



**Naraingarh Sugar Mills Ltd.**

**Annual Report 2004-2006**

**13th  
ANNUAL REPORT  
2004-2006  
(For 18 Months)**

**NARAINGARH SUGAR MILLS LIMITED**



Naraingarh Sugar Mills Ltd.

Annual Report 2004-2006

**BOARD OF DIRECTORS**

Sh. Deepak D. Shivankar (Nominee - IDBI)  
 Sh. Randhir Singh (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 (Director)  
 Sh. Baldev Singh Kang (Managing Director)  
 Sh. Shashi Bhushan Mehan (Chairman)  
 Mrs. Ravinder Kaur Kang (Director)

Sh. Sarabjit Singh (Financial Controller-cum-Company Secretary)

**STATUTORY AUDITORS**

Sh. P.K. VASUDEVA & CO.  
 Chartered Accountants  
 Chandigarh

**COST AUDITORS**

M/s Verma, Verma & Associates  
 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

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## NOTICE OF ADJOURNED ANNUAL GENERAL MEETING

Notice is hereby given that the 13<sup>th</sup> Adjourned Annual General Meeting of M/s Naraingarh Sugar Mills Limited will be held at the registered office of the company i.e. Village Banondi, Tehsil Naraingarh, Distt. Ambala (Haryana) on Saturday, 30<sup>th</sup> September, 2006 at 12.00 p.m. to transact the following businesses :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2006 (for 18 months) and Profit & Loss Account for the year ended on that date and Directors' and Auditors' Report thereon.
2. To appoint M/s P.K. Vasudeva & Co., Chartered Accountants, Chandigarh as Statutory Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board

Date : 01.09.2006

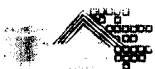
Place: Village Banondi (Naraingarh)

Sd/-

(Baldev Singh Kang)  
Managing Director

### Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself and such proxy need not be a member of the company. A proxy form duly completed and signed should reach at the registered office not later than 48 hours before the scheduled time of the meeting.
2. 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.
3. Members may note that the copies of Annual Report will be provided at the meeting.
4. Members are requested to send their change of addresses, if any, at the Registered Office of the company.
5. Members are advised that no gift/gift coupons will be distributed at the Annual General Meeting.



Naraingarh Sugar Mills Ltd.

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**(FOR INFORMATION ONLY)****NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of M/s Naraingarh Sugar Mills Limited will be held at the registered office of the company i.e. Village Banondi, Tehsil Naraingarh, Distt. Ambala (Haryana) on Wednesday, 31<sup>st</sup> May, 2006 at 12.00 p.m. to transact the following businesses:

**ORDINARY BUSINESS :**

1. To appoint a Director in place of Sh. Romesh Chand Sud, who retires by rotation and being eligible, offers himself for reappointment.

To appoint M/s P.K. Vasudeva & Co., Chartered Accountants, Chandigarh as Statutory Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS :**

1. To appoint M/s Verma, Verma & Associates, Cost Accountants, Jalandhar as Statutory Cost Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting subject to approval of Central Govt. under the applicable provisions of the Companies Act, 1956.
2. To consider and pass, if thought fit, with or without modifications, the following resolution as  
**ORDINARY RESOLUTION :**

"RESOLVED THAT Mr. Inder Kumar, who was appointed as Additional Director of the Company in the Board Meeting held on 04.05.2006 and will have to vacate his office at this meeting by virtue of the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company according to the provisions of Section 257 of the Companies Act, 1956, liable to retire by rotation.

3. To consider and pass, if thought fit, with or without modifications, the following resolution as  
**ORDINARY RESOLUTION :**

"RESOLVED THAT Mr. Avninder Thakur, who was appointed as Additional Director of the Company in the Board Meeting held on 04.05.2006 and will have to vacate his office at this meeting by virtue of the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company according to the provisions of Section 257 of the Companies Act, 1956, liable to retire by rotation.

4. To consider and pass, if thought fit, with or without modifications, the following resolution as  
**ORDINARY RESOLUTION :**

RESOLVED THAT Mr. Lakhwinder Singh Kang, who was appointed as Additional Director of the Company in the Board Meeting held on 04.05.2006 and will have to vacate his office at this meeting by virtue of the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company according to the provisions of Section 257 of the Companies Act, 1956, liable to retire by rotation.



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5. To consider and pass, if thought fit, with or without modifications, the following resolution as ORDINARY RESOLUTION:

"RESOLVED THAT Mr. J.S. Sekhon, who was appointed as Additional Director of the Company in the Board Meeting held on 04.05.2006 and will have to vacate his office at this meeting by virtue of the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company according to the provisions of Section 257 of the Companies Act, 1956, liable to retire by rotation.

6. To consider and pass, if thought fit, with or without modifications, the following resolution as ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 284 read with section 188 & 190 and other applicable provisions, if any, of the Companies Act, 1956, Mr. Hem Raj Singh be and is hereby removed as alleged/so called Executive Director of the company with immediate effect and Mrs. Ravinder Kaur Kang be and is hereby appointed as Director of the company in his stead under the provisions of Section 284 (5) of the Companies Act, 1956 and she shall hold office until the date upto which Mr. Hem Raj Singh would have held office if he had not been removed as aforesaid.

FURTHER RESOLVED THAT Mr. Baldev Singh Kang, Managing Director of the company be and is hereby authorized to inform all the Banks, Financial Institutions and other Govt. or Non-Govt. agencies dealing with the company about the above irregularity and also the members ratify any such aforesaid action done by the Managing Director, in the best interest of the company.

FURTHER RESOLVED THAT Mr. Baldev Singh Kang, Managing Director of the company is also authorized to complete all the legal formalities to be complied with in this regard."

Dt. : 04.05.2006  
Place: Village Banondi (Naraingarh)

By order of the Board  
Sd/-  
(Baldev Singh Kang)  
Managing Director

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting instead of himself and such proxy need not be a member of the company. A proxy form duly completed and signed should reach at the registered office not later than 48 hours before the scheduled time of the meeting.
2. Explanatory statement under Section 173(2) of the Companies Act, 1956 forms an integral part of this notice.
3. Members are requested to send their change of addresses, if any, at the Registered Office of the company.
4. Copy of the requisition received from M/s United Vanaspati Limited (UVL) under section 188, 190 & 284 of the Companies Act, 1956.



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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE  
COMPANIES ACT, 1956**

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**ITEM NO. 1**

M/s Verma, Verma & Associates, Cost Accountants, Jalandhar are the Statutory Cost Auditors of the company. They have to retire at this AGM and being eligible, have offered to continue as Statutory Cost Auditors of your company for the next financial year i.e. 2006-07. Their appointment can be continued by way of passing the ordinary resolution. So the resolution is being presented as ordinary resolution for your consideration and approval.

No director of the company is concerned or interested, directly or indirectly, in the resolution.

**ITEM NO. 2**

It has come to the knowledge of the Board that Mr. Inder Kumar has never resigned from the directorship of the company, but Mr. Hem Raj Singh, the alleged/so called Executive Director of the company, has fraudulently i.e. without obtaining his resignation, filed Form No. 32 w.e.f. 02.03.2005 with the Registrar of Companies (ROC), New Delhi. So the Board decided to appoint him on the Board of the company by following the procedure provided under section 257 of the Companies Act, 1956. Mr. Baldev Singh Kang, who is a member of the company, proposed the candidature of Mr. Inder Kumar as director of the company as per the provisions of Section 257 of the Companies Act, 1956. The appointment can be continued only by way of passing the ordinary resolution. The relevant resolution is being proposed for your consideration and approval.

No director of the company is concerned or interested, directly or indirectly, in the resolution, except Mr. Inder Kumar.

**ITEM NO. 3**

It has come to the knowledge of the Board that Mr. Avninder Thakur has never resigned from the directorship of the company, but Mr. Hem Raj Singh, the alleged/so called Executive Director of the company, has fraudulently i.e. without obtaining his resignation, filed Form No. 32 w.e.f. 02.03.2005 with the Registrar of Companies (ROC), New Delhi. So the Board decided to appoint him on the Board of the company by following the procedure provided under section 257 of the Companies Act, 1956. Mr. Baldev Singh Kang, who is a member of the company, proposed the candidature of Mr. Avninder Thakur as director of the company as per the provisions of Section 257 of the Companies Act, 1956. The appointment can be continued only by way of passing the ordinary resolution. The relevant resolution is being proposed for your consideration and approval.

No director of the company is concerned or interested, directly or indirectly, in the resolution, except Mr. Avninder Thakur.

**ITEM NO. 4**

It has come to the knowledge of the Board that Mr. Lakhwinder Singh Kang has never resigned from the directorship of the company, but Mr. Hem Raj Singh, the alleged/so called Executive Director of the company, has fraudulently i.e. without obtaining his resignation, filed Form No. 32 w.e.f. 02.03.2005 with the Registrar of Companies (ROC), New Delhi. So the Board decided to appoint him on the Board of the company by following the procedure provided under section 257 of the Companies Act, 1956. Mr. Baldev Singh Kang, who is a member of the company, proposed the candidature of Mr. Lakhwinder Singh Kang as director of the company as per the provisions of Section 257 of the Companies Act, 1956. The appointment can be continued only by



way of passing the ordinary resolution. The relevant resolution is being proposed for your consideration and approval. No director of the company is concerned or interested, directly or indirectly, in the resolution, except Mr. Lakhwinder Singh Kang and Mr. Baldev Singh Kang, being the brother of Mr. Lakhwinder Singh Kang.

#### ITEM NO. 5

It has come to the knowledge of the Board that Mr. J.S. Sekhon has never resigned from the directorship of the company, but Mr. Hem Raj Singh, the alleged/so called Executive Director of the company, has fraudulently i.e. without obtaining his resignation, filed Form No. 32 w.e.f. 02.03.2005 with the Registrar of Companies (ROC), New Delhi. So the Board decided to appoint him on the Board of the company by following the procedure provided under section 257 of the Companies Act, 1956. Mr. Baldev Singh Kang, who is a member of the company, proposed the candidature of Mr. J.S. Sekhon as director of the company as per the provisions of Section 257 of the Companies Act, 1956. The appointment can be continued only by way of passing the ordinary resolution. The relevant resolution is being proposed for your consideration and approval

No director of the company is concerned or interested, directly or indirectly, in the resolution, except Mr. J.S. Sekhon.

#### ITEM NO. 6

The Company has received requisition from M/s United Vanaspati Limited (UVL), a member of the company holding more than 1/20<sup>th</sup> of the total equity voting power in our company, under section 188 & 190 of the Companies Act, 1956, to remove Mr. Hem Raj Singh as alleged/so called Executive Director of the Company under Section 284 of the Companies Act, 1956. In the requisition, it is also written that Mr. Hem Raj Singh had appointed himself as alleged/so called Executive Director of the company by forging the signatures of the Managing Director etc. of the Company. For this purpose, he has shown the fake Board/General Meetings i.e. without following the procedure under the Companies Act, 1956. It has also been apprehended that Mr. Hem Raj Singh was trying to takeover the company. The Board took serious view of the same and strongly recommended to your goodself to remove him as alleged/so called Executive Director of the company and appoint Mrs. Ravinder Kaur Kang in his stead by way of passing the resolution as Ordinary Resolution.

No director of the company is concerned or interested, directly or indirectly, in the resolution.

By order of the Board  
Sd/-

(Baldev Singh Kang)  
Managing Director

Dt. : 04.05.2006

Place: Village Banondi (Naraingarh)





## DIRECTORS' REPORT

The Members,  
Naraingarh Sugar Mills Limited,

Your Directors have great pleasure in presenting 13<sup>th</sup> Annual Report of your Company alongwith the Audited Statement of Accounts for the year ended on 31.03.2006.

### OPERATIONS

### FINANCIAL RESULTS

Till previous year, the Financial Year of the company was being closed on 30<sup>th</sup> September, but during the year under consideration, your Directors have decided to extend the Financial Year to 18 months i.e. upto 31.03.2006 with the approval of Registrar of Companies, New Delhi. Accordingly, an application for seeking extension of Financial Year was filed with the Registrar of Companies, New Delhi, which has been duly granted by the ROC. So the following financial results relate to 18 months i.e. from 01.10.2004 to 31.03.2006 :

PARTICULRS	CURRENT YEAR	PREVIOUS YEAR
	(Rs. in Lacs)	(Rs. in Lacs)
Profit before Financial Charges & Depreciation	2485.16	833.20
Financial Charges	811.42	677.52
Profit before Depreciation	1673.74	155.68
Depreciation	447.17	166.51
Net Profit/Loss	1225.35	(10.83)

The company had good profits during the year under review and profits after accumulated losses carried forward to Balance Sheet are Rs. 321.26 lacs.

### DIVIDEND

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

### INDUSTRIAL RELATIONS

Industrial relations remained cordial during the year under review.





## **FIXED DEPOSITS**

During the year under review, the Company has not taken any fixed deposits in terms of Section 58A of the Companies Act, 1956.

## **DIRECTORS**

Mr. Romesh Chand Sud, Director of the Company retire by rotation in accordance with the provisions of the Companies Act, 1956, but being eligible offers himself for reappointment.

During the year under consideration, it has come to the knowledge of the Board that Mr. Inder Kumar, Mr. Avninder Thakur, Mr. Lakhwinder Singh Kang and Mr. J.S. Sekhon have never resigned from the directorship of the company, but Mr. Hem Raj Singh, the alleged/so called Executive Director of the company, had fraudulently i.e. without obtaining their resignations, filed Form No. 32 w.e.f. 02.03.2005 with the Registrar of Companies (ROC), New Delhi. Keeping in view this irregularity, the Board decided to appoint them on the Board of the company as Additional Directors and thereafter regularize them by following the procedure provided under section 257 of the Companies Act, 1956. Mr. Baldev Singh Kang, who is a member of the company, had proposed the candidature of all the four as directors of the company as per the provisions of Section 257 of the Companies Act, 1956. Their appointment could be continued only by way of passing the ordinary resolution. All the four directors including Mr. Baldev Singh Kang were interested in the resolution.

## **EXTRA-ORDINARY EVENT**

During the year under review, Mr. Hem Raj Singh had appointed himself as alleged/so called Executive Director of the company by forging the signatures of the Managing Director etc. of the Company. For this purpose, he has shown the fake Board/General Meetings i.e. without following the procedure under the Companies Act, 1956. It was also apprehended that Mr. Hem Raj Singh was trying to takeover the company. The Board took serious view of the same and strongly recommended to your goodself to remove him as alleged/so called Executive Director of the company and appoint Mrs. Ravinder Kaur Kang in his stead by way of passing the resolution as Ordinary Resolution. Further it is for your kind information that he was arrested on 27.04.2004 and an FIR was lodged under Section 406, 420, 467, 468 and 471 of Indian Penal Code.

## **COST AUDITORS**

M/s Verma, Verma & Associates, Cost Accountants, Jalandhar has been appointed as the Cost Auditors for the year 2006-07 and their report will be submitted to the Department of Company Affairs, Govt. of India in accordance with the requirements of Law.

## **AUDITORS**

The Statutory Auditors M/s P.K. Vasudeva & Co., Chartered Accountants, Chandigarh retire at the conclusion of the ensuing Annual General Meeting and being eligible, are recommended for re-appointment. They have also furnished a certificate stating that their appointment, if made, will be within the limits laid down under section 224(1B) of the Companies Act, 1956.

## **DISCLOSURE OF PARTICULARS UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956**

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 the conservation of energy, technology absorption and foreign exchange earning and outgo is annexed and forms an integral part of the report. The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are NIL.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that :

- In preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March, 2006.
- Proper and sufficient care has been taken 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 annual accounts have been prepared on a going concern basis.

### **RECONSTITUTION OF COMMITTEES**

During the year under review, the Board has reconstituted the following Sub Committees:

#### **(i) Audit Committee**

The Audit Committee provides direction to the Audit and it monitors the quality of the audit. During the year under review, the Board has reconstituted the Audit Committee consisting of :

- (a) Mr. Deepak D. Shivankar, Nominee (IDBI),
  - (b) Mr. Rajeev Mukhija, Nominee (IVCF),
  - (c) Mr. Mahavir Singh, Nominee (HSIDC)
  - (d) Mr. Shashi Bhushan Mehan, Chairman of the Company.
- The Audit Committee shall be chaired by Mr. Deepak D. Shivankar.

#### **(ii) Directors' Remuneration Committee**

The Board has reconstituted the Directors' Remuneration Committee consisting of :

- (a) Mr. Deepak D. Shivankar, Nominee (IDBI),
- (b) Mr. Rajeev Mukhija, Nominee (IVCF),
- (c) Mr. Mahavir Singh, Nominee (HSIDC)
- (d) Mr. Baldev Singh Kang, Managing Director
- (e) Mr. Shashi Bhushan Mehan, Chairman of the Company.

The Directors' Remuneration Committee shall be chaired by Mr. Deepak D. Shivankar.

#### **(iii) Share Transfer Committee**

The Board has reconstituted the Share Transfer Committee consisting of :

- (a) Mr. Deepak D. Shivankar, Nominee (IDBI),
- (b) Mr. Rajeev Mukhija, Nominee (IVCF),
- (c) Mr. Mahavir Singh, Nominee (HSIDC)
- (d) Mr. Baldev Singh Kang, Managing Director

The Share Transfer Committee shall be chaired by Mr. Rajeev Mukhija.