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**41st
ANNUAL REPORT
2013-14**

GARG FURNACE LIMITED

GARG FURNACE LIMITED

MANAGEMENT**BOARD OF DIRECTORS**

DIRECTORS (PROMOTERS)	-	Sh. Devinder Garg (Chairman & Managing Director)
	-	Sh. Toshak Garg (Joint Managing Director)
	-	Smt. Vaneera Garg (Wholetime Director)
DIRECTORS (INDEPENDENT)	-	Sh. Yogi Raj Agarwal
	-	Sh. Steven Soni
	-	Sh. Pawan Kumar Garg
	-	Sh. Sushil Singla
	-	Sh. Vivek Kaushal
AUDITOR	-	M/s. Dass Khanna & Co. B-XX, 2815, 1st Floor, Gurdev Nagar, Pakhowal Road, LUDHIANA - 141 00.
COST AUDITOR	-	Meenu & Associates H. No. S-200, Basant Vihar Colony, Noorwala Road, LUDHIANA.
BANKERS	-	Indian Bank Clock Tower Chowk, Ludhiana.
REGISTERED OFFICE & WORK	-	Kanganwal Road, Near Old Octroi Post Ambala Side, V.P.O. Jugiana, G. T. Road, LUDHIANA - 141 120.

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GARG FURNACE LIMITED

CIN: L99999PB1973PLC003385

Regd. office: Kanganwal Road, V.P.O. Jugiana, G.T. Road, Ludhiana-141120

Phone: +91-161-2510383, 2510913 FAX: +91-161-2512285

Email: gargfurnace@yahoo.com

NOTICE

Notice is hereby given that the 41st Annual General Meeting of the members of the company would be held on Tuesday the 30th day of September, 2014 at 9:30 A.M. at the Registered office at Kanganwal Road V.P.O. Jugiana G.T. Road, Ludhiana-141120 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. Vaneera Garg (DIN: 01283990), who retires from office by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s Dass Khanna & Co. Chartered Accountants (Firm Registration No 000402N), be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESSES

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Yogi Raj Aggarwal (DIN: 03611466), Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to 01st September, 2019".

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vivek Kaushal (DIN: 01259910), Director of the Company who has submitted a declaration that

he meets the criteria for independence as provided in section 149(3) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to 01st September, 2019".

6 To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Pawan Kumar (DIN: 03591023), Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in section 149(3) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to 01st September, 2019".

7. To consider and if thought fit, to pass with or without modification, the following **Resolution as a Special Resolution**:

"RESOLVED THAT in supersession of all earlier resolutions passed by the Company in this regard and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall deem to include any committee thereof) to borrow, at any time or from time to time, any sum or sums of monies which together with monies already borrowed by the Company apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business, exceeding the aggregate of paid-up share capital of the Company and its free reserves, provided that the total amount so borrowed by the Board shall not at any time exceed Rs 100 crores;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

8. To consider and if thought fit, to pass with or without modification, the following **Resolution as a Special Resolution**:

"RESOLVED THAT in supersession of all earlier resolutions passed by the Company in this regard and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall deem to include any committee thereof) to create such charges, mortgages, and hypothecations in addition to the existing charges, mortgages and hypothecation created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, in favour of banks/financial institutions, corporates, other entities/persons and trustees for holders of debentures/bonds/other instruments to secure borrowings of the Company availed/to be availed by way of rupee/foreign currency loans/borrowings provided that the total amount of such loans/borrowings shall not exceed at any time Rs. 100 crores;

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and is hereby authorised to do all such acts, deeds, matters and things and give such directions as it may

in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

9. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to and in accordance with the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules there under, the Cost Auditors, M/s Meenu & Associates, Cost Accountants, having office at H.N S-200, Basant Vihar Colony, Noorwala Road, Ludhiana-141008, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid a consolidated remuneration of Rs.45000/- (excluding applicable taxes) and they shall also be entitled to re-imbusement of out of pocket expenses as maybe incurred by them, if any, during the course of their assignment;

RESOLVED FURTHER THAT the Directors and the Company Secretary of the Company be and are hereby severally authorized to take all actions and do all such acts, deeds, matters and things as may be necessary or desirable in connection with or incidental to give effect to the above resolution."

10. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 181 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) , consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as 'the Board' which shall deem to include any committees thereof) to contribute to bonafide charitable and other funds provided that the aggregate amount of contribution to such funds in a financial year shall not exceed the limits as set out in section 181"

For and on behalf of the Board

SD/-
Devinder Garg
Chairman
Din: 01665456

Place: LUDHIANA
Date : 01/09/2014

NOTES

a) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxy (ies) to attend and vote on a poll instead of himself/herself. A proxy need not be a member of the company.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the company carrying voting rights. Provided that a member holding more than ten per cent of the total share capital of the company may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

The instrument appointing the proxy in order to be effective should be deposited, duly completed and signed, at the registered office of the company not less than forty-eight hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

b) Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special business under Item Nos. 4 to 10 above, are annexed hereto.

c) The Board of Directors of your Company comprised of 6 directors of which 3 directors viz. Mr. Yogi Raj Aggarwal (DIN: 03611465), Mr. Pawan Kumar (DIN: 03691023), & Mr. Vivek Kaushal (DIN: 01259910), are Independent Directors, who are not liable to retire by rotation in terms of Sections 149 and 152 of the Companies Act, 2013. Further, Mr. Devinder Garg, appointed as Chairman of your Company, Mr. Toshak Garg Managing Director & Mrs. Vaneera Garg whole time Directors are appointed are subject to liable to retire by rotation, Mrs. Vaneera Garg is liable to retire by rotation at this AGM in pursuance with the provisions of the Companies Act, 2013.

d) The relevant details of Directors seeking appointments/re-appointment under Item Nos. 4 to 6 above, as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges are also annexed.

e) The Register of Members and Share Transfer books of the Company will remain closed from Sunday, September 28, 2014 to September 30, 2014 (both days inclusive).

f) Shareholders holding shares in the physical form are requested to notify any change in their address/mandate/bank details / e-mail address to admin@skylinerta.com, the Registrars and Transfer Agents, to facilitate better services.

g) Members are requested to register their e-mail addresses with the Company / Depository Participant to enable us to send you the Report and Accounts, Notices etc. in electronic mode, as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India.

h) SEBI vide its circular ref no. MRD/DoP/ Cir-05/2009 dated 20.05.2009 has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company/RTA for registration of such transfer of shares irrespective of the amount of such transaction.

i) All intended transferee(s) are, therefore, requested to furnish a self certified copy of their PAN Card along with the relevant transfer deed for registration of transfer of shares. Please note that the shares lodged for transfer without self certified copy of PAN Card of the transferee(s) shall be returned under objection.

j) Members desirous of any additional information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.

k) Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.

l) The Company has provided facility of e-voting to its members as prescribed under the Companies Act, 2013. The instructions for e-voting are annexed to this Notice.

m) The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.

n) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 read with Rules issued thereunder will be available for inspection by the members at the Annual General Meeting.

o) Voting through electronic means

1. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company is pleased to provide members facility to exercise their rights to vote at the 41st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). The instructions for e-voting are as under:

t. The instructions for shareholders voting electronically are as under:

(i) The voting period begins on Tuesday 23rd September, 2014 (9 AM IST) and ends on Thursday 25th September, 2014 (5.30 PM IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 31st August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period

(iii) Click on "Shareholders" tab.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID.

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below.

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio number/member ID in the PAN field. • In case the folio number/member ID is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number/member ID 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the No. of shares in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant Garg Furnace Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on 'Click here to print' option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Institutional Shareholders.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

GARG FURNACE LIMITED**EXPLANATORY STATEMENT**

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.3 to 10 of the accompanying Notice dated 1st September 2014:

Item No.3: This Explanatory Statement is provided though strictly not required as per Section 102 of the Act. M/s Dass Khanna & Co. Chartered Accountants (CA) Firm Registration No.000402N, Chartered Accountants (CAs), Ludhiana were appointed as the statutory auditors of the Company for financial year 2013-14 at the Annual General Meeting (AGM) of the Company held on 30th Sept 2013. As per the provisions of Section 139 of the Act, and rules made there under, a Listed Company can not appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s Dass Khanna & Co. Chartered Accountants, being eligible for re-appointment and based on the recommendation of the Audit Committee of Directors, the Board of Directors has, at its meeting held on 1st September 2014, proposed the appointment of M/s Dass Khanna & Co. Chartered Accountants as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the 44th AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM)

The Board commends the Resolution at Item No.3 of the accompanying notice for approval by the Members of the Company

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution at Item No.3 of the accompanying Notice.

Item Nos.4 to 6 Pursuant to the provisions of Section 149 of the Act, which came into effect from 1st April 2014, all the Listed Companies must have minimum Three independent directors on its board. Further, an Independent Director shall hold office for a term upto five consecutive years on the Board of a company and is not liable to retire by rotation.

To fulfill the requirement of Clause 49 of Listing Agreement, the Company had already appointed Mr. Yogi Raj Aggarwal (DIN: 03611466), Mr. Pawan Kumar (DIN: 03591023), & Mr. Vivek Kaushal (DIN: 01259910), as Independent Directors, times before to fulfill the requirement of Section 149 read with Schedule IV and the Rules made thereunder for appointment as Independent Directors.

The above named Directors have given declarations to the Board that they meet the criteria of independence as provided under Section 149(5) of the Act.

A brief profile of the Directors to be appointed is given below, along with Informations pursuant to corporate governance clause of listing agreement(s) regarding the directors new appointment, seeking re-appointment in AGM.

Name of the Director	Sh. Yogi Raj	Sh. Vivek Kaushal	Sh. Pawan Kumar	Smt. Vaneera Garg
Date of Birth	04/02/1975	01.02.1966	25/01/1990	25/05/1986
Date of Appointment	30/07/2011	15/03/2003	30/07/2011	01/05/2010
Qualification	CA	B.Sc. MBA	BE	B.A
Expertise in Specific Area	Chartered Accountant Professional Experience of about 13 yrs.	Marketing experience of 14 Years.	Industrial & Business Experience of more than 20 Yrs.	Business Experience of More than 20 Yrs.
Directorship in other Companies	NI	Hiracra Yarns Ltd	NI	Avtar Export Pvt Ltd, Vaneera Industries Limited, GAL Correx Pvt. Ltd
Chairman/Member of committees of other Companies	NI	NI	Nil	Nil

GARG FURNACE LIMITED

Item Nos.7 & 8: under the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the Members obtained by an Ordinary Resolution, borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose.

Also, under Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a Company could, with the consent of the Members obtained by an Ordinary Resolution, create charge/mortgage/hypothecation on the Company's assets, both present and future, in favour of the lenders/trustees for the holders of debentures/bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business).

Under the provisions of Section 180(1)(c) and Section 180(1)(a) of the Act, the above powers can be exercised by the Board only with the consent of the Members obtained by a Special Resolution. Further, as per clarification dated 25th March 2014 issued by the Ministry of Corporate Affairs, the Ordinary Resolutions earlier passed under Section 293(1)(d) and Section 293(1)(a) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Act, i.e. upto 11th September 2014.

As such, it is necessary to obtain fresh approval of the Members by means of a Special Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of the paid-up share capital and free reserves of the Company.

It is also necessary to obtain fresh approval of the Members by means of a Special Resolution, to enable the Board of Directors of the Company to create charge/mortgage/hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures/bonds, to secure the repayment of moneys borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business). As the documents to be executed between the Company and the lenders/trustees for the holders of debentures/bonds may contain the power to take over the management and concern of the Company in certain events, it is necessary to obtain Members' approval under Section 180(1)(a) of the Act, by way of a Special Resolution.

Now it is propose to get the consent of members to empower to the Board of Directors for borrowing any sum or sums of money not exceeding at any time the sum of Rs. 100 crore. Further the Members consent require to empower to the Board of Directors for creation of mortgages, charges and hypothecations to secure borrowings same amount upto Rs. 100 crore.

The proposed borrowings of the Company may, if necessary, be secured by way of mortgages, charges and hypothecations on the Company's movable/immovable properties, present and future, in favour of the financial institutions/banks/insurance companies/other investing agencies/trustees for the holders of debentures/bonds/other instruments. As the documents to be executed by, with, or in favour of, the lender/parties may contain the power to take over the management and concern of the Company in certain events, it is necessary for the Members to pass a resolution for creation of mortgages, charges and hypothecation to secure such borrowings.

The Board recommends the Resolutions at Item Nos.7 and 8 of the accompanying Notice for approval by the Members of the Company by a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions at Item Nos 8 & 9 of the accompanying Notice.

Item No.9: Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee of Directors, the Board of Directors has approved the appointment of M/s Meenu & Associates, Cost Accountants as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2014-15, at a remuneration of ₹ 45000/- plus service tax and actual out-of-pocket expenses.

M/s. Meenu & Associates as the Cost Auditors of the Company have furnished a certificate regarding their eligibility for appointment as Cost Auditors of the Company. They have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the previous year under the provisions of the Companies Act, 1956.

GARG FURNACE LIMITED

The Board recommends the Resolution at Item No. 9 of the accompanying Notice for ratification by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution at Item No. 10 of the accompanying Notice.

Item No.10: Pursuant to Section 181 of the Act, the Company can contribute to bonafide charitable and other funds provided that the aggregate amount of contribution to such funds in a financial year shall not exceed the limits as set out in section 181, with the approval of members of the company, the Board of Directors therefore recommends the Resolution at Item No. 10 of the accompanying Notice for approval of by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution at Item No. 10 of the accompanying Notice.

For and on behalf of the Board

Place: LUDHIANA
Date : 01/09/2014

**SD/-
Davinder Garg
Chairman
Din: 01665456**

DIRECTORS' REPORT

The Members of
Garg Furnace Limited

The Directors of your company have pleasure in presenting the 41st Annual Report on the affair of the company together with the Audited Accounts for the year ending 31st March, 2014.

1. FINANCIAL RESULTS

	(Rupees in Lacs)	
	<u>2013-14</u>	<u>2012-13</u>
Operating Income	16483.36	21163.28
Profit before depreciation, Interest & tax	1023.09	923.21
Interest & Financial Expenses	758.58	592.72
Profit before depreciation & tax	264.51	330.49
Depreciation	132.27	128.52
Profit before tax	132.24	201.97
Provision for tax -Current Tax	25.31	76.57
-Deferred Tax Asset	13.24	32.33
Profit after Tax	93.69	93.07
Prior year Tax adjustments	(0.00)	(0.00)
Balance brought forward	<u>156.24</u>	<u>163.17</u>
	<u>249.93</u>	<u>256.24</u>
APPROPRIATIONS		
Transfer to General Reserve	20.00	100.00
Balance carried over to Balance Sheet	<u>229.93</u>	<u>156.24</u>
	<u>249.93</u>	<u>256.24</u>

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) BUSINESS REVIEW:

STEEL INDUSTRY – GLOBAL PERSPECTIVE

The world economy has experienced subdued growth for another year in 2013. Underperformance in the world economy was observed across almost all regions and major economic groups. Most developed economies continued struggling against the lingering effects of the financial crisis, grappling in particular with the challenges of taking appropriate fiscal and monetary policy actions. A number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new headwinds during 2013 on both international and domestic fronts.

Amongst the large steel consuming nations, the steel consumption growth in India has been 2nd only to China. With the steel consumption growth rate in China projected to moderate to around 3% in future, India is going to emerge as fastest growing major steel consuming nation. During 2013-14, domestic crude steel production was 81.6 million tonnes, a growth of 4% over 2012-13. Total finished steel at 85 million tonnes, registered a growth of 4.1% during 2013-14. Export of finished steel at 5.6 million tonnes exceeded the imports of 5.4 million tonnes, after a gap of 5 years. Higher exports were driven by volatility of the rupee, and mismatched demand-supply situation in 2013-14 vis-à-vis previous year.

INDIAN OUTLOOK

Slow growth has been observed in the demand for steel products in India primarily due to near stagnant growth in steel consuming sectors like Infrastructure, housing, auto and consumer goods. An upside was by the depreciating rupee allowing India, for the first time in recent years, to become a net exporter of steel products in the Financial Year 2014-15.

Overall, the future outlook for the steel sector could be positive from third quarter onwards. The steel prices will be competitive as the demand is likely to pick up depending upon revival in economic growth and the government measures to ease infrastructure investment rules. The demand for value added products like bright bar, spheroidised annealing steel, normalized steel etc. will boost the demand in engineering and auto sector.

COMPANY'S BUSINESS STRATEGY

The Company is in process of installing the Continuous Caster Machine with requisite amount of investment. With this project the company will be able to produce M.S Billet with an automatic system which will reduce cost of production.

As we had predicted last year's annual report, the year 2013-14 was going to be a difficult year with increased capacities among steel mills and slowdown in auto sector and other steel consuming sectors. As a result of overall down scenario we face squeeze in margins. This Situation is likely to continue at least for the first half of year.

Company's future outlook

Your Company however, believes in the future of high quality products. As the country is witnessing the slowdown in growth, the steel industry has slowed down. This is having a serious impact on business sentiments for steel industry, as a result this year the volume will be under stress and also margins for the first half of the year. In addition there will be plants shutdown which has to be taken for project. This will have an impact even on margins; the company hopes to recover its performance from the year 2013-14 onwards.

B) PRODUCTION AND SALES REVIEW

During the year under review, the company has produced 30171.835 Metric tons of Steel products. The operating receipts of the company has decreased to 164 Crores from 211 Crores in the previous year.

C) INTERNAL CONTROL & SYSTEMS

The company has adequate internal control procedures commensurate with its size and nature of its business. These internal policies ensure efficient use and Protection of assets and resources. Compliance with policies, ensure reliability of financial and operational reports.

D) RISK AND CONCERNS

The Steel Industry witnesses Cyclical price movements. The fortunes of the industry move up and down in time with the market trend of prices. This phenomenon has become more uncertain and unpredictable with the increased integration of domestic and global markets. The company has taken the cost cutting initiatives, enriching the product mix and strengthened its marketing to cope with the business trend.

E) HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATION

During the year, the company has employed 104 persons. The Industrial Relations remain cordial during the year. The company is continuing its efforts for improvement in the work culture wherein employees can contribute to their fullest potential. The management acknowledges the contribution of all employees in achieving better performance.

DIVIDEND

The Board of Directors do not recommend payment of dividend for the year under review.

LISTING

The company's equity shares are listed at Ludhiana Stock Exchange Association Limited, Feroze Gandhi Market, Ludhiana, The Delhi Stock Exchange Association Limited, DSE House, 3/1, Asif Ali Road, New Delhi & The Stock Exchange Mumbai, Dalal Street, Mumbai. The listing fee dues of the Stock Exchanges have been paid up to the financial year under review.

DEMATERIALISATION

All activities relating to Company's listed securities (Physical & in Demat form) are being undertaken by Mrs Skyline Financial Services Private Limited w.e.f 01.04.2003. The Address & Contact Nos. are:

Mrs Skyline Financial Services Pvt Ltd.
D-153A/1st Floor
Okhla Industrial Area, Phase-I
NEW DELHI- 110020.
TEL: 64732681-88
FAX: 26812682
Email-admin@skylinerta.com

The members are advised to send their shares to R.T.A.

DIRECTORS

a). In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mrs. Vaneera Garg retires by rotation and is eligible for re-appointment.

GARG FURNACE LIMITED

b). Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr Yogi Raj Aggarwal and Mr Vivek Kaushal & Mr Pawan Kumar, as Independent Directors for the terms given in the Notice of the 41st Annual General Meeting. Details of the proposal for the appointment of above Independent Directors are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 41st Annual General Meeting.

c). Mr. Sushil Singla, & Mr. Stevan Soni the director of company and member of committees thereof has resigned from the board w.e.f 25th Aug 2014. The Directors would like to place on record their sincere appreciation for their commitment and contribution made by him during his tenure on the Board

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 1956, the Directors confirm:-

- i) That in the preparation of annual accounts, the applicable accounting standard have been followed and wherever required proper explanations relating to material departures have been given.
- ii). That appropriate accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year as at 31.03.2014 and of the profits of the company for the year ended 31.03.2014.
- iii) That 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
- iv). That annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The company has put in place a system of Corporate Governance. A Separate report on Corporate Governance forming part of the Annual Report is annexed hereto. A Certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under The Corporate Governance clause of the Listing Agreement is annexed to the report on Corporate Governance.

AUDITORS

M/s Dass Khanna & Co Chartered Accountants, Ludhiana retires at the conclusion of ensuing Annual General Meeting. They have given their consent for re appointment. Pursuant to provisions of Section 139(2) of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s Dass Khanna & Co are eligible for appointment as Auditors for further term of three years. Company has received written confirmation from M/s Dass Khanna & co to the effect that their appointment if made, would satisfy the criteria provided in Section 141 of Companies Act, 2013 for their reappointment. The Board recommends the re-appointment of M/s M/s Dass Khanna & Co. Chartered Accountants, Ludhiana as statutory auditors of the Company from the conclusion of the ensuing AGM till the conclusion of the 44th AGM to be held in the year 2017, subject to annual ratification by members at Annual General Meeting.

AUDITORS' REPORT

The Auditor's Report is self explanatory and therefore do not call for any further comments.

COST AUDITORS

The Board of Directors has appointed M/s Meenu & Associates, Cost Accountants, Ludhiana as the Cost Auditors of the Company for the year 2014-15 The approval of the Central Government in this regard has also been received. The Cost Auditors Report will be sent to the Central Government as required under law.

The Cost Audit Report for the financial year 2013-14, in respect of the various products prescribed under Cost Audit Rules, 2011, is due to be filed with MCA and shall be filed as per the Requirements of applicable laws.

FIXED DEPOSITS

During the year under review the company has neither accepted nor intend to accept any public deposit within the provisions of section 58-A of the Companies Act, 1956 and rules made thereunder. There are no outstanding / unclaimed deposit from the public.

INDUSTRIAL RELATIONS

The Industrial relations remained cordial through out the year and have resulted in sustained growth of the company.

PARTICULARS OF EMPLOYEES

Information pertaining to employees pursuant to section 217 (2A) of the Companies Act, 1956 is nil.

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

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo as required under Section 217 (1)(e) of The Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Directors) Rules 1988 is annexed and forms part of this report.

ACKNOWLEDGEMENT

The Directors wish to extend their sincere thanks to the Indian Bank, Punjab State Power Corporation Limited, Container Corporation of India, other State & Central Government Agencies, Suppliers and Customers for their continued support and co-operation.

The Directors also wish to place on record their deep appreciation for the services rendered by the workers & staff at all levels.

For and on behalf of the Board

Place: LUDHIANA
Date : 01/09/2014

SD/-
(DEVINDER GARG)
CHAIRMAN
Din: 01665456

Information pursuant to section 217(1)(e) of The Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Director's Report for the year ended 31st March, 2014.

I. CONSERVATION OF ENERGY

- | | | |
|---|---|---|
| a) Energy conservation measures | : | The company has always been conscious of the need to conserve energy and has always attempted various measures for the same wherever possible to achieve reduction in cost of production. The company has taken various measures on suggestions of experts in the areas where energy reduction and fuel & oil conservation is possible. |
| b) Additional Investment and proposals if any, being implemented for reduction of energy consumption. | : | No. |
| c) Impact of Measures taken at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods. | : | 5% Saving in Energy consumption. |
| d) Total energy consumption per unit of production as per form A of the annexure to the rules in respect of industries specified in schedule thereto. | : | |

GARG FURNACE LIMITED

A. POWER & FUEL CONSUMPTION

1. Electricity	<u>Current Year</u>	<u>Previous Year</u>
a) Purchased		
Units(KWH) (in Units)	11564443	14491290
Total amount	Rs. 82338834.00	Rs. 86223177.00
Rate per unit	Rs. 7.12	Rs. 5.95
b) Own Generation		
	<u>Current Year</u>	<u>Previous Year</u>
i) Through Diesel Generator Units (KWH)	26800	27700
Units per litre of diesel	3.90	3.80
Oil Cost/unit	Rs. 13.25	Rs.12.00
ii) Through steam Turbine	Nil	Nil
2. Coal		
Quantity (Kgs)	743129	1108235
Total Amount	Rs. 8669515.00	Rs. 18791382.00
Average Rate per Kg	Rs. 11.93	Rs. 16.96

B. CONSUMPTION PER UNIT OF PRODUCTION

<u>Products</u>	<u>Current Year</u>	<u>Previous Year</u>
Electricity (KWH) Steel Ingots, Rounds, Castings/Wire Rod/Mig wire	413 Units (*)	461 Units (*)
Coal Rounds/Castings/Wire Rod	41 Kgs	59 Kgs

(*) Consumption for separate products is not feasible.

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are as under:

A. Research and Development (R&D)	Nil
B. Technology absorption, adoption and innovation	Nil

The manufacturing process is based on the indigenous know-how. We are adopting water cooling system with heat exchanger and colloid-A-Tran equipment for improvement in the working of the plant.

III. FOREIGN EXCHANGE EARNING AND OUT GO

	<u>2013-2014</u>	<u>2012-2013</u>
Total Foreign Exchange earned	NIL	NIL
Used (CIF Value of Imports)	Rs. 21,02,06,528.00	Rs. 30,76,13,600.22

GARG FURNACE LIMITED**CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY**

The company believes in and practices good corporate Governance. The company's essential character is shaped by the very values of transparency, professionalism and accountability. The company continuously endeavours to improve on these aspects on an ongoing basis.

2. BOARD OF DIRECTORS

The Board of Directors consists of 8 directors. The composition and category of Directors as on 31/03/2014 are as follows:-

<u>Category</u>	<u>Name of Directors</u>
Promoter/Executive Directors	Sh. Davinder Garg - Chairman & Managing Director Sh. Toshak Garg - Whole time Director Smt. Vaneera Garg - Whole time Director
Independent/Non-Executive Directors:	Sh. Pawan Kumar Sh. Yogi Aggarwal Raj Sh. Vivek Kaushal Sh. Sushil Singla Sh. Stevon Soni

Nominee/Institutional Directors Nil

Name of Director	Attendance Particulars		No. of other directorships and Committee membership/Chairman-		
	Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Sh. Davinder Garg	7	Present	3	1	None
Smt. Vaneera Garg	7	Present	3	1	None
Sh. Sushil Singla	4	--	5	2	2
Sh. Toshak Garg	7	Present	1	None	None
Sh. Pawan Kumar	4	--	None	2	None
Sh. Stevon Soni	3	--	None	None	None
Sh. Yogi Aggarwal Raj	3	--	None	2	1
Sh. Vivek Kaushal	3	--	None	2	None

During the year, 7 Board Meetings were held as against the minimum requirement of 4 meetings. The dates on which the meetings were held are: 30/05/2013, 28/06/2013, 14/08/2013, 22/08/2013, 04/09/2013, 14/11/2013, 14/02/2014

3. AUDIT COMMITTEE

The Audit Committee comprises of three independent, Non Executive Directors viz Sh. Vivek Kaushal, Sh. Pawan Garg & Sh. Yogi Raj Aggarwal. The terms of reference of the Audit Committee are as contained in Corporate Governance Clause of the listing agreement. The Audit Committee met five times during the year. The dates on which meeting were held are 30/05/2013, 14/08/2013, 14/11/2013, 14/02/2014 and attended by members as under:

GARG FURNACE LIMITED

Name of Director	Attendance Particulars
	Board Meeting
# Sh. Sushil Singla	4
Sh. Pawan Kumar	3
Sh. Yogi Aggarwal Raj	3
Sh. Vivek Kaushal	4

4. REMUNERATION COMMITTEE

The Board of the company had constituted a Remuneration Committee comprising of 3 Independent Non Executive Directors viz. Sh. Yogi Raj Aggarwal Chairman, Sh. Vivek Kaushal, Sh. Pawan Garg.

The remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Wholtime Directors based on performance.

The remuneration policy is directed towards rewarding performance based on review of achievement on a periodic basis.

Only one meeting was held on 14/06/2013 during the year and all the members of the Committee attend the meeting.

Detail of Remuneration paid to the Directors during the financial year is as given below:-

a) Executive Directors

Name	Designation	Salary	Other	Total
Sh. Devinder Garg	Chairman & Managing Director	8,40,000	---	8,40,000
Sh. Toshak Garg	Managing Director	7,20,000	---	7,20,000
Smt. Vaneera Garg	Whole Time Director	6,00,000	---	6,00,000

Non Executive Directors have not been paid any remuneration/fees during the year.

5. SHAREHOLDING

No Non-Executive Directors hold any shares in the Equity Capital of the Company.

6. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Board of the Company has re-constituted a Shareholder's/Investor's Grievances Committee comprising of Sh. Pawan Kumar (Chairman), Smt. Vaneera Garg and Sh. Devinder Garg. The Committee inter alia approves issue of duplicate certificates and overseas and review all matters connected with Securities transfer. The committee also looks into redressal of Shareholder's complaints like transfer of shares, non receipt of Balance Sheet, Non receipt of declared dividends etc. The Board of Directors has delegated the power of approving transfer of securities to the Managing Director.

The Board has designated Sh. Raj Deep Executive Secretarial Department as Compliance Officer. The total number of letters/complaints received and replied to the satisfaction of shareholders during the year ended 31st March, 2014 were NIL. Outstanding letters/complaints as on 31st March, 2014 were NIL. No request for transfer/dematerialization was pending for approval as on 31st March, 2014.

GARG FURNACE LIMITED

7. GENERAL BODY MEETINGS

Detail of last three Annual General Meetings

Meeting	Day	Date	Time	Venue	No. of Special Resolutions
38 th AGM	Friday	30.09.2011	9.30 AM	Registered Office at Kanganwal Road, VPO Jugiana, G.T. Road, Ludhiana.	2
39 th AGM	Saturday	29.09.2012	9.30 AM	Registered Office at Kanganwal Road, VPO Jugiana, G.T. Road, Ludhiana.	2
40 th AGM	Monday	30.09.2013	9.30 AM	Registered Office at Kanganwal Road, VPO Jugiana, G.T. Road, Ludhiana.	1

8. DISCLOSURES

During the year, there was no material/significant transaction with the directors or the management, or relatives etc that have any Potential conflict with the interest of the company at large. Also there has not been any non-compliance by the company in respect of which Penalties or Strictures were imposed by the Stock Exchange or SEBI or any other Statutory Authority during the last three years. The management has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and that it has provided protection to the "Whistle Blower" from unfair termination and other unfair or prejudicial employment practices.

Further, the company has complied with all the mandatory requirements of clause 49 of the listing agreement. The company also take-up the non-mandatory requirement of clause 49 in due course of time.

9. MEANS OF COMMUNICATION

The company communicates with the shareholders at large through its Annual Reports, Publication of financial results and by filing of various reports and returns with the Statutory Bodies like Stock Exchange and the Registrar of Companies. The quarterly results are published in the English Daily "Financial World" & Punjabi daily "Desh Sewak".

The management discussion & Analysis forms part of Annual Report, which is mailed to the shareholders of the company.

10. GENERAL SHAREHOLDERS INFORMATION

i) 41st Annual General Meeting

Date : Tuesday, 30th September, 2014.
Time : 10.00 A.M.
Venue : Registered Office:
Kanganwal Road, VPO Jugiana, G.T. Road, Ludhiana.

ii) Financial Calendar 2014-15 (Tentative)

First Quarter Results : July, 2014.
Second Quarter Results : October, 2014.
Third Quarter Results : January, 2015.
Forth Quarter Results : April, 2015.

iii) Date of Book Closure : 28.09.2014 to 30.09.2014 (Both days inclusive)

iv) Dividend Payment due : Within 30 days after declaration.

GARG FURNACE LIMITED

v) Listing:

The Securities of the Company are listed on the following Stock Exchanges:-

1. The Ludhiana Stock Exchange Association Limited (LSE),
Feroze Gandhi Market,
Ludhiana- 141 001.
2. The Delhi Stock Exchange Association Limited (DSE),
DSE House, 3/1 Asaf Ali Road,
New Delhi- 110 002.
3. The Stock Exchange Mumbai (BSE),
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort, Mumbai- 400 001.

vi) Stock Code

1. The Ludhiana Stock Exchange Association Limited (LSE), -
2. The Delhi Stock Exchange Association Limited (DSE), 6819
3. The Stock Exchange Mumbai (BSE), 30615

vii) Stock Market price data for the year 2012-2013

BSE PRICES

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of shares
Apr 13	10.00	10.00	10.00	10.00	1,696
May 13	-----	-----	-----	-----	-----
Jun 13	9.51	9.51	8.18	8.18	2,977
Jul 13	7.90	9.00	7.38	8.14	10,949
Aug 13	7.78	8.15	7.05	7.05	11,075
Sep 13	7.05	7.05	7.05	7.05	200
Oct 13	7.40	7.40	6.71	6.80	2,361
Nov 13	7.14	8.68	7.14	8.66	675
Dec 13	9.09	11.03	9.09	11.03	450
Jan 14	11.53	16.80	11.53	15.21	11,926
Feb 14	15.90	21.90	15.90	21.90	925
Mar 14	22.95	22.95	18.90	18.90	25,221

GARG FURNACE LIMITED**viii) Register & Transfer Agent**

The work related to share transfer registry in terms of both physical and electronic mode is being dealt at Single Point with M/s Skyline Financial Services Private Limited, New Delhi as per address given below:-

M/s Skyline Financial Services Pvt Ltd,
D-153A/1st Floor
Okhla Industrial Area, Phase-I
New Delhi-110020
TEL: 011-64732681-88
FAX: 26812682
Email-admin@skylinertn.com

ix) Share Transfer System

The company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders with the stipulated time.

x) Distribution of Shareholding as on 31st March, 2014

Range	Share holders		Shares	
	No. of shares	Numbers	Numbers	% to total
Upto 500	1320	81.73	226837.00	5.66
501 to 1000	150	9.29	128932.00	3.17
1001 to 2000	53	3.28	82563.00	2.06
2001 to 3000	25	1.55	66795.00	1.67
3001 to 4000	17	1.05	60226.00	1.50
4001 to 5000	8	0.37	27361.00	0.68
5001 to 10000	14	0.87	97732.00	2.44
10001 and above	30	1.86	3320254.00	82.83
	1615	100.00	4008700.00	100.00

xi) Dematerialisation of shares

As on 31st March, 2014, 64.38 % of the Equity Share Capital comprising 25,80,725 Equity Shares was dematerialised.

xii) Plant Locations

Kanganwal Road, VPO Jugiana, G.T.Road, Ludhiana- 141 120.

xiii) Address for Correspondence:-

Regd. Office: Kanganwal Road, VPO Jugiana,
G.T.Road, Ludhiana- 141 120.
Telephone : 0161-4892400(30 lines)
Fax : 0161-2512285
Email : gargfurnace@yahoo.com

Chairman's Declaration

I Devinder Garg Chairman of Garg Furnace Limited declare that all Board members and senior Management Personal have affirmed compliance with code of conduct for Board & Senior Management personal for the year ended 31st March 2013.

Place: LUDHIANA.
Date : 01/09/2014

For And on Behalf of Board
SD/-
DEVINDER GARG
CHAIRMAN
Din: 01665456

GARG FURNACE LIMITED

**Auditors' Certificate on Compliance of Corporate
Governance under Corporate Governance Clause of the Listing Agreement(s)**

To
The Members of
Garg Furnace Limited,

We have examined the compliance of conditions of corporate governance by Garg Furnace Limited for the year ended on March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us based on the representation made by the directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned listing agreement.

Further, we state that no Investor's grievances are pending for a period of one month against the Company as per the records maintained by the Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Dass Khanna & Co.
Chartered Accountants
(Reg No. 000402N)**

Place: LUDHIANA.
Date : 01-09-2014

SD/-
(CA AMARJIT KAMBOJ)
PARTNER
M. No. 082152

INDEPENDENT AUDITORS' REPORT

To
The Members of
GARG FURNACE LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of Garg Furnace Limited ("the Company"), Kanganwal Road, V.P.O. Jugiana, G. T. Road, Ludhiana, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act 1956 ("the Act"), (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with accounting principles generally accepted in India. This Responsibility includes the design, implementation and maintenance of Internal Control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of

GARG FURNACE LIMITED

India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An auditor also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a). In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2014,
- b). In the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
- c). In the case of the Cash Flow Statement, of the cash flows for the year ended on that date,

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2003 ("the Order") issued by the Central Government of India in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified the Act (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1) (g) of the Act.

For Dass Khanna & Co.
Chartered Accountants
(Reg No. 000402N)

SD/-
(CA AMARJIT KAMBOJ)
PARTNER
M. No. 082152

Place: LUDHIANA,
Date : 30-05-2014

GARG FURNACE LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT OF EVEN DATE.)

- (i) a). The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b). All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- c). During the year, the company has not disposed off substantial part of its plant & machinery and hence the going concern status of the company has not been affected.
- (ii) a). The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b). The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c). The company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material.
- (iii) a). The company has granted unsecured loan to the One Party covered in the register maintained under section 301 of the Companies Act 1956. The amount involved in the transaction is Rs 8.90 Lacs and balance outstanding at the end of year is Rs 8.75 Lacs
- b). In our opinion and according to the information and explanation given to us, terms and conditions of the loan given by the company is not prima facie prejudicial to the interest of the company.
- c). In our opinion and according to information and explanation given to us, the payment of principal amount as agreed is regular.
- d). In respect of said loan there are no overdue amounts.
- e). The company has taken an interest free unsecured loan from Five parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transaction is Rs 3.95 Crores and balance outstanding at the end of the year is NIL
- f). In our opinion, the terms and conditions on which loan has been taken are not prima facie prejudicial to the interest of the company.
- g). In our opinion and according to the information and explanation given to us, the payment of principal amount as agreed is regular.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for purchases of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in to register maintained under section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

GARG FURNACE LIMITED

- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the record with a view to determine whether they are accurate or complete.
- (ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty, cess, service tax and other material statutory dues applicable to it.
- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, excise duty, cess and service tax which have not been deposited on account of any dispute except mentioned below.

Name of Statute	Nature of Dues	Forum where appeal is pending	Period to which amount relates	Amount involved in Rs.
Income Tax Act, 1951	Income Tax	ITAT	A.Y 2008-09	3.01 Lacs

- (x) The Company does not have any accumulated losses, further it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to bank.
- (xii) The company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) In our opinion, the company has not dealt or traded in shares, securities, debentures and other investments.
- (xv) The Company has not given guarantees for loan taken by others from banks. Therefore provisions of Clause 4(XV) of above said order are not applicable to company.
- (xvi) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) The company has not raised money through Public Issue during the period covered by our audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Dass Khanna & Co.
Chartered Accountants
(Reg No. 000402N)

SD/-
(CA AMARJIT KAMBOJ)
PARTNER
M. No. 082152

Place: LUDHIANA.
Date : 30-05-2014

GARG FURNACE LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

Particulars	Note No.	AS AT		AS AT	
		31.03.2014		31.03.2013	
		Rs.	P.	Rs.	P.
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share Capital	3	40087000.00		40087000.00	
(b) Reserves & Surplus	4	271797857.12		262428899.60	
2 Non-current liabilities					
(a) Long-term borrowings	5	45203424.77		67228473.70	
(b) Deferred tax liabilities(Net)	6	17558623.00		16234760.00	
(c) Long-term provisions	7	983995.00		1221329.00	
3 Current liabilities					
(a) Short-term borrowings	8	348806379.59		337022364.00	
(b) Trade Payables	9	315255353.00		296138369.24	
(c) Other current liabilities	10	73180736.21		70095083.94	
(d) Short-term provisions	11	419765.00		493955.00	
TOTAL		1113293133.69		1090953834.48	
II. ASSETS					
1 Non-current assets					
(a) Fixed Assets	12				
(i) Tangible assets		147012945.19		149940104.19	
(ii) Capital work-in-progress		51387291.00		2137736.00	
(b) Non-current investments	13	23240000.00		28034420.00	
(c) Long-term loans and advances	14	81874569.25		81922526.25	
(d) Other Non Current Assets	15	22772320.35		21417998.00	
2 Current Assets					
(a) Inventories	16	134267747.00		130821608.98	
(b) Trade receivables	17	585217219.53		604302336.01	
(c) Cash and cash equivalents	18	16177697.41		22917671.69	
(d) Short-term loans and advances	19	91343343.96		68898635.36	
(e) Other Current Assets	20	0.00		782788.00	
TOTAL		1113293133.69		1090953834.48	
The Accompanying Notes are Integral Part of Financial Statements					

This is the Balance Sheet referred to in our report of even date

FOR AND ON BEHALF OF THE BOARD

**FOR DASS KHANNA & CO.
CHARTERED ACCOUNTANTS
Registration No. 000402N**

SD/-
CA (AMARJIT KAMBOJ)
PARTNER
M.No.82152
PLACE : LUDHIANA
DATED : 30-05-2014

SD/-
(Devinder Garg)
Chairman Cum
Managing Director
Din: 01665456

SD/-
(Vaneera Garg)
Whole Time Director
Din: 01283990

GARG FURNACE LIMITED

PROFIT & LOSS STATEMENT FOR THE YEAR ENDING 31st MARCH 2014

Particulars	Note No.	AS AT		AS AT	
		31.03.2014		31.03.2013	
		Rs.	P.	Rs.	P.
I. Revenue from operations	21	1481078691.00		1940886347.00	
II. Other income	22	8495664.24		6040674.91	
III. Total Revenue (I+II)		1489574355.24		1946927021.91	
IV. EXPENSES :					
Cost of Materials consumed	23	1140805090.75		1175679160.00	
Purchases of stock-in-trade	24	106774455.00		570078787.00	
Changes in inventories of finished goods work-in-progress and stock-in-trade	25	15374300.63		(21600183.80)	
Employee Benefits Expenses	26	12422136.00		11831352.00	
Financial Expenses	27	75857562.92		58271790.95	
Depreciation and amortization	28	13227212.00		12851644.00	
Other expenses	29	111888997.42		118617731.49	
Total		1476349724.72		1926729281.65	
V. Profit before exceptional and extraordinary items and tax (III-IV)		13224630.52		20197740.26	
VI. Profit before extraordinary and Exceptional items (V-VI)		13224630.52		20197740.26	
VII. Extraordinary and Exceptional items		0.00		0.00	
VIII. Profit before Tax		13224630.52		20197740.26	
IX. Tax expense:					
(1) Current tax Provision		(2531810.00)		(7657100.00)	
(2) Deferred tax		(1323853.00)		(3233902.00)	
(3) Taxes relating to earlier years					
X. Profit for the period after Tax		9368957.52		9306736.26	
XI. Earning per equity share:					
(1) Basic		2.34		2.32	
(2) Diluted		2.34		2.32	
The Accompanying Notes are Integral Part of Financial Statements					

This is the Profit & Loss Statement referred to in our report of even date

FOR AND ON BEHALF OF THE BOARD

FOR DASS KHANNA & CO.
 CHARTERED ACCOUNTANTS
 Registration No. 000402N

SD/-
 (CA AMARJIT KAMBOJ)
 PARTNER
 M.No.82152
 PLACE : LUDHIANA
 DATED : 30-05-2014

SD/-
 (Devinder Garg)
 Chairman Cum
 Managing Director
 Din: 01665456

SD/-
 (Vaneera Garg)
 Whole Time Director
 Din: 01203990

GARG FURNACE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(A) Cash Flow From Operating Activities :				
Net Profit before tax	1,32,24,830.52		2,01,97,740.26	
Adjusted for :				
Depreciation	1,32,27,212.00		1,28,51,644.00	
Interest Received	(60,95,218.00)		(53,22,220.00)	
Interest Charged	5,33,25,138.98		5,51,62,774.06	
Prior Year adjustment				
(Profit)/Loss on sale of Fixed Assets	(9,63,585.00)		(5,488.70)	
Operating Profit before working Capital Changes	7,27,12,180.50		8,29,04,469.62	
Adjusted for :				
Trade and other Receivables	1,72,49,162.88		(10,61,10,334.80)	
Inventories	(34,46,138.02)		(18,38,121.79)	
Trade Payables & Provisions	2,18,67,512.03		5,73,03,299.24	
Cash Generated From Operations	10,84,02,717.30		3,22,69,412.28	
Taxes Paid	(25,31,810.00)		(76,57,100.00)	
Net Cash from operating Activities (A)	10,58,70,907.30		2,46,02,312.28	
(B) Cash From Investing Activities				
Purchase of fixed assets	(86,455,942.00)		(1,69,39,198.00)	
Margin money to Bank	(13,54,322.35)		(10,88,998.00)	
Sale of fixed assets	68,44,000.00		13,53,002.70	
Sale/(Purchase) of investments	60,29,339.00		(8,74,420.00)	
Interest received	60,95,216.00		53,22,220.00	
Net Cash from Investing Activities	(49,043,709.35)		(2,18,05,393.30)	
(C) Cash Flow From Financing Activities				
Proceeds from Short Term borrowings (Net)	117,64,015.59		60,92,155.81	
Proceeds from Long Term Borrowings (Net)	(2,20,25,048.93)		1,19,70,900.00	
Interest paid	(5,33,25,138.98)		(5,51,62,774.06)	
Net cash from Financing Activities	(6,35,67,172.32)		1,74,80,282.76	
Net Increase in Cash and Cash Equivalents (A+B+C)	(6,738,974.28)		2,02,76,201.76	
Cash and Cash Equivalents (Opening Balance)	2,29,17,671.89		28,41,469.93	
Cash and Cash Equivalents (Closing Balance)	18,177,697.41		2,29,17,671.89	
Bank Balances not considered as cash equivalents	2,27,72,320.35		2,14,17,998.00	

Subject to our separate report of even date

FOR AND ON BEHALF OF THE BOARD

For Dass Khanna & Co.
Chartered Accountants

SD/-
(CA Anandjit Kamboj)
Partner
M.No. 02152

SD/-
(Devinder Garg)
Chairman Cum
Managing Director
Din: 01665456

SD/-
(Vaneera Garg)
Whole Time Director
Din: 01283990

Place : Ludhiana
Dated : 30-05-2014

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014**1. Corporate Information:**

Garg Furnace Limited is a Public Limited company incorporated in India under Provisions of Companies Act 1956. Its shares are listed in Bombay Stock Exchange, Delhi stock exchange and Ludhiana stock Company is engaged in manufacturing of Alloy and Non Alloy Steel Ingots, Wire Rod, Wire Round, Mig Wire, casting of Iron products and trading of Iron, Steel and Textile products.

2. Significant Accounting Policies:**2.1 Basis of preparation of financial statements**

The financial statements of the company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these Financial Statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standard) Rules 2005, (as amended) and the relevant provisions of Companies Act 1956. Financial Statements have been prepared in accordance with historical cost convention on accrual basis.

The Accounting policies adopted in preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current and non-current as per company's normal operating cycle and other criteria set out in the Revised Schedule-VI of Companies Act 1956. Based on nature of business company has ascertained its operating cycle as 12 months for purpose of current or non current classification of assets and liabilities.

2.2 Use Of Estimates:

The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which results are known/materialized.

2.3 Inventories

The inventories are valued at cost or net realisable value whichever is lower. The cost formula used in valuation of different categories are as under:-

- | | |
|---|--|
| i) For Raw-Material | - FIFO Method |
| ii) For Stores & spares | - FIFO Method for boughtout items and weighted average material cost for inhouse manufactured items. |
| iii) For Work in Process & Finished Goods | - Weighted Average Material Cost PLUS Conversion Cost. |
| iv) For Goods in transit | - At Cost plus expenses incurred up to their present condition and location. |

2.4 Depreciation

Depreciation has been provided on straight-line method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956.

2.5 Investments

Long term Investments are carried at cost less provision, if any for diminution in value which is other than temporary, and Current Investment are carried at lower of cost and fair value.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014

2.6 Fixed Assets

All fixed assets are stated at cost of acquisition net off Cenvat & VAT including any attributable cost for bringing the assets to its working condition for its intended use less accumulated depreciation.

2.7 Revenue Recognition

Revenue on sale of products is recognised at the point of despatch of finished goods to the Customers.

2.8 Excise Duty

Excise Duty in respect of goods manufactured by the company is accounted for at the time of removal of goods from the factory for sale and/or captive consumption and provisions are made for finished goods lying in the factory at the year-end.

2.9 Employee's Retirement Benefits

a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expenses on an undiscounted basis in the profit and loss account of the year in which the related service is rendered.

b) Post Employment Benefits:

i) Defined Contribution Plans:

Provident fund:

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to the profit and loss account.

ii) Defined Benefit Plans Gratuity:

Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the close of the year.

c) The actuarial gain/loss is recognized in statement of profit and loss account.

2.10 FOREIGN CURRENCY TRANSACTIONS

(I) Transactions in foreign currencies are recorded at the exchange rate prevailing at the time of transaction.

(II) Monetary foreign currency items outstanding at the year-end are restated into rupees at the rate of exchange prevailing on the balance sheet date except those covered by forward contracts.

(iii) Non monetary foreign currency items are carried at cost.

(IV) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit loss account.

2.11 Accounting for Taxes on Income :

Current Taxes

Current Tax is determined as the amount of tax payable in respect of taxable income For period after considering tax allowances and exemptions.

Deferred Taxes

Deferred Tax is recognized, subject to consideration of prudence, on timing differences being the difference between taxable income and accounting income that Originate in one period and capable of reversal in one or more accounting period.

Minimum Alternate Tax

Minimum Alternative Tax credit is recognized as an asset only when & to the extent there is convincing evidence that the Company will pay normal tax during the specified period. Such asset is reviewed at each Balance Sheet date & the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2014

2.12 Government Grants

Government Grants are recognised if it is certain that the grants will be received & the conditions attached thereto could reasonably be complied with.

2.13 Impairment of Assets.

The carrying amount of assets is reviewed at each Balance Sheet date. If there is any indication of impairment based on internal and external factors an Impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

2.14 Provisions and Contingent Liabilities

- (i) Provisions involving substantial degree of estimate in measurement is recognized when there is a present obligation arising as a result of past events and it is probable that there will be an outflow of resource embodying economic benefits.
- (ii) Contingent Liability is a possible obligation from past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise or a present obligation that arises from past events but is not recognized because it is not probable that an outflow embodying economic benefits will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made. Such a liability is not recognized but is disclosed in the notes.

2.15 Earning Per Share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. There are no Dilutive Potential Shares outstanding during the period, so DEPS is same as BEPS.

2.16 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of such assets. Qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

2.17 Operating Leases

Leases in which a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals received for such leases are recognized as income in statement of profit and loss on accrual basis in accordance with respective lease agreements.

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2014

NOTE 3 : SHAREHOLDER'S FUNDS-SHARE CAPITAL

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(a) AUTHORISED 1,00,00,000 Equity Shares of Rs 10 each fully paid up	100000000.00		100000000.00	
(b) ISSUED - SUBSCRIBED & PAID UP 40,08,700 Equity Shares of Rs. 10/- each fully paid up	40087000.00		40087000.00	
	40087000.00		40087000.00	

(c) Reconciliation of shares outstanding at the beginning and at the end of the reporting period.

Particular	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Amounts Rs.	No. of Shares	Amounts Rs.
Shares outstanding at the beginning of the year	4008700	40087000.00	4008700	40087000.00
Movement during the year	0	0.00	0	0.00
Shares outstanding at the end of the year	4008700	40087000.00	4008700	40087000.00

(d) Disclosure of More Than 5% Shareholding

Name of Shareholder	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
i) Master Capital Services Pvt Ltd	535000	13.35	-	-
ii) Shri Narayan Investments Pvt Ltd	-	-	580000	13.97
iii) Devinder Garg	304040	7.58	304040	7.58
iv) Rajiv Garg	287820	7.18	287820	7.18
v) Sanjeev Garg	222120	5.54	222120	5.54
vi) Toshak Garg	216850	5.41	216850	5.41
vii) Garg Fincap Ltd	206000	5.15	206000	5.15

(e) The Company presently has one class of Equity Shares having par value of Rs. 10 each, holders of Equity shares are entitled to one vote per share. In the event of liquidation of company, the holders of Equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts, the distribution will be proportion to the number of Equity Shares held by Shareholders.

NOTE 4 : RESERVES & SURPLUS

PARTICULARS	As At		As At	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(a) Capital Reserves	2350000.00		2350000.00	
(b) Securities Premium Reserve	56530500.00		56530500.00	
(c) General Reserve				
Opening Balance	187923930.00		177923930.00	
Add: Transfer from surplus account	2000000.00		1000000.00	
Closing Balance	189923930.00		187923930.00	
(d) Surplus				
Opening Balance	15524469.60		16317731.34	
Add: Profit for the year	8368957.52		9306738.26	
Less: Transfer to general reserve	(2000000.00)		(1000000.00)	
Closing Balance	22993427.12		15624469.60	
TOTAL	271797957.12		262428899.60	

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014
NOTE 5 : LONG-TERM BORROWINGS

Particulars	Non Current Portion		Current Maturities	
	As at		As at	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	Rs.	P.	Rs.	P.
Secured Loans				
(a) Term Loans from Banks	39751110.00	39275381.00	24004560.00	12578000.00
Unsecured Loans:				
(b) Other Loans and advances				
i) Vehicle Loans from Banks	2330521.17	3073607.16	3041253.77	5741782.01
ii) Vehicle Loans from Companies	1135228.06	139479.00	398839.51	168284.00
iii) From others	1988585.54	24740006.54	7444450.46	6849878.46
	45203424.77	67228473.70	34889103.74	18486066.01
Amount disclosed under other current liabilities see note no 10	Nil	Nil	34889103.74	18486066.01
Total	45203424.77	67228473.70	Nil	Nil

Nature of Security:

- (a) Term Loans From banks are Secured by equitable mortgage of entire Land & Building & Existing Plant & Machinery of the Company ranking pari passu basis and further secured by charge on the entire current assets of the company and personal guarantee of two directors.
- (b) Term Loans from Banks carry an interest rate of 11.45% p.a. and are repayable in equal monthly instalments. the year wise repayment due are as under :-

YEAR ENDED	MTL-I	MTL-II	MTL-III
	AMOUNT OF REPAYMENT		
31/03/2015	12578000.00	7142856.00	4285704.00
31/03/2016	12578000.00	5587252.00	4285704.00
31/03/2017	12578000.00	-	3299240.00
31/03/2018	1426914.00	-	-
TOTAL	39154914.00	12730108.00	11870648.00

- (c) Vehicle Loans from banks & companies are repayable in monthly payments. The rate of interest and year wise repayment due is as under:

	Loan No 20718546 Dt 23/02/2012	Loan No 22830396 Dt 26/11/2012	Loan No 22830478 Dt 20/11/2012	Loan No LALUD00027209102 Dt 01/12/2013
Financier's name	HDFC BANK LTD	HDFC BANK LTD	HDFC BANK LTD	ICICI BANK LTD
Outstanding amount of Loan	417168.51	951275.15	82483.13	1177246.00
Rate of Interest	12.00	12.75	12.75	9.65
Mode of Repayment	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT
	Loan No 26350090 Dt 29/11/2013	Loan No LCV 79948 Dt 04/01/2013	Loan No LCV 79841 Dt 04/01/2013	Loan No LCV 121009 Dt 03/05/2013
Financier's name	HDFC BANK LTD	KOTAK MAHINDRA BANK LTD	KOTAK MAHINDRA BANK LTD	KOTAK MAHINDRA BANK LTD
Outstanding amount of Loan	843812.95	701020.00	446068.00	752920.00
Rate of Interest	11.78	12.45	12.45	12.45
Mode of Repayment	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT
	Loan No CF-9622040 Dt 30/09/2013	Loan No 7000194412 Dt 13/07/2013		
Financier's name	KOTAK MAHINDRA PRIME LTD	TATA CAPITAL FINANCIAL SERVICES PVT LTD		
Outstanding amount of Loan	781458.00	752596.57		
Rate of Interest	11.95	10.80		
Mode of Repayment	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT		

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014
YEARWISE REPAYMENT DUE:

YEAR ENDED	FROM BANKS AMOUNT OF REPAYMENT	FROM COMPANIES AMOUNT OF REPAYMENT	TOTAL
31/03/2015	3841253.77	398899.51	3440093.28
31/03/2016	1550161.47	448553.24	1998724.71
31/03/2017	580015.70	501741.58	1064757.28
31/03/2018	220344.00	181921.24	402265.24
TOTAL	5371774.94	1534055.57	6905840.51

(d) Other Non Current loans are repayable in monthly payments. The rate of interest and year wise repayment due is as under.

PARTICULARS	Loan No HLAPLUD00130032 Dt 25/12/2012
Financer's name	INDIA BULLS FINANCIAL SERVICES LTD
Outstanding amount of Loan	9431016.00
Rate of Interest	15.25
Mode of Repayment	MONTHLY INSTALLMENT

YEAR ENDED	AMOUNT OF REPAYMENT
31/03/2015	7444450.48
31/03/2016	1985565.54
TOTAL	9431016.00

NOTE 6 : DEFERRED TAX LIABILITIES

PARTICULARS	AS AT	
	31.03.2014 Rs. P.	31.03.2013 Rs. P.
<u>Deferred Tax Liability:</u> Fixed Assets - Impact of difference between Tax Depreciation and depreciation/amortisation for financial reporting period	17992396.00	16782443.00
(a)	17992396.00	16782443.00
<u>Deferred tax Asset:</u> Impact of Expenditure charged to statement of profit and loss in the current year but allowed for tax purpose on payment basis	433773.00	547683.00
(b)	433773.00	547683.00
Deferred Tax Liability Net	Total (a-b) 17558623.00	16234760.00

NOTE 7 : LONG TERM PROVISION

PARTICULARS	AS AT	
	31.03.2014 Rs. P.	31.03.2013 Rs. P.
Provision for employee benefits -Gratuity-	983995.00	1221329.00
Total	983995.00	1221329.00

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2014

NOTE 8 :SHORT TERM BORROWINGS

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
Secured Loans:				
(a) Loans repayable on demand				
-From banks-	34850379.59		322822364.00	
(b) Unsecured Loans:				
-From Related parties-	-		8100000.00	
-From Directors-	-		3100000.00	
-From Others-	-		3000000.00	
Total	34850379.59		337022364.00	

Nature of Security:

- (a) (The Working Capital Loans are Secured by hypothecation of stock in trade, Book Debts of the company, the overcraft is further secured by Equitable Mortgage of Land, building and Hypothecation of plant and machinery of the company and personal guarantee of two directors, and it carries rate of Interest @ 11.45 % p a except Rs 3 Crores on which interest rate is 13.45 %)
- (b) Unsecured loans from Directors, Related Parties and others are interest free loans and are repayable on demand.

NOTE 9 :TRADE PAYABLES

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(a) Acceptances Payable	226014126.00		118352944.00	
(b) Other than acceptances*	59241227.00		177795125.24	
Total	315255353.00		296138069.24	

*The Company has not received information from vendors/service providers regarding their status under Micro, Small and medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year end together with interest paid/payable under this Act has not been given.

NOTE 10 :OTHER CURRENT LIABILITIES

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(a) Current maturities of long-term debt (Refer Note 5)	34889103.74		25335944.47	
(b) Other Payables:				
(i) Statutory remittances *	3938743.00		4532800.00	
(ii) Employed Related Payments	1376616.00		1071712.00	
(iii) Expenses Payable	6103897.47		8201248.47	
(iv) Advances from Customers	26792376.00		30956291.00	
Total	73180736.21		70098083.94	

* Statutory remittances include Contribution to Provident fund/ESI/C, TDS, Excise duty Service Tax, vat etc.

NOTE 11:SHORT-TERM PROVISIONS

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(a) Provision for Employee benefits	352955.00		466705.00	
- Gratuity-				
(b) Other				
(i) Provision for wealth Tax	88810.00		27250.00	
Total	419765.00		493955.00	

NOTE-12

FIXED ASSETS

S. NO.	NAME OF THE ASSETS	(Value in Rs.)									
		GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 31.03.2014	ADDITIONS DURING THE YEAR	SALES DURING THE YEAR	TOTAL AS AT 31.03.2014	AS AT 31.03.2013	PROVIDED DURING THE YEAR	ADJUSTMENT DURING THE YEAR	TOTAL AS AT 31.03.2014	AS AT 31.03.2014	AS AT 31.03.2013
1.	Land	3465125.41	0.00	0.00	3465125.41	0.00	0.00	0.00	3465125.41	3465125.41	
2.	Building	21150212.62	21507.33	0.00	21171720.95	6627425.85	1813712.00	0.00	8431488.34	3158758.89	
3.	Plant & Machinery	50712811.42	6476275.33	0.00	57189086.75	4871794.81	3683382.00	0.00	10392386.81	13068852.28	
4.	Motorcar	29712123.44	11716180.64	803200.00	31796104.08	5375074.11	2259143.00	1546130.33	13985226.81	2545432.37	
5.	Office Equipment	5506501.88	281742.00	0.00	5788243.88	1468019.62	463207.00	0.00	1831248.62	105881.86	
6.	Furniture & F. F. Equip	121250.42	0.00	0.00	121250.42	76070.31	89146.00	0.00	140390.71	38553.44	
TOTAL	94023445.92	17906187.68	622520.00	112605213.60	119865575.75	13271212.80	1963220.33	0.00	140729908.75	147012045.45	

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014

NOTE 13 :NON CURRENT INVESTMENT

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
<u>Other Investments (At Cost)</u>				
Unquoted				
(a) Investments in Equity Instruments :				
(i) 412000 Equity Shares of Rs. 10/-each fully paid up in Gal Cottek Pvt.Ltd.		0.00		412000.00
(ii) 212000 Equity Shares of Rs. 10/-each fully paid up in Sudhir Forgings Pvt. Ltd.		2120000.00		2120000.00
(iii) 412000 Equity Shares of Rs. 10/-each fully paid up in Shubham Yarns Pvt.Ltd		4120000.00		4120000.00
(b) Investments in Preference Shares				
17,00,000, 6% Redeemable Non Cumulative Preference Shares of Rs. 10 each each fully paid in Garg Acrylics Ltd.		17000000.00		17000000.00
(c) Investment in Gold				
-Gold Coin-				
Previous Year:				
-24 gold coins of 10 gms. each.		0.00		674420.00
Total		23240000.00		28034420.00

	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
Aggregate amount of unquoted investments.		23240000.00		28034420.00
Aggregate provision for diminution in value of investments.		Nil		Nil

NOTE 14 :LONG-TERM LOANS AND ADVANCES

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
<u>Unsecured, considered good</u>				
(a) Capital Advances		3653383.00		200000.00
(b) Security Deposits		4710597.25		4711937.25
(c) Electricity Bills Under Challenges		53510589.00		53510589.00
(d) Others		0.00		350000.00
Total		61874569.25		61922526.25

NOTE 15 :OTHER NON CURRENT ASSETS

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
Non Current Bank Balances				
-fixed deposits with more than twelve months maturity-		22772320.35		21417998.00
Total		22772320.35		21417998.00

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014

NOTE 16: INVENTORIES

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(Taken as valued and certified by the Management)				
Raw Materials*	48893042.00		43454644.35	
Work in Progress	6063061.00		6211176.00	
Finished Goods	26883042.00		41908227.63	
Stores & Spares	52628602.00		39246561.00	
Total	134267747.00		130821608.98	

NOTE 17 : TRADE RECEIVABLES

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
Unsecured, considered good				
i) Outstanding for a period exceeding six months from the date they are due.	30993667.07		31328231.67	
ii) Other Debts	534223552.46		572976104.34	
Total	865217219.53		604302336.01	

NOTE 18: CASH AND CASH EQUIVALENTS

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(a) Balances with Scheduled Banks in C/A	(a)	2184153.74	(a)	3169785.02
(b) Cheques/Drafts in Hand	(b)		(b)	12000000.00
(c) Cash in Hand & Imprest Balances	(c)	13993543.67	(c)	7747886.57
(d) Other Bank Balances	(d)		(d)	
- Deposits with more than twelve months Maturity- (held as margin)		22772320.35		21417998.00
less: Amount disclosed as other non current assets (Refer note 15)		(22772320.35)		(21417998.00)
Sub total	(e)	0.00	(e)	0.00
Total (a+b+c+d)		16177697.41		22917671.69

NOTE 19 : SHORT TERM LOAN AND ADVANCES

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
(Unsecured, considered good unless otherwise stated)				
(a) Balance With Government Authorities	6503110.00		10694746.00	
(b) Advance To Employees	191002.00		296808.00	
(c) Advances To Suppliers	34585759.32		37870169.32	
(d) Advance Tax (net of Provision for Taxation)	2915437.00			
(e) Prepaid Expenses	1487111.00		797759.00	
(f) Others Recoverables*	46680924.64		18737154.04	
Total		91343343.96		63696635.36

*Other Recoverables includes Loan to party, Income Tax refundable etc.

NOTE 20 : OTHER CURRENT ASSETS

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
MAT Credit recoverable		0.00		762798.00
Total		0.00		762798.00

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014

NOTE 21: REVENUE FROM OPERATIONS

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
Sale of Products	1648336116.00		2116328922.00	
Other operating revenue				
	1648336116.00		2116328922.00	
Less: Excise Duty	167267425.00		175442575.00	
Total	1481078691.00		1940893347.00	

DETAILS OF PRODUCTS SOLD:

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
<u>Iron and Steel:</u>				
Ingot	464307406.00		450178076.00	
Round	361667406.00		546031126.00	
Scrap	84282850.00		200570646.00	
Wire Rod	411796145.00		249234357.00	
Steel Tonn	29154659.00		3860389.00	
Mig Wire CC Steel Wire	29382237.00		2982087.00	
Unmatched Casting	11038111.00		1360834.00	
Silicon Magnese			1312082.00	
Billets	92608026.00		931790.00	
Others Iron & steel products	7930086.00		104596248.00	
<u>Textile:</u>				
Knitted Cloth	40099955.00		417054045.00	
Dyes & Chemicals	116065205.00		64077932.00	
Total	1648336116.00		2116328922.00	

NOTE 22 : OTHER INCOME

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
Interest received	606216.00		5322220.00	
Rent Received	16616.00		96401.00	
Rebate & Discount Received		0.00	332629.21	
Sundry Balances Written Back	1340723.24		27857.00	
Profit on sale on Fixed Assets	1231919.00		5498.70	
Misc. Income	8190.00		4100.00	
Total	8495664.24		6043574.91	

NOTE 23 : COST OF MATERIALS CONSUMED

PARTICULARS	AS AT		AS AT	
	31.03.2014		31.03.2013	
	Rs.	P.	Rs.	P.
Opening Stock of Raw Material	43454644.35		72285911.93	
Add: Purchases	1146243458.40		1146846892.42	
	1189698102.75		1219132804.35	
Less: Closing Stock of Raw Material	48893042.00		49454644.35	
Total	1140805060.75		1175678160.00	

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2014
DETAILS OF COST OF MATERIAL CONSUMED:

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	Rs.	P.	Rs.	P.
Melting Scrap	310792798.00		483506469.00	
Ferros	7871929.00		11488392.00	
M.S Ingots	531549077.00		588962641.00	
Billets	271725507.00		105033952.00	
Wire Rod	17334062.75		15776706.00	
Round	1430689.00			
Total	1140806060.75		1175878160.00	

NOTE 24: PURCHASES OF STOCK IN TRADE: PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	Rs.	P.	Rs.	P.
<u>Iron and Steel Products:</u>				
Non alloy Steel Round	6853469.00		12360092.00	
Wire Rod	0.00		110920.00	
Non Alloy Steel Ingot	0.00		0.00	
Others Iron and Steel Products	7965055.00		80814972.00	
<u>Textile Products:</u>				
Knitted Cloth	26274034.00		418284432.00	
Dyes And chemicals	65678898.00		50508971.00	
Total	106774455.00		570078787.00	

NOTE 25 :CHANGE IN INVENTORIES

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	Rs.	P.	Rs.	P.
(a) <u>OPENING STOCK:</u>				
Finished Goods	41909227.63		22698092.63	
Work in progress	6211178.00		3822127.00	
Total (a)	48120405.63		26520219.63	
(b) <u>CLOSING STOCK:</u>				
Finished Goods	26683042.00		41909227.63	
Work in progress	6069051.00		6211178.00	
Total (b)	32752093.00		48120405.63	
Total(a-b)	15374300.63		(21600185.60)	

Details Of Inventory:

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	Rs.	P.	Rs.	P.
<u>Work in progress:</u>				
Steel Teeth	8063061.00		6211176.00	
Total	8063061.00		6211176.00	
<u>Finished Goods:</u>				
Ingots	1429183.00		7802457.00	
M.S Runner And Riser	263791.00		204532.14	
Round	8554832.00		12678594.00	
Mig Wire CC Steel Wire	872262.00		1463362.83	
Steel Wire Rod	5299731.00		9078846.00	
Miss Rolls/End Cutting/Ingot Moulds	9045139.00		8389873.06	
Unmachined Steel Casting	1018134.00		2293562.00	
Total	26683042.00		41909227.63	

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014

NOTE 26 :EMPLOYEE BENEFITS EXPENSE

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	Rs.	P.	Rs.	P.
Salaries, Wages & Other Allowances	11201056.00		9546921.00	
Staff & Labour Welfare	309319.00		359799.00	
Contribution to Provident and other funds	911761.00		1524632.00	
TOTAL	12422136.00		11831352.00	

NOTE 27:FINANCE COST

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	Rs.	P.	Rs.	P.
Interest Expense	53329138.98		55182774.06	
Foreign Exchange Fluctuation Charges	16785232.00		(285534.00)	
Other borrowing costs	3746191.84		4374650.00	
TOTAL	75857562.82		59271790.96	

NOTE 28 :DEPRECIATION

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	Rs.	P.	Rs.	P.
Depreciation on tangible assets	13227212.00		12051644.00	
TOTAL	13227212.00		12051644.00	

NOTE 29 :OTHER EXPENSES

PARTICULARS	AS AT 31.03.2014		AS AT 31.03.2013	
	Rs.	P.	Rs.	P.
Stores & Spares consumed	14851137.00		16404386.90	
Power and Fuel	82338834.00		89223177.00	
Machinery Repair and Maintenance	647578.00		3248134.00	
Electric Repair and Maintenance	67052.00		118882.00	
Excess Duty on Closing Stock	2935225.00		2863883.00	
Machining & Grinding Expenses	0.00		1095040.00	
Rates & Taxes	685448.00		484288.85	
Postage, Telegrams, Telephone and Telex	352736.00		401136.95	
Printing & Stationery	167377.00		231899.00	
Legal & Professional Charges	792070.00		813195.00	
Insurance	1180583.43		618549.00	
Directors Remuneration	2450000.00		2160000.00	
Auditors Remuneration				
-Audit Fee	125000.00		125000.00	
-Tax Audit Fee	40000.00		35000.00	
Cost Audit Fee	20000.00		20000.00	
Repairs & Maintenance				
-Building	341431.00		28417.00	
-Vehicles	1900334.00		1528592.87	
-Office Equipments	171991.00		195283.00	
Travelling Expenses				
- Directors	116845.00		428159.00	
- Others	5000.00		18728.00	
Loss on Sale of Fixed Assets	282334.00		0.00	
Carriage, Freight & Octroi Outwards	425585.00		180225.00	
Advertisement	228213.00		162699.00	
Security Charges	258222.00			
Employer contribution to Welfare Fund	3602.00		23930.00	
Brokerage & Commission	40000.00		743657.00	
Rebate & Discount	371174.88		0.00	
Sales Promotions	0.00		10546.00	
Service Tax Paid	37019.00		69810.00	
Subscription and Periodicals	0.00		156406.00	
Charity and Donation	116000.00		50000.00	
Miscellaneous Expenses	187813.00		338511.72	
Listing Fee	98509.00		44939.00	
TOTAL	111826997.42		118517731.48	

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2014

30. Contingent Liabilities

(i)	As at 31 st March-2014	As at 31 st March 2013
a). For Bank Guarantees and letter of credit outstanding	Rs. 2307.38 Lacs	Rs. 1247.01 Lacs
b). Other Contingent Liabilities	Rs. 55.20 Lacs	Rs. 29.90 Lacs
c). Other monies for which company is contingently liable:		

The company has contested the demand of Punjab Power Corporation Ltd of Rs 72306370/- on account of voltage surcharge. As Against this a sum of Rs. 53510589/- has been deposited under protest and stands included under the head "Advances Recoverable in cash or in kind." The Company has filed an appeal in Punjab And Haryana High Court. Honourable High court has granted stay in disconnection of supply of electricity of company. No provision in accounts has been made in respect thereof.

(ii) Commitments:

	As at 31 st March-2014	As at 31 st March 2013
a) Estimated amount of contracts Remaining to be executed on Capital account (net of advances)	Rs.202.08 Lacs	Rs. 114.32 Lacs

31. Debit or Credit Balances on whatsoever account are subject to confirmation from parties.

32. In the opinion of the Board of Directors, all the Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount of at which they are stated, except as expressly stated otherwise.

Disclosure under Accounting Standards:

33. The Earning per share has been calculated in accordance with Accounting Standard (AS)-20 issued by the Institute of Chartered Accountants of India. The numerators and denominators used to calculate basic and Diluted Earning per share are as under:-

Basic Earnings	2013-14	2012-13
a) Calculation of weighted average number of Equity shares of Rs. 10/- each		
Number of Equity Shares at the beginning of the year	4008700	4008700
Number of equity shares at the end of the year	4008700	4008700
Weighted average number of equity Shares Outstanding during the year	4008700	4008700
b) Net profit after tax available for Equity share holders	Rs. 9368958	Rs.9306738
c) Basic earning per Equity shares of Rs. 10/- each	Rs. 2.34	Rs. 2.32

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014

Diluted Earnings		2013-14	2012-13
a)	Calculation of weighted average number of Equity shares of Rs. 10/- each		
	Number of Equity Shares at the beginning of the year	4008700	4008700
	Number of equity shares at the end of the year	4008700	4008700
	Weighted average number of equity Shares Outstanding during the year	4008700	4008700
b)	Net profit after tax available for Equity share holders	Rs. 9368958	Rs. 9306738
c)	Diluted earning per share of Rs. 10/- each	Rs. 2.34	Rs. 2.32

34. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (Last drawn salary) for each completed year of service subject to a maximum amount of Rs. 10,00,000.00.

The Accounting Standard (AS-15 Revised) prescribed by the companies Accounting Standard Rules 2006 is being followed and the following table summarize the components of net benefit/expenses recognized in the Statement of profit and loss and the funded status and the amount recognized in the balance sheet for the gratuity plan.

	31-03-2014		31-03-2013	
	Rs.	P	Rs.	P
1. CHANGES IN THE PRESENT VALUE OF OBLIGATION				
Present value of obligation at the beginning of the Period	16,88,034.00		16,80,729.00	
Interest Cost	1,37,389.00		1,10,758.00	
Current Service Cost	3,27,447.00		3,13,250.00	
Benefits Paid	(3,56,304.00)		(6,63,480.00)	
Actuarial (Gain)/Loss on Obligation	(4,59,626.00)		2,36,777.00	
Present Value of Obligation at the end of the period	13,36,950.00		16,88,034.00	
2. CHANGES IN THE PRESENT VALUE OF PLAN ASSETS				
Fair value of Plan Assets at the beginning of the Period		--		--
Expected return on Plan Assets		--		--
Contribution		--		--
Withdrawal		--		--
Actuarial Gain/(Loss) on Plan Assets		--		--
Fair value at the end of the period.		--		--
3. FAIR VALUE OF PLAN ASSETS				
Fair Value of Plan Assets at the beginning of the period		--		--
Actual return on Plan assets		--		--
Contribution		--		--
Withdrawal		--		--
Fair Value of Plan Assets at the end of the period		--		--
Present Value of Obligation at the end of the period	13,36,950.00		16,88,034.00	
Funded Status	(13,36,950.00)		(16,88,034.00)	
4. ACTUARIAL GAIN/ LOSS RECOGNIZED				
Actuarial gain/(loss) on Obligation	4,59,626.00		(2,36,777.00)	
Actuarial gain/(loss) on Plan Assets	--		--	
Total (gain)/loss for the period	(4,59,626.00)		2,36,777.00	
Actuarial (gain)/loss recognized in the period	(4,59,626.00)		2,36,777.00	
Unrecognized Actuarial (gain)/loss at the end of the period		--		--
5. AMOUNT TO BE RECOGNIZED IN THE BALANCE SHEET				
Present value of obligation at the end of the period	13,36,950.00		16,88,034.00	
Fair value of Plan assets at the end of the period		--		--
Funded Status	(13,36,950.00)		(16,88,034.00)	
Unrecognized Actuarial (Gain)/Loss at the end of the period		--		--
Net Assets/(Liability) recognized in the Balance sheet	(13,36,950.00)		(16,88,034.00)	

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014

	31-03-2014		31-03-2013	
	Rs.	P	Rs.	P
6. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT & LOSS	3,27,447.00		3,13,250.00	
Current Service Cost	1,37,399.00		1,10,766.00	
Interest Cost	--		--	
Expected Return on Plan assets	(4,59,626.00)		2,36,777.00	
Actuarial (Gain)/Loss recognized in the period	6220.00		6,60,785.00	
Expenses recognized in the statement of Profit & Loss				
ACTUARIAL ASSUMPTION (ECONOMIC & DEMOGRAPHIC)				
i) Imputed rate of interest	09.10% P.A.		08.15% P.A.	
ii) Future Salary rise	06.00% P.A.		06.00% P.A.	
iii) Return on Plan assets	N.A.		N.A.	
iv) Retirement Age	58 Years		58 Years	
v) Mortality Table	IAL 2006-08		IAL 2006-08	
	Ultimate		Ultimate	
vi) Attrition Rate	05.00 % P.A.		05.00 % P.A.	
vii) Remaining Working Life	20.54 Years		20.28 Years	

Method of Valuation: Projected Unit Credit Method

35. Related Party Disclosure:

- i) Name of related parties and description of relationship
- A Key Management Personnel
- Sh Devinder Garg- MD cum Chairman
 - Smt Vaneera Garg
Wholetime Director
 - Sh Toshak Garg (Wholetime Director)
 - Sh Daksh Garg (Professional Director)
- ii) Enterprise owned or significantly influenced by key management personnel and their relatives.
- A Vaneera Industries Ltd
- B Avtar Exports Pvt Ltd
- C Devinder Garg & Son's HUF

Summary of Transaction

Associates

Key Management Personnel

	31/03/14	31/03/13	31/03/14	31/03/13
Rent Received	Nil	Nil		
Remuneration Paid			2460000.00	2160000.00
Loans Taken	31822600.00	Nil	7643000.00	7400000.00
Loans Given	890000.00	Nil	Nil	Nil
Sale Made	Nil	2245.00	Nil	Nil
Purchases Made	7286231.00	Nil	Nil	Nil
Payment Made	47242951.00	4300000.00	13743000.00	4300000.00
Payment received	15000.00	Nil	--	Nil
Balance Outstanding	875000.00 DR 855680.00 CR	8100000.00	Nil	3100000.00

ii) There is no provision for doubtful debts or amounts written off or written back during the year in respect of dues from or to related parties.

GARG FURNACE LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2014

36. Segment information as required by Accounting Standard (AS)-17 on Segment Reporting issued by the Institute of Chartered Accountants of India is disclosed hereunder :-
The company has identified two reportable segments viz, Iron & Steel Products & Textile product

The financial information about the business segments is presented in the table below:

	IRON & STEEL PRODUCTS	TEXTILE PRODUCTS	TOTAL
REVENUE			
External Sales	1492170925.00	156165190.00	1648336116.00
Inter Segment Sales	-----	-----	-----
Other Income	8495664.24	0.00	8495664.24
Total Revenue	1500666590.24	156165190.00	1656831780.24
RESULT			
Segment Result	34060936.87	64212260.00	98293196.87
Unallocated Corporate Expenses			9211003.43
Operating Profit			89062193.44
Interest Expense			75657562.92
Income Tax - current			(2531810.00)
- deferred			(132366300)
- related to earlier years			Nil
Profit from ordinary activities			9368957.52
Extra ordinary loss/(income)			0.00
Net Profit			9368957.52
OTHER INFORMATION			
Segment Assets	770060225.60	11944033.00	889500258.50
Unallocated Corporate Assets			27857639.00
Total Assets			917357897.50
Segment Liabilities	332560141.47	22323794.00	354883935.47
Unallocated Corporate Liabilities			44898341.10
Total Liabilities			803873276.57
Capital Expenditure	277879537.92		277879537.92
Depreciation	130866592.73		130866592.73
Non Cash Expenses other than depreciation	-----	-----	-----

37. Operating Lease Company as Lessor:

Future minimum rentals receivable under operating lease is as follows:

	31.03.2014 (Rs)	31.03.2013 (Rs)
NOT LATER THAN ONE YEAR	NIL	18616

GARG FURNACE LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2014**

38. The information required by paragraph 5 of general instructions for preparation of Statement of profit and loss as per revised schedule VI of Companies Act 1956:

(F) CIF value of Imports Raw Material	Current year Rs 21,02,06,528.00	Previous Year Rs 30,76,13,600.22
(G) Earning in foreign Currency FOB value of export of goods	Current year NIL	Previous Year NIL
(H) Value of Imported & indigenous raw material & stores consumed.		

	Current Year		Previous Year	
	Value	%age	Value	%age
Raw Material				
Indigenous	93,05,98,532.75	81.57	83,50,93,893.19	71.03
Imported	21,02,06,528.00	18.43	34,05,84,266.22	28.97
Stores & Spares				
Indigenous	1,48,51,137.00	100.00	1,64,04,386.30	100.00

Note: Figures wherever in brackets stands for previous year.

Subject to our report of even date.

For and on behalf of the Board

**FOR DASS KHANNA & CO.
CHARTERED ACCOUNTANTS**

(CA Amarjit Kamboj)
PARTNER

(Devinder Garg)
Chairman Cum
Managing Director
Din: 01665456

(Vaneera Garg)
Whole Time Director
Din: 01283990

PLACE : LUDHIANA
DATED : 30-05-2014

GARG FURNACE LIMITED
CIN:L99999PB1973PLC003385
Regd. Office : Kanganwal Road, VPO Jugiana, G.T.Road, Ludhiana
PROXY FORM

I/We _____
Of _____ in the district of _____
_____ appoint
_____ in the district of _____ or failing him/her
_____ of
_____ as my/our proxy to
vote for me/us on my/our behalf at the 41st ANNUAL GENERAL MEETING of the Members of the Company to
be held on Friday, the 30th day of September, 2014 at 9:30 A.M. at Regd. Office at Kanganwal Road, VPO Jugiana,
G.T. Road, Ludhiana.

Signed this _____ day of _____ 2014.

Signature _____

Address _____

Folio/DP ID/Client ID No. _____

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself.
2. The proxy form duly signed across Revenue stamp of Rs. 1/- should reach the Company's Registered Office at least 48 hours before the time of Meeting.

-----CUT HERE-----
GARG FURNACE LIMITED
Regd. Office: Kanganwal Road, VPO Jugiana, G.T.Road, Ludhiana

ATTENDANCE SLIP

I hereby record my presence at the 41st ANNUAL GENERAL MEETING of the above named Company being held at
Regd. Office: Kanganwal Road, VPO Jugiana, G.T.Road, Ludhiana at 9:30 A.M. on Tuesday, the 30th day of
September, 2014.

Full Name of the Member _____ Signature _____

Folio/DP ID/Client ID No. _____ (In Block Letter)
No. of Shares Held _____

Note: Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

NO GIFTS/COUPONS SHALL BE DISTRIBUTED IN THE ANNUAL GENERAL MEETING

**COURIER
(PRINTED MATTER)**

If undelivered please return to :-

GARG FURNACE LIMITED

Regd. Office :- Kangamwal Road,
Near Old Octroi Post Ambala Side,
V.P.O. Jugiana, G. T. Road,
LUDHIANA - 141 120.

Works : KANGANWAL ROAD, V.P.O. JUGIANA,
G.T. ROAD, LUDHIANA-141 120 (INDIA)
PBX : 00-91-161-4692400 (30 Lines)-2510084
FAX : 00-91-161-2512285
E-MAIL : gargfurnace@yahoo.com

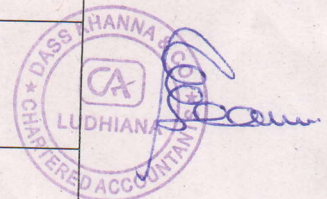


GARG FURNACE LTD.

CIN: L99999PB1973PLC003385
Regd. Off: Kanganwal Road, V.P.O Jugiana
G. T. Road, LUDHIANA-141120
Web: gargfurnaceltd.com

Form A

1. Name of the Company	Garg Furnace Limited
2. Annual Financial Statements for the year ended	31st march 2014
3. Type of Audit observation	Un-qualified
4. Frequency of Observation	NA
5. (i) Mr. Devinder Garg- Chairman	For GARG FURNACE LTD. <i>Devinder Garg</i>
(ii) Mrs. Vaneera Garg- Whole Time Director	For GARG FURNACE LTD Ms. Director <i>Vaneera Garg</i> Director
Sh Amarjit Kamboj-Partner M/s Dass Khanna & Co. (Statutory Auditor of the company)	MINO. 82152
Mr. Yogi Raj Aggarwal (Chairman of Audit Committee)	For GARG FURNACE LTD <i>Yogi Raj Aggarwal</i> Chairman Audit Committee



For Garg Furnace Limited

Devinder Garg
Devinder Garg
Chairman
Din: 01665456

Place: LUDHIANA
Date: 30/05/2014