

THE NARANG INDUSTRIES LIMITED

NG

62nd ANNUAL REPORT & ACCOUNTS 2004-05

BOARD OF DIRECTORS

MR. DEVINDER RAJ NARANG
MR. MASINA RAM
MR. SURENDER KUMAR SHARMA
MR. AVDESH MAHESHWARI
MR. TULSI DASS SETHI

MANAGING DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

AUDITORS

M/s. S.P. Nagrath & Co.
Chartered Accountants

REGISTERED OFFICE

Nawabganj, District Gonda,
Uttar Pradesh – 271 304

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CORPORATE OFFICE

28, Sardar Patel Marg
New Delhi – 110 021

REGISTRAR & TRANSFER AGENTS

Beetal Financial & Computer Service (P) Ltd.
New Delhi



The Narang Industries Limited

Regd. Office: P.O. Sugar Factory, Nawabganj, Dist. Gonda, U.P. 271304.

NOTICE

Notice is hereby given that the 62nd Annual General Meeting of the shareholders of The Narang Industries Limited will be held at the Registered Office of the Company at P.O. Sugar Factory, Nawabganj, Dist. Gonda, U.P. on Friday, the 30th September, 2005 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and Profit & Loss Account for the year ended 31st March, 2005, together with the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Avdesh Maheshwari, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

To consider and, if thought fit, to pass with or without modification the following resolutions:

4. As an Ordinary Resolution :

"RESOLVED that Mr. Surender Kumar Sharma be and is hereby appointed a Director of the Company, liable to retire by rotation".

5. As an Ordinary Resolution :

"RESOLVED that Mr. Tulsi Dass Sethi be and is hereby appointed a Director of the Company, liable to retire by rotation".

6. As an Ordinary Resolution :

RESOLVED that, in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approval as may be necessary, the Company hereby approves the terms of re-appointment of Mr. Devinder Raj Narang, Managing Director for a period of one year with effect from 1st October, 2005 on terms set out in the explanatory statement with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of appointment so as not to exceed overall ceiling as stipulated in Sections 198, 309 and 310 of the Companies Act, 1956 including any statutory modification or re-enactments thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time or any amendments thereto as may be agreed between the Board and Mr. Devinder Raj Narang.

By Order of the Board

New Delhi,
30th August, 2005

Devinder Raj Narang
Managing Director

**Notes :**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies in order to be valid and effective must be delivered at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Members are requested to intimate changes, if any, in their registered addresses.
3. The Register of Members and Share Transfer Books of the Company shall remain closed on 30th September, 2005
4. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business set out above is annexed hereto.

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.**Item No. 4**

In the vacancy caused on the Board by the resignation of Mr. Sudarshan Goyal, a Director liable to retire by rotation, the Board appointed Mr. Surender Kumar Sharma on 25th November, 2004 pursuant to article 99 of the Company's Articles of Association. Under Section 262 of the Companies Act, 1956, Mr. Surender Kumar Sharma holds office only upto the date upto which Mr. Sudarshan Goyal in whose place he was appointed would have held office namely, upto the date of the ensuing Annual General Meeting. A notice has been received from a member, as required by Section 257 of the Companies Act, 1956, proposing Mr. Surender Kumar Sharma as a candidate for the office of Director.

Mr. Surender Kumar Sharma, aged 53 years, holds the Bachelors Degree in Commerce from Delhi University and possesses wide experience in Financial Management. Our Board is of the opinion that he will be suitable replacement of Mr. Sudarshan Goyal and it will be desirable that he be appointed as a Director.

None of the Directors of your Company except Mr. Surender Kumar Sharma himself, is interested in the resolution.

The Board of Directors of your Company recommends the resolution for your approval

Item No. 5

Mr. Tulsi Dass Sethi, aged about 62 years, holds the Bachelors Degree in Arts from Delhi University. He was appointed as Addl. Director w.e.f. 29th July, 2005. Mr. Sethi has vast and rich working experience of more than 45 years in the field of Sales & Marketing. The Company feels that his vast experience and knowledge will be of immense value and will help in the growth of the Company.

Mr. Tulsi Dass Sethi holds office upto the conclusion of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956.

Pursuant to the provisions of Section 257 of the Companies Act, 1956 the Company has received a notice from a member alongwith a deposit of Rs.500/- signifying his intention to propose the name of Mr. Tulsi Dass Sethi for the office of Director of the Company.

None of the Directors of your Company except Mr. Tulsi Dass Sethi himself, is interested in the resolution.

The Board of Directors of your Company recommends the resolution for your approval.

Item No. 6

The Agenda item No.6 relates to approval for re-appointment of Mr.Devinder Raj Narang as Managing Director of the



THE NARANG INDUSTRIES LIMITED

Company for a period of one year from 1st October, 2005 to 30th September, 2006.

Mr. Devinder Raj Narang, aged about 42 years is a Commerce Graduate from Sri Ram College of Commerce, New Delhi. He has been associated with the Company since 1984.

Considering the present financial position of the Company, Mr. Devinder Raj Narang voluntarily opted not to draw any salary and perks from the Company since 1st April, 2005. Further, since he has consented to continue as Managing Director of the Company, if re-appointed, without any remuneration, it is in the best interest of the Company to re-appoint him for a further period of one year w.e.f. 1st October, 2005.

The re-appointment of Mr. Devinder Raj Narang, Managing Director w.e.f. 1st October, 2005 has been approved by the Remuneration Committee in its meeting held on 5th August, 2005 subject to necessary approval of shareholders of the Company and the Company Law Board, if required.

Terms & conditions of re-appointment of Mr. Devinder Raj Narang :

1. Mr. Devinder Raj Narang having agreed to continue as Managing Director of the Company without any remuneration, he shall not be paid any salary or perks.
2. He shall be entitled to reimbursement of actual out-of pocket expenses incurred in connection with the business of the Company.
3. He shall be entitled to reimbursement of entertainment expenses actually and appropriately incurred for the business of the Company.
4. As long as he functions as Managing Director, he shall not be paid any sitting fees to attend the meeting of the Board and/or Committee thereof & shall not in any way, directly or indirectly, concerned or interested in the selling or purchasing arrangement with the Company.

None of the Directors of your Company except Mr. Devinder Raj Narang himself, is interested in the resolution.

The Board of Directors of your Company recommends the resolution for your approval.

The above may also be treated as Memorandum of Interest under Section 302 of the Companies Act, 1956

By Order of the Board

New Delhi,
30th August, 2005

Devinder Raj Narang]
Managing Director



THE NARANG INDUSTRIES LIMITED

REPORT OF THE DIRECTORS

Dear Shareholders

Your Directors have pleasure in presenting 62nd Annual Report on business and operations of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

Particulars	Current Year (Rs.)	Previous Year (Rs.)
Profit /(Loss) before Depreciation and Income tax	(29,75,758)	95,19,678
Less: Provision for depreciation	3,17,904	5,33,581
Add: Provision for earlier years Written Back	15,47,178	-
Less: Provision for Income Tax	-	16,54,000
Profit/(Loss) for the period	(17,46,484)	73,32,097

OPERATIONS

During the year under review, the Company has suffered a net loss of Rs.17.46 lacs. . In spite of the persistent efforts, no new business has been identified. Efforts are still being made to re-activate the Company's non-molasses based alcohol manufacturing unit at Aurangabad.

DIVIDENDS

After reviewing the financial position of the Company, your Directors do not recommend any dividend on Equity Shares for the year ended 31st March, 2005.

SUBSIDIARY COMPANIES

During the year under report, Mc Killigan Distillery Limited continues to be a wholly owned subsidiary of your Company.

A statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary company is attached to the accounts. The audited statement of accounts and the Auditors' Report thereon along with Directors' Report of your Company's subsidiary is annexed.

DIRECTORS

The Board of Directors at its meeting held on 30th August, 2005 and at the recommendation of the Remuneration Committee at its meeting held on 5th August, 2005 has re-appointed Mr. Devinder Raj Narang as Managing Director w.e.f. 1st October, 2005 for a period of one year. The details of the terms of re-appointment are given in the notice convening the Annual General Meeting.

During the year under review, Mr. Sudarshan Goyal resigned and, in that casual vacancy, the Board appointed Mr. Surender Kumar Sharma as a Director of your Company. He holds office as a Director upto the date of the ensuing Annual General Meeting. Your Company has received a notice u/s. 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Surender Kumar Sharma as Director and the said appointment is proposed in the notice for the ensuing Annual General Meeting for your approval



The Board expresses its thanks for the valuable contributions made by Mr. Sudarshan Goyal during his tenure as director of your Company.

During the current year, Mr. Tulsi Dass Sethi has been appointed as Additional Director of your Company. He holds office as Additional Director upto the date of the ensuing Annual General Meeting. A notice u/s. 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Mr. Tulsi Dass Sethi as Director and the said appointment is proposed in the notice for the ensuing Annual General Meeting for your approval.

Mr. Avdesh Maheshwari, who is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

AUDITORS

M/s. S.P. Nagrath & Co., New Delhi, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have expressed their willingness to serve, if appointed. They have also confirmed that if re-appointed their appointment will be within the limits prescribed under the Companies Act, 1956.

AUDITOR'S REPORT

The observations of the Auditors are explained, wherever necessary in appropriate notes to the accounts.

PARTICULARS OF EMPLOYEES

The Company has not paid any remuneration attracting the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Hence no particulars are furnished in this regard.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with regard to Directors' Responsibility Statement, it is hereby confirmed :

1. that in the preparation of the accounts for the financial year ended 31st March, 2005, the applicable accounting standards have been followed and there are no material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
3. that 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;
4. that the Directors have prepared the accounts for the financial year ended 31st March, 2005 on a going concern basis.

FIXED DEPOSITS

During the year, your Company has not accepted any Fixed Deposits. As reported last year, the Company had repaid all the fixed deposits and there were no overdue deposits other than unclaimed deposits.

LISTING DETAILS

The Equity Shares of your Company continue to be listed during the year under review at the following Stock Exchanges:

1. The Uttar Pradesh Stock Exchange Association Limited.
2. The Stock Exchange, Mumbai
3. The Delhi Stock Exchange Association Limited

**AUDIT COMMITTEE**

The Audit Committee has reviewed the financial statements for the period ending 31st March, 2005 and has not given any adverse remarks. It has recommended the re-appointment of M/s. S.P. Nagrath & Co. as Statutory Auditors of the Company for another term.

CORPORATE GOVERNANCE

The Company has been proactive in following the principles and practices of good corporate governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreements of the Stock Exchange are complied with. A report on the Corporate Governance duly certified by Statutory Auditors is enclosed and forms part of the Director's Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

During the year under review, foreign exchange earnings and outgo were nil.

ACKNOWLEDGMENT

The Directors wish to thank the Government authorities, bankers, other business associates and shareholders for their unstinted support, assistance and valuable guidance.

For & on behalf of the Board of
The Narang Industries Limited

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(Devinder Raj Narang)
Managing Director

(Masina Ram)
Director

New Delhi, 30th August, 2005

ANNEXURE - I**MANAGEMENT DISCUSSION & ANALYSIS****Industry Structure and Developments :**

At present, the Company is not doing any business. It is still exploring the possibilities of re-activating its non-molasses based alcohol manufacturing unit at Aurangabad.

Opportunities and Threats :

The company had received unsolicited requests from property developers to commercially develop its property at Aurangabad. The Company does not envisage any threats if the property at Aurangabad is commercially developed.

Risks and Concerns :



During the year under review, the Company was dealing in trading of shares. An investment in shares involves a high degree of risk, as the revenues and profitability of the Company are dependent on a number of factors

Financial Outlook :

The overall performance of the Company during the financial year 2004-05 has not been satisfactory.

Future Outlook :

The Company has plans either to re-activate its non-molasses based alcohol manufacturing unit at Aurangabad or to commercially develop its property at Aurangabad.

Business Segment :

The Company has no business segment and as stated above, it is still exploring the possibility of re-activating its non-molasses based alcohol manufacturing project at Aurangabad.

Internal Control System :

The Company had adequate system of internal control and procedures to ensure efficient conduct of business and security of its assets.

Financial Performance :

Though the Company was not doing any business, its continued cost control efforts have been able to bring down the fixed financial costs to some extent during the year.

Human Resources :

As on 31st March, 2005 your Company had only five employees on its muster roll.

ANNEXURE - II

REPORT ON CORPORATE GOVERNANCE

a) Company's Philosophy :

Your Company has always endeavoured for bringing excellence in all spheres of its working. It strives to enhance the transparency and professionalism in all its transactions and decisions.

b) Board of Directors

Name	Category	Designation	No. of Meetings attended	No. of Membership in Board of other Companies	Attendance of each Director at last AGM
Mr. Devinder Raj Narang	Promoter & Executive Director	Managing Director	7	4	No
Mr. Masina Ram	Non-Executive & Independent	Director	8	2	Yes
Mr. Sudarshan Goyal (ceased to be a Director on 25-11-2004)	Non-Executive & Independent	Director	4	-	No



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Mr. Avdesh Maheshwari	Non-Executive & Independent	Director	8	-	No
Mr. Surender Kumar Sharma	Non-Executive	Director	3	3	No
Mr. Tulsi Dass Sethi (Appointed on 29.7.2005)	Non-Executive & Independent	Addl Director	-	1	NA

c) Board Meetings :

During the year, eight Board Meetings were held on 30-4-2004, 29-6-2004, 28-7-2004, 2-9-2004, 25-10-2004, 26-11-2004, 3-1-2005 and 28-1-2005.

d) Audit Committee :

The Audit Committee comprises of two independent Directors namely, Mr. Masina Ram (Chairman of the Committee) and Mr. Avdesh Maheshwari and one Non-Executive Director, Mr. Surender Kumar Sharma.

During the year under review, four meetings of the Audit Committee were held on 29th June, 2004, 28th July, 2004, 25th October, 2004 and 28th January, 2005. Mr. Masina Ram and Mr. Avdesh Maheshwari attended all the four committee meetings. Mr. Sudarshan Goyal attended two meetings and Mr. Surender Kumar Sharma attended one meeting.

e) Remuneration Committee :

The Remuneration Committee comprises of two independent Directors namely, Mr. Masina Ram (Chairman of the Committee) and Mr. Avdesh Maheshwari and one Non-Executive Director, Mr. Surender Kumar Sharma.

During the year under review two meetings were held on 28th July, 2004 & 30th November, 2005. Mr. Masina Ram and Mr. Avdesh Maheshwari attended both the meetings while Mr. Sudarshan Goyal and Mr. Surender Kumar Sharma attended one meeting each.

f) Investors Grievance Committee :

The Board had constituted an Investors Grievance Committee under the Chairmanship of Mr. Masina Ram, a non-executive director. Mr. Devinder Raj Narang, Managing Director had been appointed as Compliance Officer.

During the year under review, four meetings of the Committee were held on 29th June, 2004, 28th July, 2004, 25th October, 2004 and 28th January, 2005 and the Company received seven number of complaints and all these were dealt with satisfactorily. There were no transfers/transmissions pending as on 31.03.2005.

g) General Body Meetings

Details about last three years Annual General Meetings are as under :

S.No.	Date	Place	Time
1.	30-09-2004	Nawabganj, Dist.Gonda, U.P.	11.00 A.M.
2.	28-11-2003	-do-	11.00 A.M.
3.	30-09-2002	-do-	11.00 A.M.

No special resolutions were passed by the shareholders through postal ballot.