Mr. Onkar Anand, Mr. Jitendra Anand and Mrs. Renu Anand were appointed as Additional Directors on the Board w.e.f 3rd November, 2008. Besides, Mr. Onkar Anand and Mr. Jitendra Anand were appointed as Vice Chairman and Executive Director respectively in the same Board Meeting subject to ratification by the shareholders in the ensuing Annual General Meeting.

As per provisions of Section 260 of the Companies Act, 1956 the appointment of Mr. Onkar Anand, Mr. Jitendra Anand and Mrs. Renu Anand comes to an end on the ensuing Annual General Meeting. Your Board recommends the regularization of their appointment as Directors to retire by rotation and ratification of appointment of Mr. Onkar Anand as Vice Chairman and Jitendra Anand as Executive Director.

Directors to retire by rotation

As per provisions of Section 256 of the companies Act, 1956 Mr. Romesh Chand Sud and Mr. Vijay Mehan retire by rotation and being eligible offer themselves for re-appointment at the ensuing annual general meeting.



DIRECTORS' RESPONSIBILITY STATEMENT

Following the Directors' Responsibility Statement as required under section 217 (2AA) of the companies (Amended) Act, 2000, in respect of the Financial Statements, the directors, confirm that:

- * That in the preparation of annual accounts policies, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- * That the directors' have selected such accounting policies and applied them consistently and made judgments and estimated view of the statement of affairs of the company at the end of the financial year ended on 31.03.2009 and of the profit or loss of the company for that period.
- * That the directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provision of companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- * That the directors have prepared the annual accounts on a going concern basis.

AUDITORS

During the current year M/s P K Vasudeva & Co., Chartered Accountants resigned and M/s Vasudeva & Associates, Chartered Accountants were appointed to fill the casual vacancy by the shareholders in their extra ordinary general meeting held on 6th June, 2009. M/s Vasudeva & Associates retire at the ensuing Annual General Meeting. The said Chartered Accountants have confirmed their eligibility under section 224(1B) of the Companies Act, 1956. Your Board recommends their reappointment by way of ordinary resolution.

AUDITORS' REPORT AND OBSERVATIONS

The Auditors' report is self explanatory and does not call for any comments as the auditors have not made any adverse remarks/qualifications in the Auditors' Report.

COST AUDITORS

M/s Khushwinder Kumar & Co., Cost Accountants, Jalandhar were appointed as Cost Auditors for the financial year ended 31st March, 2009. Their report shall be submitted to the Department of Company Affairs, Government of India in accordance with the requirements of law.

REPORT ON CORPORATE GOVERNANCE

As per clause 49 of the Listing Agreement report on Corporate Governance alongwith Certificate of auditors in respect thereof and Management Discussion and Analysis Report forms an essential part of this report and are annexed herewith as Annexure-B.

PUBLIC DEPOSITS

The company has not invited any public deposits under section 58A, 58AA of the Companies Act, 1956 during the financial year under review.

HUMAN RELATION

The Directors wish to place on record their appreciation of the earnest efforts and contributions made by employees at all level for the smooth operation of the company.

PARTICULARS OF EMPLOYEES:

The Company has not employed any person, the information of which is to be given under section 217 (2A) of the companies act, 1956 read with the companies (Particulars of employees) Rules, 1975.