



**Naraingarh Sugar Mills Ltd.**

**Annual Report 2010-11**

# **18th ANNUAL REPORT 2010-2011**

**NARAINGARH SUGAR MILLS LIMITED**

**BOARD OF DIRECTORS**

Mr. Shashi Bhushan Mehan, Chairman  
Mr. Onkar Anand, Director & Vice Chairman  
Mr. Mahavir Singh, Nominee Director (HSIDC)  
Mrs. Renu Anand, Director  
Mrs. Ravinder Kaur Kang, Director  
Mrs. Uma Sharma, Independent Director  
Mr. Gurkirpal Singh, Independent Director  
Mr. Gurdev Bassi, Independent Director  
Mr. Vijay Mehan Director  
Mr. Jitendra Anand, Executive Director  
Mr. Baldev Singh Kang, Managing 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

**REGISTRAR AND SHARE TRANSFER AGENT**

M/s Alankit Assignments Limited

205-206, Anarkali Market,

Jhandelwala Extension, New Delhi, 11005

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## **NOTICE**

NOTICE is hereby given that the 18th Annual General Meeting of the company be and is hereby convened to be held on Wednesday 31st August, 2011 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, 2011 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 Mahen who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mrs. Ravinder Kaur Kang who retires by rotation and being eligible offers herself for reappointment.
4. To appoint a Director in place of Mrs. Renu Anand who retires by rotation and being eligible offers herself for reappointment.
5. 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, 2012.

**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**

6. 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. Uma Sharma, FCWA as Director liable to retire by rotation.

**RESOLVED THAT** Mrs. Uma Sharma, FCWA 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.



**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. Gurdev Bassi, FCA as Director liable to retire by rotation.**

**RESOLVED THAT** Mr. Gurdev Bassi, FCA 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:**

**To regularize the appointment of Mr. Gurkirpal Singh Bedi, as Director liable to retire by rotation.**

**RESOLVED THAT** Mr. Gurkirpal Singh Bedi, 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

Dated: 30/07/2011  
Place: Chandigarh

Sd/-  
(Onkar Anand)  
Vice Chairman

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 for 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 25th August, 2011 to 31st August, 2011 (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 No.s 6 to 8 is annexed hereto.

#### **Item-6**

As the shareholders are aware that Mrs. Uma Sharma, FCWA was appointed as Additional Director on the Board of the company under Section 260 of the companies Act, 1956 to hold office till the conclusion of the Annual General Meeting w.e.f 30th July, 2011 in the capacity of independent director as per provisions of Clause 49 of the Listing Agreement. Mrs. Uma Sharma has been contributing to the growth of the company with her valuable services and has handled all the responsibilities efficiently as and when assigned to her by the Board. Besides, the company has also received notice under section 256 of the Companies Act, 1956 proposing her candidature for the appointment of Independent Director liable to retire by rotation. Brief particulars of Mrs. Uma Sharma are as follows:-

Date of Birth : 20.01.1970

Qualification : B.com, FCWA

Experience : 18 years of post-qualification experience in the following areas:

- Project Financing and Loan Syndication for new projects as well as for expansion purposes.
- Arrangement and Management of Working Capital and Term Finance.
- Budgeting and analysis of variances on monthly basis.
- Finalization of Balance Sheet.
- Costing on monthly basis.



- Handling Income Tax, Service Tax, Sales Tax, Costing, VAT, FBT and other allied matters.

Appointment of Mrs. Uma Sharma as Independent director liable to retire by rotation is in the best interests of the company. In view of the above, your Board recommends the regularization of her appointment as Independent Director liable to retire by rotation by way of ordinary resolution.

None of the directors is interested in the above resolution.

### **Item - 7**

It is informed that Mr. Gurdev Bassi, FCA was appointed as Additional Director on the Board of the company under Section 260 of the companies Act, 1956 to hold office till the conclusion of the Annual General Meeting w.e.f 30<sup>th</sup> July, 2011 in the capacity of independent director as per provisions of Clause 49 of the Listing Agreement. Mr. Gurdev Bassi has been providing professional advice to the company much before his appointment as independent director and has given a new lease of life. He 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 256 of the Companies Act, 1956 proposing his candidature for the appointment of Independent Director liable to retire by rotation. Brief particulars of Mr. Gurdev Bassi are as follows:-

Date of Birth : 25.04.1966  
Qualification : B.com, FCA  
Experience : 20 years of post-qualification experience in the following areas:

- Identification of projects and their implementation.
- Providing Consultancy services in Financial matters
- Project Financing and Loan Syndication for new projects as well as for expansion purposes.
- Liaisoning with Banks and Financial institutions for arrangement and Management of Working Capital and Term Finance.
- Director of M/s Kamdhenu E-solutions (P) Ltd
- Working as Outsourcing partners with following blue chip companies:
  - (a) Reliance Communications Limited



(b) HFCL Infotel Limited

(c) TATA Teleservices Limited

In view of varied experience of Mr. Gurdev Bassi, FCA your Board recommends the regularization of his appointment as Independent Director liable to retire by rotation by way of ordinary resolution which shall be in best interests of the company.

None of the directors is interested in the above resolution.

### **Item - 8**

The shareholders are informed that Mr. Gurkirpal Singh Bedi was appointed as Additional Director on the Board of the company under Section 260 of the companies Act, 1956 to hold office till the conclusion of the Annual General Meeting w.e.f 30th July, 2011 in the capacity of independent director as per provisions of Clause 49 of the Listing Agreement. Mr. Gurkirpal Singh Bedi is a Chemical Engineering Graduate with 20 years experience in setting up and managing profit centre operations involving management & marketing of a wide range of Industrial FMCG, Consumer Durables & range of Financial products. The company has benefited from invaluable services provided by Mr. Gurkirpal Singh Bedi much before his appointment as Director on the Board of the company.

Besides, the company has also received notice under section 256 of the Companies Act, 1956 proposing his candidature for the appointment of Independent Director liable to retire by rotation. Brief particulars of Mr. Gurkirpal Singh Bedi are as follows:-

Date of Birth : 26.01.1968

Qualification : B.E. (Chemical)

Experience : 20 years of post-qualification experience in the following areas:

#### **Profit Centre Operations**

- Establishing business operations from scratch and effectively managing the same.
- Mapping & analysing business potential, identifying new profitable products & product lines.
- Driving sales initiatives to meet desired targets with overall responsibility of achieving top line and bottom line profitability.

#### **Business Development**

- Formulating corporate goals, short term and long term budgets and developing business plans for the achievement of these goals.
- Identifying key accounts/Government Departments and



strategically secure profitable business.

- Leading, training & monitoring the performance of team members to ensure efficiency in sales operations and meeting of individual & group targets.

**Product Management**

- Interacting with industry stalwarts at various forums & generate market information for assessing market needs.
- Facilitate new product development initiatives with key focus on Quality, Control & Delivery.
- Evolving market segmentation & penetration strategies to achieve product wise targets.

**Marketing Operations / Channel Management**

- Designing & managing corporate communication, brand image building and product awareness campaigns; involved in organising seminars / presentations, etc.
- Developing new dealers, expanding existing network; evaluating performance & monitoring distributor sales and marketing activities.
- Ensuring maximum customer satisfaction by achieving delivery / quality norms and providing efficient after sales service

In view of varied experience of Mr. Gurkirpal Singh Bedi your Board recommends the regularization of his appointment as Independent Director liable to retire by rotation by way of ordinary resolution which shall be in best interests of the company.

None of the directors is interested in the above resolution.

BY ORDER OF THE BOARD  
FOR NARAINGARH SUGAR MILLS LIMITED

Dated: 30/07/2011  
Place: Chandigarh

Sd/-  
(Onkar Anand)  
Vice Chairman



**DIRECTORS' REPORT**

To

The shareholders of  
Naraingarh Sugar Mills Limited  
Naraingarh

Your Directors are pleased to present the 18<sup>th</sup> Annual report of your company alongwith audited annual accounts of the company for the period ended 31<sup>st</sup> March, 2011.

**OPERATIONS & FINANCIAL RESULTS**

Particulars	Current Year (31.03.2011)	Previous year (31.03.2010)
Total Income	9109.82	10546.83
Total expenditure	8685.17	9881.26
Profit before Depreciation	424.65	665.57
Depreciation	100.06	91.88
Profit after Depreciation and	324.59	573.69
Taxes	62.67	140.94
Profit after Taxes	261.92	432.75
Earning per share	1.00	1.93

During the financial year under review the company achieved a turnover of Rs. 9091.42 Lacs which is approximately 13% lower than the last year's figure of Rs. 10380.39 Lacs. Though, the company had crushed 2805732 qtls. of cane which is approximately 12% higher than the last year figure of 2530195 qtls, the company could not achieve its target, mainly because of steep fall in sale price of sugar from last year's Rs. 4000-4500 per qtl to Rs. 3300-3000 per qtl. Resultantly, net profit after taxes also dropped by around 40% to Rs. 261.92 Lacs from Rs. 432.75 Lacs.

**Cane Crushing**

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

Qty in Qtls

Particulars	Current Year(2010-11)	Previous Year(2009-10)
Cane Crushed(Qtls)	2805732	2530195
Recovery(%)	9.45	9.25
Production(Qtls)	265770	235500



## **Future Plans**

Your company is an established player in the sugar industry and has been achieving profits despite overall poor performance of the industry in last 3-4 years. The 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.

Looking at the potential of the plant and the uptrend in the sugar industry, the company has targeted to optimize its current capacities from current utilization levels of approx. 62% to 90%. For the purpose, the company has undertaken an in house feasibility with the help of newly recruited, highly competent technical professionals and now envisages implementing a Modernization cum Debottlenecking Scheme involving a capital outlay of Rs. 4000 lacs. The said enhancement will improve the profitability quite substantially to more than double of existing profits as it will not have additional fixed cost.

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.

## **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**

There has been no change in the directorship of the company during the year ended on 31st March, 2011. Later on Mr. Sanjay Suraya and Mr. Ramesh Chand Sud resigned from the directorship of the company. Besides, the Board has appointed Mrs. Uma Sharma, FCWA, Mr. Gurdev Bassi, FCA and Mr. Gurkirpal Singh Bedi as Additional Directors on 30th July, 2011 to act as independent directors under the provisions of Clause 49 of the listing Agreement. As per provisions of Section 260 of the Companies Act, 1956 the appointment of Mrs. Uma Sharma, FCWA, Mr. Gurdev Bassi, FCA and Mr. Gurkirpal Singh Bedi comes to an end on the ensuing Annual General Meeting. Your Board recommends the regularization of their appointment as Directors to retire by rotation as the company has received