



43rd
ANNUAL REPORT
2015-16

GARG FURNACE LIMITED

MANAGEMENT**BOARD OF DIRECTORS**

DIRECTORS (PROMOTERS)	:	Sh. Devinder Garg (Executive Chairman) Smt. Vaneera Garg (Women, Non Executive Director)
DIRECTORS (INDEPENDENT)	:	Sh. Pawan Kumar Garg Sh. Amit Gupta
AUDITOR	:	M/s. Pawan Puri & Associates 30,2nd Floor, Feroze Gandhi Market, LUDHIANA 141 001, (PB.), INDIA.
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-+91-2512285, 8427900130

Email: gargfurnace@yahoo.com

Web:gargfurnaceltd.com

NOTICE

Notice is hereby given that the 43rd Annual General Meeting of the members of the company would be held on Friday the 30th day of September, 2016 at 10:30 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, 2016 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 Mr. Devinder Garg (DIN: 01665456), who retires from office by rotation and being eligible, offers himself 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 first proviso to Section 139(1) of the Companies Act, 2013, read with the first proviso to Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the appointment of M/s Pawan Puri & Associates. Chartered Accountants Ludhiana (ICAI Registration No. 005950N), Chartered Accountants, as the auditors of the Company to hold office for five Years from the conclusion of the 43rd Annual General Meeting until the conclusion of the 48th Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors of the Company, and subject to ratification by members at every Annual General Meeting of the Company .”

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 Sections 149, 150 and 152 of the Companies Act, 2013 (the ‘Act’) read with Companies (Appointment and qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs. Vaneera Garg (DIN: 01283990), be and is hereby appointed as Director (Non- executive & Woman Director) of the Company subject to retires by rotation.”

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

“**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, the Company hereby ratifies the remuneration of INR. 45000.00 plus out-of-pocket expenses payable to M/S Meenu & Associates, Cost Accountants (Firm's Registration No. Frn; 100729) who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records of the Company, for the Financial Year ending **31 March, 2017.**”

For and on behalf of the Board

**Sd/-
(DEVINDER GARG)
CHAIRMAN
(DIN : 01665456)**

**Place: LUDHIANA.
Date: 13/08/2016**

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.

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 & 5 above, is annexed hereto.
- c) The Board of Directors of your Company comprised of 4 directors of which 2 directors viz. Mr. Pawan Kumar (DIN: 03591023), & , Mr. AMIT GUPTA (DIN : 03615152), 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 & Managing Director of your Company, Mrs.Vaneera Garg Non Executive -Woman Director are appointed are subject to retires by rotation, and one of them Mr. Devinder Garg are 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 above, as required by erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, are also annexed.
- e) The Register of Members and Share Transfer books of the Company will remain closed from Wednesday, September 28, 2016 to Friday, September 30, 2016 (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, 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

I. 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 43rd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL). The instructions for e-voting are as under:

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

- i) The voting period begins on Tuesday, 27th September, 2016 (9.00AM IST) and ends on Thursday, 29th September, 2016 (5.30PM 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 21st September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website - www.evotingindia.com
- iv) Click on Shareholders.
- v) 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.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) 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.
- viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the the first two letters of their name and the 8 digits of the sequence number in the PAN field. Sequence number is printed on address slip In case the sequence number 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 sequence number 1 then enter RA00000001 in the PAN field
Date of Birth (DOB)	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<ul style="list-style-type: none"> • Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction.

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) 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.

- xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN for the relevant Garg Furnace Limited on which you choose to vote.
- xiii) 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.
- xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xv) 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.
- xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to www.helpdesk.evotingindia.com.
 - After receiving the login details 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.
- xx) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date **21ST September, 2016** may follow the same instructions as mentioned above for e-Voting.
- xxi) 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.com, under help section or write an email to helpdesk.evoting@cdslindia.com
- i) Shri Baldev R Arora of M/s. Baldev Arora & Associates, Practicing Company Secretaries has been appointed as Scrutinizer to scrutinize voting process in a fair and transparent manner.
- ii) The Scrutinizer shall immediately after the conclusion of voting at the General meeting first count the vote cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make not later than three days of conclusion of the meeting a consolidated Scrutinizer’s Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in voting who shall countersign the same.
- The Scrutinizer shall submit his report to the Chairman after completion of the scrutiny. The result of the voting on the Resolutions at the meeting shall be announced by the Chairman. The results declared along with the Scrutinizer’s report, will be posted on the Company’s Website by 3rd October, 2016.
- The investors may contact for redressal of their grievances/queries. For this purpose, they may either write to him at the registered office address or e-mail their grievances /queries to the Company e-mail address.

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 5 of the accompanying Notice dated 13TH August, 2016:

Item No.3:

M/s Pawan Puri & Associates. Chartered Accountants Ludhiana (ICAI Registration No. **005950N**) was appointed as statutory Auditors of the company, by board of directors in their board meeting held on 10/05/2016, to fill the casual vacancy, caused due to the resignation of M/s Dass Khanna & Co. Chartered Accountants (ICAI Registration No. 000402N) the existing Statutory Auditors of the company, and the members of the company has approved the said appointment of auditors in an extra ordinary general meeting held on 5th August 2016. M/s Pawan Puri & Associates. Chartered Accountants Ludhiana (ICAI Registration No. **005950N**) newly appointed statutory Auditors of the company shall hold office till the conclusion of Next Annual General Meeting.

The board of directors has recommended to appoint M/S Pawan Puri & Associates. Chartered Accountants Ludhiana as statutory Auditors of the Company for next 5 years from the conclusion of forthcoming Annual General Meeting to the conclusion of 48th Annual General Meeting, subject to the ratification by members at every Annual General Meeting.

M/S Pawan Puri & Associates. Chartered Accountants Ludhiana have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Accordingly, ordinary resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors, Key Managerial Persons or their relatives, in any way, concerned or interested in the said resolution.

Item No.4

The Board of Directors ("**Board**"), at its meeting held on 14 November, 2015, appointed Mrs.Vaneera Garg (DIN: 01283990), as an Additional Director (Non- executive & Woman Director) of the Company, subject to retires by rotation.

Pursuant to the provisions of Section 161 of the Act, being an Additional Director, Mrs.Vaneera Garg (DIN: 01283990), will hold office up to the date of the ensuing Annual General Meeting ("**AGM**") and is eligible to be appointed a Director of the Company. The Company has received notice in writing under Section 160 of the Act from a member along with the requisite deposit of Rs. 1,00,000/- proposing the candidature of Mrs.Vaneera Garg (DIN: 01283990), for the office of Director.

The Company has received from Mrs. Vaneera Garg (DIN: 01283990) (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Section 164 (2) of Act.

The resolution seeks the approval of the members in terms of Section 149 and other applicable provisions of the Act, and the Rules made there under, for appointment of Mrs. Vaneera Garg (DIN: 01283990) as Director (Non-executive & Woman Director) of the Company, subject to retires by rotation.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Devinder Garg Chairman as relative of appointee, is concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends the resolution set forth in Item No. 4 for the approval of the Members.

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.

GARG FURNACE LIMITED

Name of the Director	Sh. Devinder Garg	Smt.Vaneera Garg
Date of Birth	25.05.1964	25/05/1965
Date of Appointment	19.01.1988	15/11/2015
Qualification	B.A.	B.A
Expertise in Specific Area	Industrial and Business experience of about 29 yrs in iron & Steel	Business Experience of More then 21 Yrs.
Directorship in other Companies	Nil.	Nil.
Chairman/Member of committees of other Companies	Nil	Nil

Item No.5:

The Company is required under Section 148 of the Act to have the audit of its cost records conducted by a Cost Accountant in Practice. The Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment and remuneration M/S Meenu & Associates, Cost Accountants (Firm's Registration No. Frn; 100729) of the Company to conduct audit of cost records of the Company for products covered under the Companies (Cost Records and Audit) Rules, 2014 for the Financial Year ending 31 March, 2017, at a remuneration of Rs.45000.00 plus reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors has to be ratified by the members of the Company.

Accordingly, the consent of the members is sought for passing an ordinary resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31 March, 2017.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members.

For and on behalf of the Board

Place: LUDHIANA.
Date: 13/08/2016

SD/-
(DEVINDER GARG)
CHAIRMAN
(DIN : 01665456)

DIRECTORS' REPORT

The Members of
Garg Furnace Limited

The Directors of your company have pleasure in presenting the 43rd Annual Report on the affair of the company together with the Audited Accounts for the year ending 31st March, 2016.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	2015-16	2014-15
Operating Income	9738.77	15994.92
Profit before depreciation, Interest & tax	(455.99)	912.64
Interest & Financial Expenses	745.56	767.73
Profit before depreciation & tax	(1201.55)	144.92
Depreciation	140.01	114.73
Profit before tax	(1341.56)	30.19
Extraordinary & Exceptional Items	18.88	0.00
Provision for tax -Current Tax	0.00	5.94
-Deferred Tax Asset	0.00	23.53
Less : Mat Credit Entitlement	0.00	5.75
Profit after Tax	(1322.68)	53.53
Prior year Tax adjustments / Depreciation to Reverse as per Schedule – II	0.00	(56.57)
Balance brought forward	226.89	229.93
	226.89	226.89
APPROPRIATIONS		
Transfer to General Reserve	0.00	0.00
Balance carried over to Balance Sheet	(1095.78)	226.89
	(1095.78)	226.89

Financial Performance

Sale of Steel products in the domestic market was Rs. 9738.77 Lac as compared to Rs.15994.92 in the previous year showing an decreased in of 60.88 %. The sale of the company significantly reduced due to slump & cut throat competition with china market. Consequent thereof the profit before tax (PBT) was RS. (1341.56) Lac as against Rs. 30.19 Lac in the previous year, and profit after tax (PAT) stood at Rs. (1322.26) Lac against Rs. 53.53 Lac in the previous year.

DIVIDEND

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

SHARE CAPITAL

There was no public issue, rights issue, bonus issue or preferential issue etc. during the year. The Company has not issued shares with differential voting rights, sweat equity shares nor has it granted any stock options.

OPERATIONS

Detailed information on the operations of the different business lines of the Company and details on the state of affairs of the Company are covered in the Management Discussion and Analysis Report

EXTRACT OF ANNUAL RETURN

The extract of annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed Form MGT-9 is annexed to this Report.

NUMBER OF MEETINGS OF THE BOARD

There were 8 meetings of the Board held during the year. Detailed information is given in the Corporate Governance Report, annexed hereto as part of Board Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under clause (c) of sub-section (3) of section 134 of Companies Act, 2013 directors, to the best of their knowledge and belief, state that -

- (a) in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that 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 and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

The independent directors have submitted the Declaration of Independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6).

DIRECTORS' REMUNERATION POLICY AND CRITERIA FOR MATTERS UNDER SECTION 178

Information regarding Directors' Remuneration Policy and criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 are provided in the Corporate Governance Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Information regarding loans, guarantees and investments covered under the provisions of section 186 of the Companies Act, 2013 are detailed in the Financial Statements.

RELATED PARTY TRANSACTIONS

There was no related party transactions (RPTs) entered into by the Company during the financial year, which attracted the provisions of section 188 of Companies Act, 2013. There being no 'material' related party transactions as defined under pursuant to erstwhile clause 49 of listing Agreement /Regulation as applicable of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, there are no details to be disclosed in Form AOC-2 in that regard.

During the year 2015-16, pursuant to section 177 of the Companies Act, 2013 erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, all RPTs were placed before Audit Committee for its prior/omnibus approval.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report.

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 134 (3)(m) of The Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 is annexed and forms part of this report.

RISK MANAGEMENT POLICY

Information on the development and implementation of a Risk Management Policy for the Company including identification therein of elements of risk which in the opinion of the Board may threaten the existence of the Company is given in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

Provision of section 135 of the Companies Act, 2013 are not applicable to Company

FORMAL ANNUAL EVALUATION OF THE PERFORMANCE OF BOARD, ITS COMMITTEES AND DIRECTORS

Information on the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors is given in the Corporate Governance Report.

SUBSIDIARIES AND JOINT VENTURE

Company has no subsidiary, associate and Company in Joint Venture

DIRECTORS AND KEY MANAGERIAL PERSONNEL

- a. In light of the provisions of the Companies Act, 2013, Mr. Devinder Garg Managing Director , retires from the Board by rotation this year and being eligible, offers himself for re-appointment. The information as required to be disclosed erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015 in case of re-appointment of the director is provided in the Notice of the ensuing annual general meeting.
- b). Smt.Vaneera Garg was appointed as an additional director in the category of non-executive, Woman director of the Company, in the meeting of the Board held on 14 November, 2015.She shall hold the office of director till the forthcoming Annual General Meeting, and proposed to appoint as Director of the company subject to retires by rotation.

Smt.Vaneera Garg was whole time director of the company till 09th September, 2016. she had resigned from said post, and Board of directors has appointed her as an additional Director in the category of non-executive, Woman director of the Company as said above.
- c) Sh. Daksh Garg Chief Financial Officer (CFO) of the Company has given his resignation from the company, with effect from 9th September 2015.Pursuant to section 203 of the Companies Act, 2013, the Company has appointed Sh. Gurmeet Singh as Chief Financial Officer (CFO) of the Company with effect from 25th January 2016.
- d) Mr. Toshak Garg, Jt. Managing Director and Key Managerial Personnel of the Company has resigned from his post on 25/01/2016, due to pre occupied in other business. Board placed on record their appreciation for the services rendered by Mr.Toshak Garg during his tenure as Jt.Managing Director of the company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals, which may impact the going concern status of the Company and its operations in future.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal financial controls with reference to the financial statements were adequate and Operating effectively.

PRESENTATION OF FINANCIAL RESULTS

The financial results of the Company for the year ended 31 March 2016 have been disclosed as per Schedule III to the Companies Act, 2013. The same are placed on the Company's Web-Site.

STATUTORY DISCLOSURES

As Company has no subsidiaries and joint ventures Company, the summary of the key financials of the Company's (Form AOC-1) is not applicable to comply.

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the prescribed particulars are set out in an annexure to the Directors' Report. As per provisions of section 136(1) of the said Act, these particulars will be made available to shareholder on request.

A Cash Flow Statement for the year 2015-16 is attached to the Balance Sheet.

Pursuant to the legislation 'Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act, 2013' introduced by the Government of India, which came into effect from 9 December 2013, the Company has framed a Policy on Prevention of Sexual Harassment at Workplace. There was no case reported during the year under review under the said Policy.

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.

Particulars of Employees

Information as per Section 197 of the Companies Act, 2013 (the 'Act') read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report is NIL. However salary being paid to whole time directors is mentioned in Corporate Governance Report.

Annual Performance Evaluation by Board

Pursuant to the provisions of the Companies Act, 2013 and Clause erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, the Board has carried out an Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Committees. The manner in which the evaluation was carried out has been explained in the Corporate Governance Report.

RISK MANAGEMENT

The Board of Directors of your Company has, on recommendation of the Risk Management Committee framed and adopted a policy on Risk Management of the Company. The broad terms of reference of the Committee are stated in the Corporate Governance Report.

VIGIL MECHANISM

Your Company has an effective Vigil Mechanism system which is embedded in its Code of Conduct. The Code of Conduct of your Company serves as a guide for daily business interactions, reflecting your Company's standard for appropriate behavior and living Corporate Values. The Code of Conduct applies to all Colgate People, including Directors, Officers, and all employees of the Company. Even your Company vendors and suppliers are also subject to these requirements as adherence to the Code is a prerequisite for conducting business with your Company.

NOMINATION & REMUNERATION POLICY

The Board of Directors of your Company has, on recommendation of the Nomination & Remuneration Committee, framed and adopted a policy for selection and appointment of Directors, Senior Management and their remuneration. The contents of the policy are stated in the Corporate Governance Report.

AUDITORS**STATUTORY AUDITOR**

M/s Pawan Puri & Associates. Chartered Accountants Ludhiana (ICAI Registration No. **005950N**) was appointed as statutory Auditors of the company, by board of directors in their board meeting held on 10/05/2016 and the members of the company has approved the said appointment of auditors in an extra ordinary general meeting held on 5th August 2016. Their appointment was made to fill the casual vacancy, caused due the resignation of M/s Dass Khanna & Co. Chartered Accountants (ICAI Registration No. 000402N), the existing Statutory Auditors of the company, due to not agreed to the Audit fee, as offered / approved by Audit Committee /Board of directors. M/s Pawan Puri & Associates. Chartered Accountants Ludhiana (ICAI Registration No. **005950N**) newly appointed statutory Auditors of the company shall hold office till the conclusion of Next Annual General Meeting.

The board of directors has recommended to appoint M/S Pawan Puri & Associates. Chartered Accountants Ludhiana as statutory Auditors of the Company for next 5 years from the conclusion of forthcoming Annual General Meeting to the conclusion of 48th Annual General Meeting, subject to the ratification by members at every Annual General Meeting.

M/S Pawan Puri & Associates. Chartered Accountants Ludhiana have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

The statutory audit report does not contain any qualification, reservation or adverse remark or disclaimer made by statutory auditor except as mentioned in Para Emphasis of matter, are being replied /explained point wise as under;

- (a) Interest not provided on borrowings, and has not paid to the bank due to the operational losses suffered by the company, because operating assets are not generating revenue on account of various factor beyond the control of company, such as slump in steel industry and delayed payment from customers, is posting challenges to meet the cash flow needs. The Company is taking adequate steps to resolve the liquidity issues. Further the sale of the company significantly reduced due to slump & cut throat competition with china market etc. Consequent thereof, in last quarter in last quarter of Financial Year, bank has declared the accounts of company as Non Performing asset (NPA). However management is in process to settle the account with the bank.
- (b) As explained above
- (c) Explained in related note.
- (d) Management is in process to confirm/reconcile balances with the concerned parties.

SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and Rules made thereunder the Company has appointed, Baldev Arora & Associates, (membership number: 4283) Company Secretaries in Practice, to undertake the secretarial audit of the Company. Secretarial Audit Report for the year 2015-16 given by Baldev Arora & Associates in the prescribed form MR-3 is annexed to this Report. The Secretarial Audit Report for the year under review does not contain any qualification, reservation or adverse remark or disclaimer made by the secretarial auditor except some observations.

Para wise replay of said observation are given hereunder

- (A) All required forms are being filed with additional fee, which could not be filed in time due to the ignorance of concerned officer.
- (b) Company has an active website, all informations are being updated as advised.

COST AUDITOR

Pursuant to section 148 of the Companies Act, 2013 and Rules made thereunder, Board of Directors had, on the recommendation of the Audit Committee, appointed M/s Meenu & Associates, (firm registration number: Frn; 100729) Cost Accountants, to audit the cost accounts of the Company for the financial year 2016-17 at a remuneration of 45000.00 plus service tax, out-of pocket and travel and living expenses, subject to ratification by

the shareholders at annual general meeting. Accordingly, a resolution seeking members' ratification for the remuneration payable to cost auditor is included in the Notice convening the annual general meeting.

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

The Directors wish to extend their sincere thanks to the Punjab & Sind 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

**SD/-
(DEVINDER GARG)
CHAIRMAN
(DIN : 01665456)**

**Place: LUDHIANA.
Date: 13/08/2016**

ANNEXURE TO BOARD REPORT

Information pursuant to Section 134 (3)(m) of The Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 and forming part of the Director's Report for the year ended 31st March, 2016

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. The Company has installed LED lamps in place of failed Tube lights and CFL thereby reducing energy consumption in lighting during the year
- 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.

A. POWER & FUEL CONSUMPTION

1.	Electricity	<u>Current Year</u>	<u>Previous Year</u>
	a) Purchased		
	Units(KWH) (in Units)	13423237	14680250
	Total amount	Rs.95855130.00	Rs. 102100380.00
	Rate per unit	Rs. 7.14	Rs. 6.95

b) Own Generation		<u>Current Year</u>	<u>Previous Year</u>
i)	Through Diesel Generator Units (KWH)	15990	25850
	Units per litre of diesel	3.90	3.90
	Oil Cost/unit	Rs. 12.40	Rs. 12.59
ii)	Through steam Turbine	Nil	Nil
2.	Coal		
	Quantity (Kgs)	218650	712430
	Total Amount	Rs. 1910567.00	Rs. 7781007.00
	Average Rate per Kg	Rs. 8.74	Rs. 10.92

B. CONSUMPTION PER UNIT OF PRODUCTION

Products		<u>Current Year</u>	<u>Previous Year</u>
Electricity (KWH)	Steel Ingots, Rounds, Castings/Wire Rod/Mig wire	1140 Units (*)	990 Units (*)
Coal	Rounds/Castings/Wire Rod	40 Kgs	41 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>2015-16</u>	<u>2014-15</u>
Total Foreign Exchange earned	NIL	NIL
Used (CIF Value of Imports)	Rs. 5,49,20,115.26	Rs. 21,65,77,733.00

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) BUSINESS REVIEW:

STEEL INDUSTRY – GLOBAL PERSPECTIVE

Global steel industry Global crude steel production reached 1,622.8 million tonnes (Mt) for the year 2015, down by 2.8% compared to that of 2014. Crude steel production declined in all regions except Oceania in 2015. The global steel industry is going through tough times. Steel demand in 2016 is likely to decline owing to slower pace of economic growth across geographies. As a result, steelmakers are struggling to sustain margins with excess capacity worldwide and historically low prices. Exports from China continue to penetrate markets all over the world, exerting downward pressure on the price of hot-rolled band (HRB), which is pushing down prices to levels not seen since 2002 to 2004. In this scenario, steel companies are likely to reduce debt, manage costs and implement operational improvements to counter the turbulence ahead. However, steel will never lose its relevance; and will remain the cornerstone for industrial and infrastructure growth.

INDIAN OUTLOOK

During 2015-16, India emerged as the world's third-largest producer of crude steel, up from eighth position in 2003. The industry growth is driven by an availability of raw materials such as iron ore and cost-effective labour. India produced 89.6 MT crude steel in FY 2015-16, a increase of 7.7% since last

year. In FY 2015-16, the country consumed 109.9 million tonnes (MT) of crude steel. The country witnessed an unprecedented inflow of cheap imports, which saw a significant increase in the last fiscal.

COMPANY'S BUSINESS STRATEGY

The Company has installed 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 not only will reduce cost of production but also will allow to reduce cost as well.

As we had predicted last year's annual report, the year 2015-16 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.

B) PRODUCTION AND SALES REVIEW

During the year under review, the company has produced 11763.515 Metric tons of Steel products. The operating receipts of the company has decreased to 97 Crores from 159 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 68 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.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY

The company GARG FURNACE LIMITED (GFL) 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.

The commitment of (GFL) to the highest standards of good corporate governance practices pursuant to erstwhile clause 49 of listing Agreement /Regulation as applicable of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(herein after mentioned as "**erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI(LO&DR) Regulations 2015**"). Ethical dealings, transparency, fairness, disclosure and accountability are the main thrust to the working of the GFL maintains the same tradition and commitment.

This Report, therefore states compliance as per requirements of Companies Act, 2013, erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015.

Given below are the Company's corporate governance policies and practices for 2015-16. As will be seen, GFL's corporate governance practices and disclosures have gone well beyond complying with the statutory and regulatory requirements in accordance with the provisions of erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015.

2. **BOARD OF DIRECTORS**

The Board of Directors consists of 5 directors. The composition and category of Directors as on 31/03/2016 are as follows:-

<u>Category</u>	<u>Name of Directors</u>
Promoter/Executive Directors	: Sh. Devinder Garg – Chairman & Managing Director
Woman Director	: Smt. Vaneera Garg-Non Executive Woman Director
Independent/Non-Executive Directors	: Sh.Pawan Kumar Sh Amit Gupta
Nominee/Institutional Directors	: Nil

Attendance of each director at the Board Meeting, last Annual General Meeting and number of other directorship and chairmanship/Membership of Committee of each Director in various companies.

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	8	Present	None	None	None
Smt.Vaneera Garg +	7	Present	None	None	None
Sh.Toshak Garg #	6	Present	None	None	None
Sh.Pawan Kumar	8	Present	None	None	None
Sh Amit Gupta	4	-	None	None	None

Resigned w.e.f 25th January, 2016

+ Resigned w.e.f 9th Sept 2015 from WTD & appointed as additional Director w.e.f 14/11/2015

NUMBER OF MEETINGS OF THE BOARD

During the year, 8 Board Meetings were held as against the minimum requirement of 4 meetings. The dates on which the meetings were held are: 30/05/2015, 01/08/2015, 14/08/2015, 01/09/2015, 09/09/2015, 14/11/2015, 25/01/2016 and 15/02/2016

NON-EXECUTIVE DIRECTORS' COMPENSATION

Company is not paying any remuneration to any Non Executive Director.

INFORMATION SUPPLIED TO THE BOARD

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to officers of the Company. In addition to items which are required to be placed before the Board for its noting and/or approval, information is provided on various significant items.

In terms of quality and importance, the information supplied by Management to the Board of the Company is far ahead of the list mandated under erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015,

REVIEW OF LEGAL COMPLIANCE REPORTS

During the year, the Board periodically reviewed compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

CODE OF CONDUCT

Erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, requires listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors as laid down in the Companies Act, 2013.

The Company pursuant to erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, already had a Code of Conduct for Directors and members of Senior Management.

The Board at its meeting on 10 September 2014 adopted a revised Code of Conduct for all Directors and Senior Management of the Company and the same has been placed on the Company's Web-Site.

All Directors and Senior Management personnel have affirmed compliance with the new code for 2015-16. A declaration to this effect signed by the Managing Director is given in this Annual Report.

MAXIMUM TENURE OF INDEPENDENT DIRECTORS

The maximum tenure of independent directors is in accordance with the Companies Act, 2013 and erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015.

FORMAL LETTER OF APPOINTMENT TO INDEPENDENT DIRECTORS

The Company issues a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013 and erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015,. The terms and conditions of appointment of independent directors are placed on the Company's Web-Site.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, the Board shall carry out an annual performance evaluation of its own performance, and that of its Committees and individual directors from FY 2016-17. Manner in which such formal annual evaluation to be made by the Board is given below:

Performance evaluation criteria for Board, Committees of the Board and Directors were approved by the Board at its meeting held on 14 February 2015. The criteria are placed on the Company's Web-Site.

Based on the said criteria, rating sheets to be filled by each of the directors towards the end of the year with regard to evaluation of performance of the Board, its Committees and Directors (except for the director being evaluated) for the year under review.

A consolidated summary of the ratings given by each of the directors shall be then prepared, based on which a report of performance evaluation to be prepared by the Chairman in respect of the performance of the Board, its Committees and Directors during the year under review.

The report of performance evaluation so arrived at shall then noted and discussed by the Nomination and Remuneration Committee and Board at their meetings to be held in March 2017.

As per the report of performance evaluation, the Board shall determine, inter alia, whether to continue the term of appointment of the independent director.

REMUNERATION POLICY

The Board on the recommendation of the Nomination and Remuneration Committee has framed a Remuneration Policy, providing (a) criteria for determining qualifications, positive attributes and independence of directors and (b) a policy on remuneration for directors, key managerial personnel and other employees. The detailed Remuneration Policy are placed on Company's Web-Site.

BOARD DIVERSITY POLICY

In compliance with erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, the Board through its Nomination and Remuneration Committee has formulated a Policy on Board Diversity.

The objective of the Policy is to ensure that the Board is comprised of adequate number of members with diverse experience and skills, such that it best serves the governance and strategic needs of the Company.

FAMILIARISATION PROGRAMME

With a view to familiarizing the independent directors with the Company's operations, as required under erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, the Company has held various familiarization programmes for the Independent Directors throughout the year on an ongoing and continuous basis. Some of the familiarisation programmes carried out during the year was as under:-

1. Various presentations were made by business heads of the Company and its various subsidiaries from time to time on different functions and areas.
2. Deliberations were held and presentations were made from time to time on major developments in the areas of the new Companies Act, 2013, the erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

Pursuant to section 177(9) of Companies Act, 2013 and erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, the Board of Directors at its meeting held on 14/02/2015, formulate a Whistle Blower Policy.

The Whistle Blower Policy/Vigil mechanism provides a mechanism for the director/employee to report violations, without fear of victimisation of any unethical behavior, suspected or actual fraud, violation of the Code of Conduct etc. which are detrimental to the organisation's interest.

The mechanism protects whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice.

The directors in all cases and employees in appropriate or exceptional cases will have direct access to the Chairman of the Audit Committee. The said Policy is placed on the Company's Web-Site

SUBSIDIARY COMPANIES

Company has no subsidiary Company.

RELATED PARTY TRANSACTIONS

All related party transactions (RPTs) which were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and did not attract provisions of section 188 of Companies Act, 2013 and were also not material RPTs under erstwhile clause 49 of listing Agreement / as per regulation applicable of SEBI (LO&DR) Regulations 2015.

During the year 2015-16, as required under section 177 of the Companies Act, 2013 and erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, all RPTs were placed before Audit Committee for prior approval, if required.

A summary statement of transactions with related parties was placed periodically before the Audit Committee during the year.

A statement showing the disclosure of transactions with related parties as required under Accounting Standard 18 is set out separately in this Annual Report.

Details of 'material' transactions, if any, with related parties are disclosed to stock exchanges on quarterly basis alongwith the compliance report on corporate governance.

There were no material transactions entered into with related parties, during the period under review, which may have had any potential conflict with the interests of the Company.

DISCLOSURES

Suitable disclosures have been made in the financial statements, together with the Management's explanation in the event of any treatment being different from that prescribed in Accounting Standards.

AUDIT COMMITTEE

The Audit Committee comprises of independent/ Non Executive Directors viz Sh.Pawan Kumar, Sh. Amit Gupta & Smt.Vaneera Garg, the terms of reference of the Audit Committee are as contained in Corporate Governance Clause of the listing agreement. The Audit Committee met 4 times during the year. The dates on which meeting were held are 30/05/2015, 14/08/2015, 14/11/2015, 15/02/2016 and attended by members as under:

Name of Director	Attendance Particulars
	Audit Committee Meetings
Sh.Pawan Kumar	4
Sh Amit Gupta	4
Smt.Vaneera Garg#	2

She was appointed as member of Committee w.e.f 14/11/2015

REMUNERATION COMMITTEE

The Board of the company had constituted a Remuneration Committee comprising of 3 independent/ Non Executive Directors viz Sh. Pawan Kumar, Sh Amit Gupta & Smt. Vaneera Garg ,She was appointed as member of Committee w.e.f 14/11/2015

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

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

Two meeting was held on 13/08/2016 & 25/01/2016 during the year and all the members of the Committee attend the meetings.

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

a) Executive Directors

<u>Name</u>	<u>Designation</u>	<u>Salary</u>	<u>Other</u>	<u>Total</u>
Sh. Devinder Garg	Chairman	8,40,000	----	8,40,000
Sh. Toshak Garg	Jt.Managing Director	6,00,000	----	6,00,000
		(Paid up to 25/01/2016)		
Smt. Vaneera Garg	Whole Time Director	2,50,000	----	2,50,000
		(Paid up to 09/09/2015)		

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

REMUNERATION OF DIRECTORS**Pecuniary transactions with non-executive directors**

During the year under review, there were no pecuniary transactions with any non-executive director of the Company.

The register of contracts is maintained by the Company under section 189 of the Companies Act, 2013. The register is signed by all the directors present at the respective Board meetings.

MANAGING DIRECTOR

During the year under review, the Company has paid remuneration to Managing Director and other whole time directors of the Company as provided above and in detail in an Annexure to the Directors' Report in Form MGT-9.

REMUNERATION TO DIRECTORS

Details of remuneration paid/payable to directors during 2015-16 are provided above and in an annexure to the Directors' Report in Form MGT-9.

SHAREHOLDING OF DIRECTORS

Information on shares held by directors in the Company as on 31 March 2016 is provided in the annexure to the Directors' Report in Form MGT-9.

INDEPENDENT DIRECTORS' MEETING

In compliance with Schedule IV to the Companies Act, 2013 and erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, the Independent Directors held their separate meeting on 15, March 2016, without the attendance of non-independent directors and members of management, inter alia, to discuss the following:

- i) review the performance of non-independent directors and the Board as a whole;
- ii) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors; and
- iii) assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All independent directors were present at the meeting, deliberated on the above and expressed their satisfaction.

MANAGEMENT**MANAGEMENT DISCUSSION AND ANALYSIS**

This is given as separate chapter in the Annual Report.

DISCLOSURE OF MATERIAL TRANSACTIONS

Under erstwhile clause 49 of listing Agreement / regulation as applicable of SEBI (LO&DR) Regulations 2015, Senior Management has made periodical disclosures to the Board relating to all material financial and commercial transactions where they had (or were deemed to have had) personal interest that might have been in potential conflict with the interest of the Company.

The same was nil.

COMPLIANCES REGARDING INSIDER TRADING

The Company had in place a 'Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices', in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended. These regulations have been substituted by SEBI with a new set of Regulations, which has come into effect from 15 May 2015.

Regulation 8 of the newly introduced Regulations, required the Company to formulate a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (U PSI), which the Company needs to follow in order to adhere to each of the principles set out in Schedule A to the said Regulations.

Further, regulation 9(1) of these Regulations required a listed company to formulate a Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons, towards achieving compliance with the said Regulations, adopting the minimum standards, set out in Schedule B to the Regulations.

Accordingly, the Board at its meeting held on 14 FEB 2015, approved and adopted:

- a) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and
- b) Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected persons.

The said codes are being adhered to with effect from 15 May 2015.

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.

All the letters/complaints received are replied to the satisfaction of shareholders during the year ended 31st March, 2016. Outstanding letters/complaints as on 31st March, 2016 were Nil. No request for transfer/dematerialization was pending for approval as on 31st March, 2016.

COMMUNICATION TO SHAREHOLDERS

Section 20 and 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 permit companies to service delivery of documents electronically on the registered members'/ shareholders' email addresses. The Company, during the year under review sent documents, such as notice calling the general meeting, audited financial statements, directors' report, auditors' report etc. in electronic form at the email addresses provided by the shareholders and made available by them to the Company through the depositories. Shareholders desiring to receive the said documents in physical form continued to get the same in physical form, upon request.

All financial and other vital official news releases are also communicated to the concerned stock exchanges, besides being placed on the Company's website.

The Company also files the following information, statements and reports on the Company website as specified by SEBI:

1. Full version of the annual report including the balance sheet, statement of profit and loss, directors' report, corporate governance report, auditors' report, cash flow statements, half-yearly financial statements and quarterly financial statements.
2. Shareholding pattern.

INFORMATION ON GENERAL BODY MEETINGS AND DETAILS OF SPECIAL RESOLUTION(S) PASSED

Detail of last three Annual General Meetings

<u>Meeting</u>	<u>Day</u>	<u>Date</u>	<u>Time</u>	<u>Venue</u>	<u>No. of Special Resolutions</u>
40th AGM	Monday	30.09.2013	9.30 AM	Registered Office at Kanganwal Road, V.P.O Jugiana, G.T. Road, Ludhiana	1
41st AGM	Tuesday	30.09.2014	9.30 AM	Registered Office at Kanganwal Road, V.P.O Jugiana, G.T. Road, Ludhiana	2
42nd AGM	Wednesday	30.09.2015	9.30 AM	Registered Office at Kanganwal Road, V.P.O Jugiana, G.T. Road, Ludhiana	4#

One special resolution regarding re-appointment of Mrs. Vaneera Garg as whole time director was dropped (not taken as passed) as she had resigned from directorship on 09/09/2015 before the date of AGM.

DETAILS OF CAPITAL MARKET NON-COMPLIANCE, IF ANY

There was no non-compliance by the Company of any legal requirements; nor has there been any penalty/stricture imposed on the Company by any stock exchange, SEBI or any statutory authority on any matter related to capital markets during the last three years.

CEO/CFO CERTIFICATION

The MD and CFO have certified to the Board with regard to the financial statements and other matters as required by erstwhile clause 49 of listing Agreement / as per regulation applicable of SEBI (LO&DR) Regulations 2015. . The certificate is contained in this Annual Report.

REPORT ON CORPORATE GOVERNANCE

This chapter, read together with the information given in the Directors' Report and the chapters on Management Discussion and Analysis and General Shareholder Information, constitute the compliance report on corporate governance during 2015-16. The Company has been regularly forwarding the quarterly compliance report to the stock exchanges as required under erstwhile clause 49 of listing Agreement / as per regulation applicable of SEBI (LO&DR) Regulations 2015.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained the certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in under erstwhile clause 49 of listing Agreement / as per regulation applicable of SEBI (LO&DR) Regulations 2015. This certificate is annexed to the Directors' Report and will be sent to the stock exchanges alongwith the Annual Report to be filed by the Company.

COMPLIANCE OF MANDATORY AND NON-MANDATORY REQUIREMENTS UNDER UNDER ERSTWHILE CLAUSE 49 OF LISTING AGREEMENT / AS REGULATION APPLICABLE OF SEBI (LO&DR) REGULATIONS 2015.**Mandatory**

The Company has complied with all the mandatory requirements of under erstwhile clause 49 of listing Agreement / as per regulation applicable of SEBI (LO&DR) Regulations 2015.

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.

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.

GENERAL SHAREHOLDERS INFORMATION

- i) 43rd Annual General Meeting
 - Date : Wednesday, 30th September, 2016.
 - Time : 10.30 A.M
 - Venue : Registered Office:
Kanganwal Road, VPO Jugiana, G.T. Road, Ludhiana.
- ii) Financial Calendar 2016-17 (Tentative)
 - First Quarter Results : July, 2016.
 - Second Quarter Results : October, 2016.
 - Third Quarter Results : January, 2017.
 - Forth Quarter Results : April, 2017.

- iii) Date of Book Closure : 28.09.2016 to 30.09.2016
(Both days inclusive)
- iv) Dividend Payment due : Within 30 days after declaration.
- 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 2015-16

BSE PRICES

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of shares.
Apr 15	8.32	8.73	8.32	8.73	1,036
May 15	9.16	16.00	9.16	15.65	8,334
Jun 15	15.35	15.60	11.85	11.85	4,267
Jul 15	11.85	13.81	10.10	13.00	6,530
Aug 15	12.35	15.15	12.24	12.24	5,587
Sep 15	11.63	11.63	9.53	9.53	6,334
Oct 15	9.53	12.09	9.16	11.05	4,392
Nov 15	11.60	12.18	10.51	11.00	1,705
Dec 15	11.55	13.05	9.87	9.87	11,705
Jan 16	9.60	9.60	9.15	9.30	2,241
Feb 16	9.10	12.07	8.52	12.03	11,406
Mar 16	12.62	15.15	11.16	11.16	3,614

- 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,
246,1st Floor, Sant Nagar,
East of Kailash, NEW DELHI- 110064.
TEL: 26292682, 26292683
FAX: 26292681
Email-admin@skylinerta.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, 2016

Range <u>No. of shares</u>	Share holders		Shares	
	<u>Numbers</u>	<u>% of total</u>	<u>Numbers</u>	<u>% to total</u>
Upto 500	1269	81.5	222140	5.54
501 to 1000	140	8.99	115677	2.89
1001 to 2000	54	3.47	83571	2.08
2001 to 3000	30	1.93	80290	2.00
3001 to 4000	13	0.83	45153	1.13
4001 to 5000	5	0.32	21988	0.55
5001 to 10000	16	1.03	109374	2.73
10001 and above	30	1.93	3330507	83.08
	1557	100	4008700	100

xi) Dematerialisation of shares

As on 31st March, 2016, 64.42 % of the Equity Share Capital comprising 25,82,325 Equity Shares was dematerialized.

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- 4692400(30 lines)
Fax : 0161- 2512285
Email : www.gargfurnaceltd.com

NOMINATION

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s). The prescribed nomination form (SH-13) will be sent by the share transfer agent of the Company upon such request and is also available on the Company's website www.gargfurnaceltd.com Nomination facility for shares held in electronic form is also available with depository participant as per the bye-laws and business rules applicable to NSDL and CDSL.

VOTING THROUGH ELECTRONIC MEANS

Pursuant to section 108 of the Companies Act, 2013 and the Rules made thereunder, every listed company is required to provide its members facility to exercise their right to vote at general meetings by electronic means.

The Company has entered into an arrangement with CDSL, the authorised agency for this purpose, to facilitate such e-voting for its members.

The shareholders would therefore be able to exercise their voting rights on the items put up in the Notice of annual general meeting, through such e-voting method. Further, in accordance with the Companies (Management and Administration) Rules, 2014 as amended, the Company shall also be making arrangements to provide for e-voting facility at the venue of the annual general meeting.

Shareholders who are attending the meeting and who have not already cast their votes by remote e-voting shall only be able to exercise their right of voting at the meeting.

Cut-off date, as per the amended Rules shall be 21st September, 2016 and the remote e-voting shall be open for a period of three (3) days, from 27th September, 2016 (9.00 a.m.) till 29th September, 2016 (5.30 p.m.).

The Board has appointed Baldev Arora & Associates, Practicing Company Secretary as scrutinizer for the e-voting process.

Detailed procedure is given in the Notice of the 43rd Annual General Meeting annual general meeting and is also placed on the website of the Company.

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 2016.

For and on behalf of the Board

Place: LUDHIANA.
Date: 13/08/2016

Sd/-
(DEVINDER GARG)
CHAIRMAN
(DIN : 01665456)

Auditors' Certificate on Compliance of Corporate Governance under Corporate Governance Regulation as applicable of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said company with the Stock Exchanges

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 March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchange(s) for the period from 1st April 2015 to 30th November 2015 and as per the relevant provisions of Securities Exchange Board of India (Listing Obligations & Disclosures Requirement) Regulations, 2015 (Listing Regulations) as referred to in Regulation 15(2) of the Listing Regulations for the period from 1st December 2015 to 31st March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations, as applicable, *except the web site of the company, which has not been updated with Informations as required under Listing Agreement / Listing Regulations, as applicable.*

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 Pawan Puri & Associates
Chartered Accountants
(Reg No. 005950N)

Place: LUDHIANA.
Date : 30.05.2016

(Alok Kalia)
PARTNER
M. No. 528412

EXTRACT OF ANNUAL RETURN (FORM MGT-9)

As on the financial year ended on 31 March 20169

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration and other details

Corporate identification number (CIN)	L99999PB1973PLC003385
Registration date	27/12/1973
Name of the Company	Garg Furnace Limited
Category/sub-category of the Company	Company Limited by Shares/Indian Non Govt. Company
Address of the registered office and contact details	Kanganwal Road, VPO Jugiana, G.T. Road, Ludhiana-141 120. Telephone : 0161- 4692400(30 lines) Fax : 0161- 2512285 Email : gargfurnace@yahoo.com Web Site : www.gargfurnaceltd.com
Whether listed Company	YES
Name, address and contact details of Registrar and Transfer Agent	M/s Skyline Financial Services Pvt Ltd, 246,1st Floor, Sant Nagar, East of Kailash, NEW DELHI- 110064. TEL: 26292682, 26292683 FAX: 26292681 Email-admin@skylinerta.com

II. Principal business activities of the Company

Sr. No.	Name and description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Manufacturing & trading of Iron & Steel	330.2	93.41
2	Trading of Textile	609.1	6.59
3	Trading of Chemicals (Dyes & Chemicals)	615	Nil

III. Particulars of holding, subsidiary and associate Companies

Sr. % of shares held as on 31 March 2016 Applicable section	No Name of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held as on 31 March 2016	Applicable section
Nil	Nil	Nil	Nil	Nil	Nil

IV. Shareholding pattern

(equity share capital breakup as percentage of total equity)

i) Category-wise shareholding

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2015				No. of shares held at the end of the year as on 31 March 2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	828341	1046860	1875201	46.78	828341	1046860	1875201	46.78	0.00
b) Central government	0	0	0	0.00	0	0	0	0.00	0.00
c) State government (s)									
d) Bodies corporate	492900	206600	699500	17.45	492900	206600	699500	17.45	0.00
e) Banks/Financial institutions	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other....	0	0.00	0	0.00	0	0.00	0	0.00	0.00
Sub-total (A) (1):-	1321241	1253460	2574701	64.23	1321241	1253460	2574701	64.23	0.00
(2) Foreign	0	0	0	0.00	0	0	0	0.00	0.00
a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/Financial institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other....	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1321241	1253460	2574701	64.23	1321241	1253460	2574701	64.23	0.00
B. Public Shareholding									
1. Institutions	0	0	0	0.00	0	0	0	0.00	0.00
a) Mutual funds	0	200	200	0.00	0	200	200	0.00	
b) Banks/Financial institutions	0	0	0	0.00	0	0	0	0.00	0.00
1. Institutions	0	0	0	0.00	0	0	0	0.00	0.00
a) Mutual funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/Financial institutions	0	0	0	0.00	0	0	0	0.00	0.00
c) Central government	0	0	0	0.00	0	0	0	0.00	0.00
d) State government(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture capital funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance companies	0	0	0	0.00	0	0	0	0.00	0.00
g) Foreign institutional investors	2255	0	2255	0.06	0	0	0	0.00	0.06
h) Foreign venture capital funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Any others	0	0	0	0.00	0	0	0	0.00	0.00
l Foreign portfolio investors	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(B)(1):	2455	0	2455	0.00	0	200	200	0.06	0.06
2. Non-Institutions									
a) Bodies corporate	596431	7800	604231	15.07	578077	7800	585877	14.62	0.45
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto B 1 lakh	450312	144115	594427	14.83	518458	144015	662473	16.53	1.7
ii) Individual shareholders holding nominal share capital in excess of B 1 lakh	176831	0	176831	4.41	129697	0	129697	3.24	1.17
c) Any others-HUF	29505	0	29505	0.74	30138	0	30138	0.75	0.01
l Foreign nationals	0	0	0	0.00	0	0	0	0.00	0.00
l Non-resident Indians	5550	20910	26460	0.66	4612	20900	25512	0.64	

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Foreign bodies-DR	0	0	0	0.00	0	0	0	0.00	0.00
Trusts	0	0	0	0.00	0	0	0	0.00	0.00
Clearing members	100	0	100	0.00	102	0	102	0.00	
Sub-total(B)(2):-	1258729	172825	1431554	35.71	1261084	172915	1431554	35.71	3.39
Total Public Shareholding (B) = (B)(1)+(B)(2)	1260984	173015	1433999	35.77	1261084	172915	1433999	35.77	3.39
C. Shares held by custodian for GDRs	0	0.00	0	0.00	0	0.00	0	0.00	0.00
Grand total (A+B+C)	2582225	1426475	4008700	100.00	2582325	1426375	4008700	100.00	0.00

ii) Shareholding of promoters

Category of shareholders	No. of shares held at the beginning of the year as on 1 April 2015				No. of shares held at the end of the year as on 31 March 2016				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
DHARAM PALL GARG & SONS HUF	0	92580	92580	2.31	0	92580	92580	2.31	0.00
JAGDISH CHAND GARG HUF	0	85500	85500	2.13	0	85500	85500	2.13	0.00
PUSHPA DEVI	0	134520	134520	3.36	0	134520	134520	3.36	0.00
SANJEEV GARG#	0	222120	222120	5.54	0	222120	222120	5.54	0.00
RAJIV GARG #	0	287720	287720	7.18	0	287720	287720	7.18	0.00
DHRUV GARG	0	33560	33560	0.84	0	33560	33560	0.84	0.00
SANJEEV GARG HUF	0	13000	13000	0.32	0	13000	13000	0.32	0.00
RENU GARG	0	34260	34260	0.85	0	34260	34260	0.85	0.00
NEELU GARG	0	47500	47500	1.18	0	47500	47500	1.18	0.00
UJJWAL GARG	0	49700	49700	1.24	0	49700	49700	1.24	0.00
RAJIV GARG HUF	0	40400	40400	1.01	0	40400	40400	1.01	0.00
AMARPREET SINGH THUKRAL	0	1000	1000	0.02	0	1000	1000	0.02	0.00
SUBHASH CHANDRA GUPTA	0	1000	1000	0.02	0	1000	1000	0.02	0.00
SANJEEV GARG#	0	200	200	0.00	0	200	200	0.00	0.00
RAJIV GARG #	0	200	200	0.00	0	200	200	0.00	0.00
GARG FINCAP LIMITED	0	206600	206600	5.15	0	206600	206600	5.15	0.00
DEVINDER GARG KARTA OF DAVINDER GAG HUF #	0		3600	0.09	0		3600	0.09	0.00
DAVINDER GARG	284040	0	284040	7.09	284040	0	284040	7.09	0.00
VANEERA GARG	97000	0	97000	2.42	97000	0	97000	2.42	0.00
DAVINDER GARG HUF #	20000	0	20000	0.50	20000	0	20000	0.50	0.00
TOSHAK GARG	216950	0	216950	5.41	216950	0	216950	5.41	0.00
DAKSH GARG #	185150	0	185150	4.62	185150	0	185150	4.62	0.00
BASANT INVESTMENTS PRIVATE LIMITED	155100	0	155100	3.87	155100	0	155100	3.87	0.00
SHUBHAM INVESTMENTS PRIVATE LIMITED	169500	0	169500	4.23	169500	0	169500	4.23	0.00
GARGSONS INVESTMENTS PRIVATE LIMITED	168300	0	168300	4.20	168300	0	168300	4.20	0.00
DAKSH GARG #	25201	0	25201	0.63	25201	0	25201	0.63	0.00
# All have 2 folios			2574701	64.23			2574701	64.23	0.00

iii) Change in promoters' shareholding

Sr. No.	Name of the promoters	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company#
1	Nil	Nil	Nil	Nil	Nil

iv) Shareholding pattern of top ten shareholders
(other than directors, promoters and holders of GDRs and ADRs)

Sr. No.	Name of the shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year		No. of shares held at the end of the year as on 31 March 2016	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	SHIV NARAYAN INVESTMENTS PVT LTD	535000	13.35	0	0	535000	13.35
2	HARSHA HITESH JAVERI	65100	1.62	0	0	65100	1.62
3	HITESH RAMJI JAVERI	59900	1.49	4697	0.12	64597	1.61
4	SUNILKUMAR C MEHTA	11057	0.28	8497	0.21	19554	0.49
5	HIMACHAL STEEL UDYOG LIMITED	15493	0.39	0	0	15493	0.39
6	BHADRESH RAMNIKLAL SHAH	15379	0.38	0	0	15379	0.38
7	DINESH SHANKAR KHATU	10143	0.25	3657	0.09	13800	0.34
8	NORATANMAL CHORARIA	11309	0.28	0	0	11309	0.28
9	SUJATHA MALLU	0	0	11000	.27	10000	0.27
10	SANJIV BHATIA	15000	0.37	4426	0.11	10574	0.26
11	HEMENDRA RATILAL MEHTA	9999	0.25	0	0	9999	0.25
12	PRAVIN SHIVHARE	9600	0.24	0	0	9600	0.24

v) Shareholding of directors and key managerial personnel

Sr. No.	Name of the directors/ key managerial personnel (KMP)	Shareholding at the beginning of the year		Cumulative shareholding during the year		No. of shares held at the end of the year as on 31 March 2016	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	DAVINDER GARG	284040	7.09	Nil	Nil	284040	7.09
2	VANEERA GARG	97000	2.42	Nil	Nil	97000	2.42
3	TOSHAH GARG	216950	5.41	Nil	Nil	216950	5.41
4	DAKSH GARG	210351	5.25	Nil	Nil	210351	5.25

V. Indebtedness

As on 31 March 2016, indebtedness of the Company including interest outstanding/accrued but not due for payment is INR- 73,34,17,377.28

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	38,37,16,790.19	10,97,64,459.25	0.00	49,34,81,249.44
i) Principal Amount	0.00	0.00	0.00	0.00
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due				
Total (i+ii+iii)	38,37,16,790.19	10,97,64,459.25	0.00	49,34,81,249.44
Change in Indebtedness during the financial year				
□ Addition	24,79,94,444.25	0.00	0.00	24,79,94,444.25

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☐ Reduction	0.00	-3,97,92,316.49	0.00	-3,97,92,316.49
Net Change	24,79,94,444.25	-3,97,92,316.49	0.00	20,82,02,127.76
Indebtedness at the end of the financial year				
i) Principal Amount	63,17,11,234.44	6,99,72,142.84	0.00	70,16,83,377.28
ii) Interest due but not paid	3,17,34,000.00	0.00	0.00	3,17,34,000.00
iii) Interest accrued but not due	0.00	0.00	0.00	0.00
Total (i+ii+iii)	66,34,45,234.44	6,99,72,142.84	0.00	73,34,17,377.28

VI. Remuneration of directors and key managerial personnel

A. Remuneration to managing director(MD), whole-time directors(WTD) and/or Manager

Sr. No.	Particulars of remuneration	SH.DEVINDER GARG Chairman & Managing Director	SH.TOSHAK GARG- JT.Managing Director UP TO 25/01/2016	SH.VANEERA GARG. Whole time Director up to 09/09/2015	Total amount (in INR)
1	Gross salary				
	(a) Salary as per provisions contained under section 17(1) of the Income-tax Act, 1961	8,40,000.00	6,00,000.00	2,50,000.00	16,90,000.00
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00	0.00
2	Stock options	0.00	0.00	0.00	0.00
3	Sweat equity	0.00	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00	0.00
	as % of profit	0.00	0.00	0.00	0.00
	others (thrice the annual basic salary)	0.00	0.00	0.00	0.00
5	Others - Contribution to provident fund etc	0.00	0.00	0.00	0.00
	Total (A)	8,40,000.00	6,00,000.00	2,50,000.00	16,90,000.00
	Ceiling as per the Act#	#	#	#	#

#Remuneration payable by companies having no profit or inadequate profit

Notes: Salary and perquisites include all elements of remuneration i.e. salary, allowances and benefits. No bonus, pension and performance linked incentive is paid to any of the directors. The Company has not issued any stock options to any of the directors.

B. Remuneration to other directors

(in INR)

Particulars of remuneration

	Name of directors	Total amount
1. Independent Directors -		
i) Fee for attending board/ committee meetings.	0.00	0.00
ii) Commission.	0.00	0.00
ii) Others	0.00	0.00
Total (1)		
2. Non-Independent Non-Executive Directors		
i) Fee for attending board/ committee meetings	0.00	0.00
ii) Commission.	0.00	0.00

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iii) Others	0.00	0.00
Total (2)	0.00	0.00
Total (B)=(1+2)	0.00	0.00
Total Managerial Remuneration (A+B)	0.00	0.00
Overall Ceiling as per the Act	0.00	0.00

Note: Overall ceiling as per Act is not applicable to sitting fees paid to non-executive directors.

C. Remuneration to key managerial personnel other than MD/WTD/Manager

Key managerial personnel				
		Company Secretary	Chief Financial Officer (CFO)	Total
Sr. No.	Particulars of remuneration			
1	Gross salary	20000.00	360000.00	380000.00
	(a) Salary as per provisions contained under section 17(1) of the Income-tax Act, 1961	0.00	0.00	0.00
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2	Stock options	0.00	0.00	0.00
3	Sweat equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others	0.00	0.00	0.00
5	Others - Contribution to provident fund etc.	0.00	0.00	0.00

VII. Penalties/punishment/compounding of offences:

During the year 2015-16, there were no penalties/punishment/compounding of offences under Companies Act, 2013.

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY	Nil	Nil	Nil	Nil	Nil
Penalty					
Punishment					
Compounding					
B. DIRECTORS	Nil	Nil	Nil	Nil	Nil
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	Nil	Nil	Nil	Nil	Nil
Penalty					
Punishment					
Compounding					

Declaration by Chief Executive Officer (CEO)

I Devinder Garg , Managing Director of Garg Furnace Ltd. hereby declare that all the Board members and Senior Management have affirmed for the year ended 31 March 2016 compliance with the Code of Conduct of the Company.

Sd/-
Devinder Garg
Managing Director
Ludhiana: 30/05/ 2016

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

We, Devinder Garg , Managing Director and Gurmeet Singh , Chief Financial Officer of Garg Furnace Limited ,certify to the Board:

1. That we have reviewed the financial statements and the cash flow statement for the year ended 31 March 2016 and that to the best of our knowledge and belief;
 - These statements do not contain any materially untrue statement nor omit any material fact or contain statements that might be misleading, and
 - These statements together present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards, applicable laws and regulations;
2. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. That we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify these deficiencies; and
4. That we have informed the auditors and the Audit Committee of:
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Ludhiana: 30/05/ 2016

Sd/-
Devinder Garg
Managing Garg

Sd/-
Gurmeet Singh
CFO

Form No.MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Garg Furnace Limited,
Kanganwal Road, V.P.O. Jugiana,
G.T. Road, Ludhiana-141120

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Garg Furnace Limited** (hereinafter called the **Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31 March, 2016** ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31 March, 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):—
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to labour &

industrial laws, Central, State & Local Tax Laws, Environmental laws as well as other laws specifically applicable to Company.

The Company has identified the following Laws as specifically applicable to the Company.

- The Legal Metrology Act 2009.
- The Hazardous waste (Management and Handling) Rules 1989.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified hence not applicable to the Company during the audit period).
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges.
- (iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- *Company has its own operational Web site, but required informations, under applicable laws are not updated therein.*
- *Form No.DIR-12 DATED 14/11/2015 and DIR-12 DATED 14/01/2016 are not filed.*
- *Company's Term Loans & Cash Credit Accounts have been declared Non Performing Assets (NPA) by the Bank, during the year under review.*

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously or by the majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Cs. Baldev R. Arora

Proprietor

Baldev R. Arora & Associates

Company Secretaries

C.P. No. 4665-FCS-4283

7-New Punjab Mata Nagar , Pakhowal Road,

Ludhiana-141013

Place: Ludhiana

Dated: 13/08/2016

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

'ANNEXURE A'

To,

**The Members,
Garg Furnace Limited,
Kanganwal Road, V.P.O. Jugiana,
G.T. Road, Ludhiana-141120**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Cs. Baldev R. Arora
Proprietor
Baldev R. Arora & Associates
Company Secretaries
C.P. No. 4665-FCS-4283
7-New Punjab Mata Nagar , Pakhowal Road,
Ludhiana-141013
Place: Ludhiana
Dated: 13/08/2016

Detail pertaining to remuneration as required under section 197[12] of the Companies Act, 2013 read with Rule 5[1] of The Companies [Appointment and Remuneration of Managerial Personnel] Rules, 2014.

- a. The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of Directors to whom salary paid	Salary paid – INR	Ratio of each Director to the median remuneration of the employee
SH.DEVINDER GARG Chairman	8,40,000.00	115.4%
SH.TOSHAK GARG@-Managing Director	6 00,000.00	82.5%
SH.VANEERA GARG.# Whole time Director	2,50,000.00	34.4%
No remuneration has paid to any Non Executive/Independent Directors	N/A	

@paid up to 25/01/2016-Resigned from Company.

#paid up to 09/09/2015-resigned as whole time director of the company.

- b. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year:

There is no increase in remuneration of any Director, Chief Financial Officer and Company Secretary in the financial year

- c. The percentage increase in the median remuneration of employees in the financial year was ...2%
- d. There were 68 permanent employees on the rolls of the Company as on 31st March, 2016
- e. The profits before tax for the financial year ended on 31st March, 2016 decreased by 434 %, whereas the average increase in remuneration of employees was 0 %.
- f. The profits before tax for the financial year ended on 31st March, 2016 decreased by 434.%, whereas the remuneration of Key Managerial Personnel, viz. [1] the Managing Director was increased by 0 %, [2] Chief Financial Officer by 0 % and [3] Company Secretary by 0 %.
- g. The market capitalization of the Company was Rs. 44737092.00 Lac as on 31st March, 2016 as against Rs. Rs 3,17,88,991.00 Lac as on 31st March, 2015.
Whereas, Price Earnings Ratio of the Company was (0.34) as on 31st March, 2016 as against 5.92 as at 31st March, 2015.
- h. The Company came out with Initial Public Offer before 1995 at a price of Rs. 10/- per share. The market price of the share as on 31st March, 2016 was Rs 11.16 on BSE Limited. The increased in price is 71.05.%, apart from the dividend received by the shareholders.
- i. The average annual increase in the salaries of the employees, other than managerial personnel was 0%, whereas the average increase in the managerial remuneration was 0 % for the financial year.
- j. There was no employee receiving remuneration higher than the highest paid Director during the financial year.
- k. The Company affirms remuneration is as per the Remuneration Policy of the Company.

For and on behalf of the Board

**Sd/-
(DEVINDER GARG)
CHAIRMAN
(DIN : 01665456)**

**Place: LUDHIANA.
Date: 13/08/2016**

INDEPENDENT AUDITORS' REPORT

To
The Members of
GARG FURNACE LIMITED

Report on the Financial Statements

We have audited the accompanying standalone 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, 2016, the Profit and Loss Statement 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone 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 principles generally accepted in India including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a 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 Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 ("the Act"). 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 on the Standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone 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, of the state of affairs of the Company as at March 31, 2016, and profit/loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following:

- a) The company has not provided for the interest on borrowings amounting to Rs. 317.34 lacs pertaining to year ended 31st March 2016.
- b) The earning (loss) per share for the year ended 31st March 2016 would have been Rs. (40.92) against reported earning (loss) per share of Rs. (33.00).
- c) Note 30 to the financial statements which describes the uncertainty related to outcome of appeal filled by the Company against demand of Punjab Power Corporation Ltd & appeal filled against demand by Income Tax Authority.
- d) The company has not arranged to make available the confirmations and/or reconciliations to verify the balances stated in the financial statements in respect of Trade Receivables, Loans & Advances & Trade payables.

However, our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought & 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 aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure B.
 - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial positions in its financial statements as referred to in note 30 to its financial statements.
 - ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amount which were required to be transferred to Investor Education and Protection Fund by the company.

For Pawan Puri & Associates
Chartered Accountants
(Reg No. 005950N)

Place: LUDHIANA.
Date : 30.05.2016

(Alok Kalia)
PARTNER
M. No. 528412

“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Garg Furnace Limited**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Garg Furnace Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Pawan Puri & Associates
Chartered Accountants
(Reg No. 005950N)**

**Place: LUDHIANA.
Date : 30.05.2016**

**(Alok Kalia)
PARTNER
M. No. 528412**

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements' of our Audit 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). The title deeds of immovable properties are held in the name of the company.
- (ii)
 - a) The management has conducted the physical verification of inventory at reasonable intervals.
 - b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 189 of the companies Act, 2013. Consequently, the provisions of clauses iii (a) to (C) of the order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the company has not given any loans, investments, guarantees, and security under the provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iv) of the Order are not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) 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 148(1) of the Companies Act, 2013 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.
- (vii)
 - 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:

GARG FURNACE LIMITED

Name of Statute	Nature of Dues	Forum where appeal is pending	Period to which amount relates	Amount involved in Rs.
Income Tax Act, 1961	Income Tax	ITAT	A.Y 2008-09	29.00 Lacs
Income Tax Act, 1961	Income Tax	ITAT	A.Y 2009-10	10.00 Lacs
Income Tax Act, 1961	Income Tax	ITAT	A.Y 2010-11	12.11 Lacs

(viii) According to the information and explanation given to us, the company has default in repayment of dues to banks and financial institutions. The detail of default are as under:

Sr. No.	Particulars	Amount (in lacs)	Nature of dues	Date since overdue
1.	Indian Bank – MTL1	17.64	Principal	01.09.2015
		11.98	Interest (Term Loan)	
2.	Indian Bank – MTL2	43.75	Principal	01.09.2015
		27.24	Interest (Term Loan)	
3.	Indian Bank – MTL3	62.88	Principal	01.10.2015
		6.91	Interest (Term Loan)	
4.	Indian Bank – OCC	143.30	Interest (Working Capital)	01.12.2015
5.	Indian Bank – OCC Adhoc	33.58	Interest (Working Capital)	01.09.2015
6.	Indian Bank – LC/BC	94.32	Interest (Working Capital)	01.01.2016

- (ix) In our opinion and according to the information & explanation given to us, the term loans have been applied for the purpose for which they were obtained.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- (xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For Pawan Puri & Associates
Chartered Accountants
(Reg No. 005950N)

Place: LUDHIANA.
Date : 30.05.2016

(Alok Kalia)
PARTNER
M. No. 528412

GARG FURNACE LIMITED

BALANCE SHEET AS AT 31st MARCH 2016

Particulars	Note No.	AS AT		AS AT	
		31.03.2016		31.03.2015	
		Rs.	P.	Rs.	P.
I. EQUITY AND LIABILITIES					
1 Shareholders' funds					
(a) Share Capital	3	40087000.00		40087000.00	
(b) Reserves & Surplus	4	139226356.44		271494015.04	
(c) Money Received Against Share warrants			0.00		0.00
2 Share Application Money Pending Allotment			0.00		0.00
2 Non-current liabilities					
(a) Long-term borrowings	5	110400126.84		173290246.25	
(b) Deferred tax liabilities(Net)	6	12675427.00		12675427.00	
(c) Long-term provisions	7	431218.00		802853.00	
3 Current liabilities					
(a) Short-term borrowings	8	591283256.44		320191003.19	
(b) Trade Payables	9	149377870.00		593860113.00	
(c) Other current liabilities	10	78149224.66		72456549.65	
(d) Short-term provisions	11	23440.00		45444.00	
TOTAL		1484902651.13		1484902651.13	
II. ASSETS					
1 Non-current assets					
(a) Fixed Assets	12				
(i) Tangible assets		231086536.19		253526102.19	
(ii) Capital work-in-progress			0.00		0.00
(b) Non-current investments	13	26099154.12		23240000.00	
(d) Long-term loans and advances	14	65490294.25		62171070.25	
(e) Other Non Current Assets	15	6868969.83		22472715.44	
2 Current Assets					
(a) Inventories	16	109618465.00		130646242.00	
(b) Trade receivables	17	553627241.72		850560469.29	
(c) Cash and cash equivalents	18	21598849.08		38424666.56	
(d) Short-term loans and advances	19	106689135.19		103286085.40	
(e) Other Current Assets	20	575274.00		575300.00	
TOTAL		1484902651.13		1484902651.13	
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 PAWAN PURI & ASSOCIATES
CHARTERED ACCOUNTANTS
Registration No. 005950N

(Alok Kalia)
PARTNER
M.NO. 528412
PLACE : LUDHIANA
DATED : 30-05-2016

(Devinder Garg)
Chairman Cum
Managing Director
DIN:01665456

(Vaneera Garg)
Non-Executive
Director
DIN:01283990

(Gurmeet Singh)
CFO

PROFIT & LOSS STATEMENT FOR THE YEAR ENDING 31st MARCH 2015

Particulaars	Note No.	AS AT		AS AT	
		31.03.2016		31.03.2015	
		Rs.	P.	Rs.	P.
I. Revenue from operations	21	900366095.00		1464209134.00	
II. Other income	22	5232811.34		13780974.41	
III. Total Revenue (I+II)		905598906.34		1477990108.41	
IV. EXPENSES :					
Cost of Materials consumed	23	558632162.26		909260923.81	
Purchases of stock-in-trade	24	237632502.00		337059751.00	
Changes in inventories of finished goods work-in-progress and stock-in-trade	25	5411909.00		(18933161.00)	
Employee Benefits Expenses	26	8727762.00		11755417.00	
Finance Cost	27	74556401.49		76772716.68	
Depreciation and amortization Expenses	28	14000845.00		11472770.00	
Other expenses	29	140793518.19		147582653.00	
Total		1039755099.94		1474971070.49	
V. Profit before exceptional and extraordinary items and tax(III-IV)		(134156193.60)		3019037.92	
VI. Extraordinary and Exceptional items	30.00	1888535.00		0.00	
VII. Profit before Tax (V-VI)		(132267658.60)		3019037.92	
VIII. Tax expense:					
(1) Current tax Provision		0.00		594300.00	
Less: MAT Credit Entitlement		0.00		575300.00	
(2) Deferred tax		0.00		2353390.00	
(3) Taxes relating to earlier years					
IX. Profit for the period after Tax		(132267658.60)		5353427.92	
X. Earning per equity share:					
(1) Basic		(33.00)		1.34	
(2) Diluted		(33.00)		1.34	

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 PAWAN PURI & ASSOCIATES
CHARTERED ACCOUNTANTS
 Registration No. 005950N

(Alok Kalia)
PARTNER
 M.NO. 528412
 PLACE : LUDHIANA
 DATED : 30-05-2016

(Devinder Garg)
 Chairman Cum
 Managing Director
 DIN:01665456

(Vaneera Garg)
 Non-Executive
 Director
 DIN:01283990

(Gurmeet Singh)
 CFO

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

PARTICULARS	AS AT 31.03.2016 Rs.	AS AT 31.03.2015
(A) Cash Flow From Operating Activities :		
Net Profit before tax	(132267658.60)	3019037.92
Adjusted for :		
Depreciation	14000845.00	11472770.00
Interest Received	(4867773.00)	(6661729.00)
Interest Charged	62185191.23	71249233.96
Prior Year adjustment (Profit)/Loss on sale of Fixed Assets	3943203.00	(1088.00)
Operating Profit before working Capital Changes	(57006192.37)	79078224.88
Adjusted for :		
Trade and other Receivables	290210979.78	(297582492.20)
Inventories	21027777.00	3621505.00
Trade Payables & Provisions	(439183206.99)	277325110.44
Cash Generated From Operations	(184950642.59)	62442348.12
Taxes Paid	--	(594300.00)
Net Cash from operating Activities	(184950642.59)	61848048.12
(B) Cash From Investing Activities		
Purchase of fixed assets	(410550.00)	(75973124.00)
Margin money to Bank	15603745.61	299604.91
Sale of fixed assets	4906068.00	1188500.00
Sale/(Purchase) of Investments	(2859154.12)	0.00
Interest received	4867773.00	6661729.00
Net Cash from Investing Activities	22107882.49	(67823290.09)
(C) Cash Flow From Financing Activities		
Proceeds from Short Term borrowings (Net)	271092253.25	(28615376.40)
Proceeds from Long Term Borrowings (Net)	(62890119.41)	128086821.48
Interest paid	(62185191.23)	(71249233.96)
Net cash from Financing Activities	146016942.61	28222211.12
Net Increase in Cash and Cash Equivalents (A+B+C)	(16825817.49)	22246969.15
Cash and Cash Equivalents (Opening Balance)	38424666.56	16177697.41
Cash and Cash Equivalents (Closing Balance)	21599849.08	38424666.56
Bank Balances not considered as cash equivalents	6868969.83	22472715.44

Subject to our separate report of even date

FOR AND ON BEHALF OF THE BOARD

for PAWAN PURI & ASSOCIATES
CHARTERED ACCOUNTANTS
Registration No. 005950N

(Alok Kalia)
PARTNER
M.NO. 528412
PLACE : LUDHIANA
DATED : 30-05-2016

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

SD/-
(Vaneera Garg)
Non-Executive
Director
DIN:01283990

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2016

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 exchange. The 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:

2.1.1 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 2006,(as amended) and the relevant provisions of Companies Act, 2013. 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 Schedule-III of Companies Act, 2013 .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 realizable value whichever is lower. The cost formula used in valuation of different categories is 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 on Fixed Assets has been provided on straight line method in terms of useful life of the assets specified in Schedule-II of Companies Act, 2013

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.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March 2016**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 statement of profit and loss..

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.

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 statement of profit and loss

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 2016**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 - Contingent Liabilities & Contingent Assets

- (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 economics 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.
- (iii) Contingent Assets are neither recognized nor disclosed in financial statements.

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.

NOTE 3 :SHARE CAPITAL

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	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 2016		As at 31st MARCH 2015	
	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 2016		As at 31st MARCH 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
i) Shiv Narayan Investments Pvt Ltd	535000	13.35	535000	13
ii) Devinder Garg	304040	7.58	304040	7.58
iii) Rajiv Garg	287920	7.18	287920	7.18
iv) Sanjeev Garg	222320	5.55	222320	5.55
v) Toshak Garg	216950	5.41	216950	5.41
vi) Garg Fincap Ltd	206600	5.15	206600	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 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
(a) Capital Reserves	2350000.00		2350000.00	
(b) Securities Premium Reserve	56530500.00		56530500.00	
(c) General Reserve				
Opening Balance	189923930.00		189923930.00	
Add: Transfer from surplus account	0.00		0.00	
Closing Balance	189923930.00		189923930.00	
(d) Surplus				
Opening Balance	22689585.04		22993427.12	
Add: Profit for the year	(132267658.60)		5353427.92	
Less: Adjustment relating to fixed assts (Net of Deffered Tax Ref Note -12)	0.00		-5657270.00	
Less : Transfer to general reserve	0.00		0.00	
Closing Balance	(109578073.56)		22689585.04	
TOTAL	139226356.44		271494015.04	

NOTE 5 :LONG-TERM BORROWINGS

Particulars	Non Current Portion		Current Maturities	
	As at 31.03.2016 Rs. P.	As at 31.03.2015 Rs. P.	As at 31.03.2016 Rs. P.	As at 31.03.2015 Rs. P.
Secured Loans				
(a) Term Loans from Banks	40427984.00	63525787.00	35527000.00	23100000.00
Unsecured Loans:				
(b) Other Loans and advances				
i) Vehicle Loans from Banks	220344.00	4526968.40	1788838.27	5589097.01
ii) Vehicle Loans from Companies	0.00	686664.82	0.00	448563.24
iii) From others	69751798.84	104550826.03	12961077.33	13649776.93
	110400126.84	173290246.25	50276915.60	42787437.18
Amount disclosed under other current liabilities see note no 10	Nil	Nil	50276915.60	42787437.18
Total	110400126.84	173290246.25	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 parri 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 installments the year wise repayment due are as under :-
- (c) Terms and conditions of Loans taken from Banks and status of continuing default as at year end:

Bank Name	Interest Rate	DP	Outstanding	No of Instal- ments Due	Over Due	Interest Overdue	Principal Overdue
Indian Bank-MTL-I	11.30%	3,00,00,000	16715221.00	7.00	2962442.00	1198442	1764000
Indian Bank-MTL-II	11.30%	5,00,00,000	39329984.00	7.00	7098743.00	2723743	4375000
Indian Bank-MTL-III	11.30%	4,93,00,000	19909779.00	6.00	6979315.00	691315	6288000

YEAR ENDED	MTL-I	MTL-II	MTL-III
	AMOUNT OF REPAYMENT		
31/03/2016	6288000.00	4375000.00	1764000
31/03/2017	12576000.00	7500000.00	3024000
31/03/2018	1045779.00	7500000.00	3024000
31/03/2019	0.00	7500000.00	3024000
31/03/2020	0.00	7500000.00	3024000
31/03/2021	0.00	4954984.00	2855221
TOTAL	19909779.00	39329984.00	16715221.00

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

	Loan No 27768003 Dt 05-04-2014	Loan No 27709102 Dt 01-12-2013
Financer's name	HDFC BANK LTD	ICICI BANK LTD
Outstanding amount of Loan	1438727.27	570455.00
Rate of Interest	10.02	9.66
Mode of Repayment	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT

YEARWISE REPAYMENT DUE:

YEAR ENDED	FROM BANKS AMOUNT OF REPAYMENT
31/03/2017	1788838.27
31/03/2018	220344.00
TOTAL	2009182.27

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

	Loan No HLAPLUD00191474 Dt 25/12/2012	HDB FINANCIAL SERVICES Dt 21/07/2014
Financer's name	INDIA BULLS FINANCIAL SERVICES LTD	HDB FINANCIAL SERVICES
Outstanding amount of Loan	15562938.59	67149937.58
Rate of Interest	14.00	14.00
Mode of Repayment	MONTHLY INSTALLMENT	MONTHLY INSTALLMENT

YEAR ENDED	AMOUNT OF REPAYMENT	AMOUNT OF REPAYMENT
31/03/2017	6549032.84	6412044.49
31/03/2018	7453009.18	7189561.86
31/03/2019	1560896.57	8061360.11
31/03/2020		9038871.65
31/03/2021		10134915.12
31/03/2022		11363863.62
31/03/2023		12741833.03
31/03/2024		2207487.70
04/07/2024	15562938.59	67149937.58
TOTAL	1924114.05	26638619.04

(e) Other Loans include Loans from HDB Financial Services & Indiabulls Housing Finance Ltd against residential property / Plot in the name of Directors

Detail of Loans agst property

1. Indiabulls Housing Finance Ltd	agst property at 20-C, Sukhmani Enclave, South City, Ludhiana
2. HDB Finance Ltd.	agst plot at B-35, Khasara no. 133-1/134-1, Block C, Sukhmani Enclave, South City, Ludhiana

NOTE 6 : DEFERRED TAX LIABILITIES

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Deferred Tax Liability:				
Fixed Assets : Impact of difference between Tax Depreciation and depreciation/amortisation for financial reporting period	26860261.00		22794114.00	
(a)	26860261.00		22794114.00	
Deferred tax Asset:				
Impact on account of Book Loss	13933717.00		9862434.00	
Impact of Expenditure charged to statement of profit and loss in the	251117.00		256253.00	
(b)	14184834.00		10118687.00	
Deferred Tax Liability Net	Total (a-b)		12675427.00	12675427.00

Note : During the year company has not created the deferred tax asset against Business loss, as there is no virtual certainty supported by convincing evidence that so much future taxable income will be available against which such deferred tax assets can be realised.

NOTE 7 : LONG TERM PROVISION

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Provision for employee benefits. -Gratuity-	431218.00		802853.00	
Total	431218.00		802853.00	

NOTE 8 :SHORT TERM BORROWINGS

PARTICULARS	AS AT		AS AT	
	31.03.2016		31.03.2015	
	Rs.	P.	Rs.	P.
Secured Loans:				
(a) Loans repayable on demand				
- Cash Credit	344746464.36		320191003.19	
- Adhoc Cash Credit	38000399.00			0.00
- Devolved LC / Buyer Credit	178789885.00			0.00
- Bank Guarantee (NSIC)	29746508.08			0.00
Total	591283256.44		320191003.19	

The detail of amount & period of default of interest on Short Term Borrowings as at year end:

Bank Name	Overdue Interest Amt	Overdue Since
Indian Bank- OCC	14330267	01.12.2015
Indian Bank- OCC - ADHOC	3358236	01.09.2015
Indian Bank- LC/BC	9432390	01.01.2016

* The Indian Bank has not charges interest of Rs. 271.21 Lacs as the bank has declared account as NPA

Nature of Security:

- (a) (The Working Capital Loans are Secured by hypothecation of stock in trade,Book Debts of the company,the overdraft is further secured by Equitable Mortgage of Land ,Building and Hypothecation of Plant and machinery of the company and personal gurantee of two Directors.And it carries interest @10.90% p.a)

NOTE 9 :TRADE PAYABLES

PARTICULARS	AS AT		AS AT	
	31.03.2016		31.03.2015	
	Rs.	P.	Rs.	P.
(a) Acceptances Payable	23193089.00		204093250.00	
(b) Other than acceptances*	126184781.00		389766863.00	
Total	149377870.00		593860113.00	

*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 amounts 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	
	31.03.2016		31.03.2015	
	Rs.	P.	Rs.	P.
(a) Current maturities of long-term debt (Refer Note 5)	50276915.60		42787437.18	
Interest accrued and due on borrowings	716409.00			0.00
(b) Other Payables:				
(a) Statutory remittances *	5971159.00		6440361.00	
(b) Employee Related Payments	1227453.00		2324317.00	
(c) Expenses Payable	13219234.47		6379927.47	
(d) Advances from Customers	5226481.59		14524507.00	
(e) Due to Directors	1511572.00			0.00
Total	78149224.66		72456549.65	

* Statutory remittances include Contribution to Provident fund,ESIC,TDS,Excise duty,Service Tax,Vat etc.

NOTE 11:SHORT-TERM PROVISIONS

PARTICULARS	AS AT		AS AT	
	31.03.2016		31.03.2015	
	Rs.	P.	Rs.	P.
(a) Provision for Employee benefits.				
-Gratuity-	23440.00		26444.00	
(b) Other				
-Provision for wealth Tax	0.00		19000.00	
Total	23440.00		45444.00	

GARG FURNACE LIMITED

Note - 12

FIXED ASSETS :

31.03.2016

(Value in Rs.)

GROSS BLOCK						DEPRECIATION				NET BLOCK			
SL. NO	NAME OF THE ASSETS	AS AT 01.04.2015	ADDITIONS DURING THE YEAR	SALES / TRF DURING THE YEAR	TO BE ADJ WITH RESERVES AS PER SCH-II	TOTAL AS AT 31.03.2016	AS AT 01.04.2015	PROVIDED DURING THE YEAR	ADJUSTMENT DURING THE YEAR	ADJUSTMENT AS PER SCH-II	TOTAL AS AT 31.03.2016	AS AT 31.03.2016	AS AT 31.03.2015
1.	Land	2468126.40	0.00	0.00	0.00	2468126.40	0.00	0.00	0.00	0.00	0.00	2468126.40	2468126.40
2.	Building	69688453.69	0.00	1428555.00	0.00	68259898.69	12519126.00	2009296.00	927266.00	0.00	13601156.00	54658742.69	57169327.69
3.	Plant & Machinery	292213085.84	410550.00	6121907.23	0.00	286501728.61	118289272.81	9785726.00	5815812.23	0.00	122259186.58	164242542.03	173923813.03
4.	Vehicles	35102600.88	0.00	11241154.00	0.00	23861446.88	16441230.11	1969579.00	3199267.00	0.00	15211542.11	8649904.77	18661370.77
5.	Office Equipments	2916806.66	0.00	0.00	0.00	2916806.66	1953920.80	187155.00	0.00	0.00	2141075.80	775730.86	962885.86
6.	Furnitures & Fixtures	1225750.45	0.00	0.00	0.00	1225750.45	885172.01	49089.00	0.00	0.00	934261.01	291489.44	340578.44
TOTAL		403614823.92	410550.00	18791616.23	0.00	385233757.69	150088721.73	14000845.00	9942345.23	0.00	154147221.50	231086536.19	253526102.19

NOTE 13 :NON CURRENT INVESTMENT

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Other Investments (At Cost):				
Unquoted:				
(a) Investments in Equity Instruments :				
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 Investment 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	
(f) IDBI MF Liquid Fund	2859154.12			0.00
Total	26099154.12		23240000.00	

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Aggregate amount of unquoted investments.	26099154.12		23240000.00	
Aggregate provision for diminution in value of investments.	Nil		Nil	

NOTE 14 :LONG-TERM LOANS AND ADVANCES

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Unsecured,considered good				
(a) Capital Advances		0.00		200000.00
(b) Security Deposits		11979705.25		8460481.25
(c) Electricity Bills Under Challenges	Refer Note 30	53510589.00		53510589.00
Total		65490294.25		62171070.25

NOTE 15 :OTHER NON CURRENT ASSETS

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Non Current Bank Balances		6868969.83		22472715.44
-fixed deposits with more than twelve months maturity-	Refer Note 18			
Total		6868969.83		22472715.44

NOTE 16: INVENTORIES

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Raw Materials	16509599.00		25331090.00	
Work In Progress	2531225.00		10970460.00	
Finished Goods	43736130.00		40708804.00	
Stores & Spares	46841511.00		53635888.00	
Total	109618465.00		130646242.00	

NOTE 17 :TRADE RECEIVABLES

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Unsecured, considered good:				
i) Outstanding for a period exceeding six months from the date they are due.	166487044.29		35263966.29	
ii) Other Debts	387140197.43		815296503.00	
Total	553627241.72		850560469.29	

NOTE 18: CASH AND CASH EQUIVALENTS

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
(a) Balances with Scheduled Banks in C/A (a)	10462894.41		1743856.89	
(b) Cash in Hand & Imprest Balances (b)	11135954.67		36680809.67	
(c) Other Bank Balances (c)				
- Deposits with more than 12 months maturity - (held as margin)	6868969.83		22472715.44	
Less : Amount disclosed as other non current assets (refer note 15)	(6868969.83)		(22472715.44)	
Total (a+b+c)	21598849.08		38424666.56	

Deposits includes:

- (i) Bank Deposits with more than 12 months maturity

NOTE 19 :SHORT TERM LOAN AND ADVANCES

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
(Unsecured, considered good unless otherwise stated)				
(a) Balance With Government Authorities	1053519.00		5585418.00	
(b) Advance To Employees	42289.00		219893.00	
(c) Advances To Suppliers	47924068.94		42988403.76	
(d) Advance Tax (net of Provision for Taxation)	516092.00		2674884.00	
(e) Prepaid Expenses	384207.00		938353.00	
(f) Others Recoverables*	40805218.04		45320293.04	
(g) Income Tax Refund/Tds/Interest Receivable	15963741.21		5558840.6	
Total	106689135.19		103286085.40	

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

NOTE 20 :OTHER CURRENT ASSETS

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
MAT Credit	575274.00		575300.00	
Total	575274.00		575300.00	

NOTE 21: REVENUE FROM OPERATIONS

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Sale of Products	973876806.00		1599491867.00	
Other operating revenue	-		-	
	973876806.00		1599491867.00	
Less: Excise Duty	73510711.00		135282733.00	
Total	900366095.00		1464209134.00	

DETAILS OF PRODUCTS SOLD:

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Iron and Steel:				
Ingots		0.00	171543777.00	
Round	409883473.00		339411014.00	
Scrap	21389822.00		52486738.00	
Wire Rod	126895208.00		290296343.00	
Steel Teeth	14459392.00		36989608.00	
Mig Wire CC Steel Wire	4557844.00		11376884.00	
Unmachined Casting	5075093.00		8812138.00	
Silicon Magnese			-	
Billets	255416060.00		277072503.00	
Others Iron & steel products	71971419.00		298548205.00	
Textile:				
Knitted Cloth		25650941.00		0.00
Dyes & Chemicals		38577554.00		112954657.00
Total		973876806.00		1599491867.00

NOTE 22 :OTHER INCOME

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Interest received	4867773.00		6661729.00	
Rent Received				0.00
Carriage Frieght Octroi		0.00	137454.00	
Rebate & Discount Received		0.00	486672.41	
Sundry Balances Written Back		0.00	6253234.00	
Profit on sale on Fixed Assets		0.00	1088.00	
Dividend Income	359154.12			0.00
Misc. Income	5884.22		240797.00	
Total		5232811.34		13780974.41

NOTE 23 :COST OF MATERIALS CONSUMED

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Opening Stock of Raw Material	25331090.00		48893042.00	
Add : Purchases	549810671.26		885698971.81	
	575141761.26		934592013.81	
Less : Closing Stock of Raw Material	16509599.00		25331090.00	
Total		558632162.26		909260923.81

NOTE 24: PURCHASES OF STOCK IN TRADE:

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Iron and Steel Products:				
Non alloy Steel Round	46342798.00		27665177.00	
Wire Rod	69944364.00		83992043.00	
Bright Bar	43568380.00		83077436.00	
Others Iron and Steel Products	692625.00		83762027.00	
Rough Forging	23210835.00			
Textile Products:				
Knitted Cloth	22367052.00			0.00
Dyes And chemiclas	31506448.00			58563068.00
Total		237632502.00		337059751.00

NOTE 25 :CHANGE IN INVENTORIES

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
(a) OPENING STOCK:				
Finished Goods	40708804.00		26683042.00	
Work in progress	10970460.00		6063061.00	
Total (a)	51679264.00		32746103.00	
(b) CLOSING STOCK:				
Finished Goods	43736130.00		40708804.00	
Work in progress	2531225.00		10970460.00	
Total (b)	46267355.00		51679264.00	
Total(a-b)	5411909.00		(18933161.00)	

Details Of Inventory:

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Work in progress:				
Steel Teeth	2531225.00		10970460.00	
Total	2531225.00		10970460.00	
Finished Goods:				
Ingots/Billet	17901585.00		12600788.00	
M.S Runner And Riser	0.00		18719.00	
Round	19263836.25		13552236.00	
Mig Wire CC Steel Wire	208978.88		284393.00	
Steel Wire Rod	428277.38		3447176.00	
Miss Rolls/End Cutting/Ingot Moulds	5302650.00		10323169.00	
Unmachined Steel Casting	630802.13		482323.00	
Total	43736129.63		40708804.00	

NOTE 26 :EMPLOYEE BENEFITS EXPENSE

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Salaries, Wages & Other Allowances	8304182.00		10768054.00	
Staff & Labour Welfare	30328.00		247869.00	
Contribution to Provident and other funds	393252.00		739494.00	
TOTAL	8727762.00		11755417.00	

NOTE 27:FINANCE COST

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Interest Expense	62185191.23		71249233.96	
Foreign Exchange Flucuation Charges	7800901.00		2548007.00	
Other borrowing costs	4570309.26		2975475.72	
TOTAL	74556401.49		76772716.68	

NOTE 28 :DEPRECIATION

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Depreciation on tangible assets	14000845.00		11472770.00	
TOTAL	14000845.00		11472770.00	

NOTE 29 : OTHER EXPENSES

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Store & Spare consumed	27846894.00		28741762.00	
Power and Fuel	95855130.00		102100380.00	
Machinery Repair and Maintenance	88032.00		92651.00	
Electric Repair and Maintenance	0.00		33500.00	
Excise Duty on Closing Stock	5445353.00		5783940.00	
Machining & Grinding Expenses	0.00		0.00	
Rates & Taxes	367612.00		1411235.00	
Postage, Telegrams, Telephone and Telex	329790.00		299489.00	
Printing & Stationery	97544.00		172219.00	
Legal & Professional Charges	894107.00		1028105.00	
Insurance	965554.00		920276.00	
Directors Remuneration	1690000.00		2520000.00	
Electricity & Water (Directors)	0.00		0.00	
Auditor's Remuneration				
-Audit Fee	125000.00		125000.00	
-Tax Audit Fee	40000.00		40000.00	
Cost Audit Fee	45000.00		35000.00	
Repairs & Maintenance				
-Building	9000.00		839578.00	
-Vehicles	1273152.00		1864254.00	
-Office Equipments	105386.00		234136.00	
Travelling Expenses				
- Directors	0.00		400169.00	
- Others	0.00		5450.00	
Loss on Sale of Fixed Assets	3943203.00		0.00	
Carriage, Freight & Octroi Outwards	225860.00		0.00	
Advertisement	173913.00		187330.00	
Security Charges	0.00		27152.00	
Employer contribution to Welfare Fund	12660.00		1628.00	
Brokerage & Commission	0.00		375000.00	
Rebate & Discount	197313.59		9.00	
Sales Promotions	0.00		0.00	
Service Tax Paid	198147.00		70416.00	
Subscription and Periodicals	0.00		0.00	
Charity and Donation	0.00		17000.00	
Miscellaneous Expenses	49935.00		145473.00	
Listing Fee	224720.00		111501.00	
Penalty	83787.00		0.00	
Previous Year Expenses	0.00		0.00	
Bad Debt	506425.60		0.00	
TOTAL	140793518.19		147582653.00	

NOTE 30 : EXTRA ORDINARY ITEMS

PARTICULARS	AS AT 31.03.2016		AS AT 31.03.2015	
	Rs.	P.	Rs.	P.
Insurance Claim	2291765.00		0.00	
Previous Year Expenses	-403230.00		0.00	
TOTAL	1888535.00		0.00	

Note : Furnace Claim related to previous year

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2016

31. Contingent Liabilities

(I) As at 31st March-2016 As at 31st March 2015

- | | | | |
|----|---|----------------|------------------|
| a) | For Bank Guarantees and letter of credit outstanding | Nil | Rs. 2163.87 Lacs |
| b) | Other Contingent Liabilities | Rs. 51.11 Lacs | Rs. 51.11 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 31st March-2016 **As at 31st March 2015**

- | | | | |
|----|--|-----|-----|
| a) | Estimated amount of contracts Remaining to be executed on Capital account (net of advances). | Nil | Nil |
|----|--|-----|-----|

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

33. 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.

34. The details of Electricity units consumed are as under:

As at 31st March-2016	As at 31st March 2015
Rs. 13423237 Lacs	Rs. 13345750 Lacs

Disclosure under Accounting Standards:

35. 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

	2015-16	2014-15
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.132267658)	Rs. 5353428
c) Basic earning per Equity shares of Rs. 10/- each	(Rs. 33.00)	Rs. 1.34

Diluted Earnings

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.132267658)	Rs. 5353428
c) Diluted earning per Equity shares of Rs. 10/- each	(Rs. 33.00)	Rs. 1.34

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2016

36. 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.

		31-03-2016		31-03-2015	
		Rs.	P	Rs.	P
1.	CHANGES IN THE PRESENT VALUE OF OBLIGATION				
	Present value of obligation at the beginning of the Period	829297.00		13,36,950.00	
	Interest Cost	48035.00		94,476.00	
	Current Service Cost	165869.00		2,72,871.00	
	Benefits Paid	(450161.00)		(2,66,856.00)	
	Actuarial (Gain)/Loss on Obligation	(138382.00)		(6,08,144.00)	
	Present Value of Obligation at the end of the period	4,54,658.00		8,29,297.00	
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	4,54,658.00		8,29,297	
	Funded Status	(4,54,658.00)		(8,29,297)	
4.	ACTUARIAL GAIN/ LOSS RECOGNIZED				
	Actuarial gain/(loss) on Obligation	1,38,382.00		6,08,144.00	
	Actuarial gain/(loss) on Plan Assets	--		--	
	Total (gain)/loss for the period	(1,38,382.00)		(6,08,144.00)	
	Actuarial(gain)/loss recognized in the period	(1,38,382.00)		(6,08,144.00)	

GARG FURNACE LIMITED

	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	4,54,658.00	8,29,297.00
	Fair value of Plan assets at the end of the period		--
	Funded Status	(4,54,658.00)	(8,29,297.00)
	Unrecognized Actuarial (Gain)/Loss at the end of the period	--	--
	Net Assets/(Liability) recognized in the Balance sheet	4,54,658.00	(8,29,297.00)
6.	EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT & LOSS		
	Current Service Cost	1,65,869.00	2,72,871.00
	Interest Cost	48,035.00	94,476.00
	Expected Return on Plan assets		
	Actuarial (Gain)/Loss recognized in the period	(1,38,382.00)	(6,08,144.00)
	Expenses recognized in the statement of Profit & Loss	75,522.00	(240797.00)
	ACTUARIAL ASSUMPTION (ECONOMIC & DEMOGRAPHIC)		
i)	Imputed rate of interest	07.95% P.A.	09.10% P.A.
ii)	Future Salary rise	08.00 P.A.	06.00% P.A.
iii)	Return on Plan assets	N.A.	N.A.
iv)	Retirement Age	60 Years	58 Years
v)	Mortality Table	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
vi)	Attrition Rate	20.00 % P.A.	05.00 % P.A.
vii)	Remaining Working Life	20.86 Years	20.54 Years

Method of Valuation: Projected Unit Credit Method

37. Related Party Disclosure:

- i) Name of related parties and description of relationship
- A. Key Management Personnel
1. Sh. Devinder Garg - MD cum Chairman
2. Smt. Vaneera Garg - (Non-Executive 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 Transactions	Associates		Key Managerial Personnel	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Rent Received	Nil	Nil	Nil	
Remuneration Paid	0.00		1690000.00	2520000.00
Loans Taken	1675000.00	Nil	9874000.00	2768806.00
Loans Given	400000.00	Nil	0.00	Nil
Sale Made	1516500.00	Nil	0.00	Nil
Purchases Made	0.00	Nil	0.00	Nil
Payment Made	1601221.00	855680.00	8362428.00	2768806.00

GARG FURNACE LIMITED

Payment received	400000.00	875000.00	0.00	-
Balance Outstanding	1442721.00 DR 0.00 CR	0.00 DR 0.00 CR	0.00 DR 1511572.00 CR	Nil

- iii) 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2016

38. 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	TEXTILE PRODUCT	TOTAL
REVENUE			
External Sales	909648311.00	64228495.00	973876806.00
Inter Segment Sales	-----	-----	-----
Total Revenue	914881122.34	64228495.00	979109617.34
RESULT			
Segment Result	(59221389.51)	10354995.00	(48866394.51)
Unallocated Corporate Expenses (Net)			10733397.60
Operating Profit			(59599792.11)
Interest Expense			74556401.49
Income Tax - current			0.00
- MAT Entitlement			0.00
- deferred			0.00
-related to earlier years-			0.00
Profit from ordinary activities			(134156193.60)
Extra ordinary loss/(income)			1888535.00
Net Profit			(132267658.60)
OTHER INFORMATION			
Segment Assets	775955290.07	87996847.00	863952137.07
Unallocated Corporate Assets			26615246.12
Total Assets			890567383.19
Segment Liabilities	177704837.06	0.00	177704837.06
Unallocated Corporate Liabilities			751960298.88
Total Liabilities			929665135.94
Capital Expenditure	385233757.69		385233757.69
Depreciation	154147221.50		154147221.50
Non Cash Expenses other than depreciation			0.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March 2016

39.	CIF value of Imports	Current year	Previous Year
	Raw Material	Rs. 5,49,20,115.26	Rs. 21,65,77,733.81
	Earning in foreign Currency	Current year	Previous Year
	FOB value of export of goods	NIL	NIL

Value of Imported & Indigenous raw material & stores consumed.

	Current Year		Previous Year	
	Value	%age	Value	%age
Raw Material				
Indigenous	50,37,12,047.00	90.17	69,26,83,190.00	76.18
Imported	5,49,20,115.26	09.83	21,65,77,733.81	23.82
Stores & Spares				
Indigenous	2,78,46,894.00	100.00	2,87,41,762.00	100.00

Subject to our report of even date.

For and on behalf of the Board

for PAWAN PURI & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Registration No. 005950N

(Alok Kalia)
 PARTNER
 M.NO. 528412
 PLACE : LUDHIANA
 DATED : 30-05-2016

(Devinder Garg)
 Chairman Cum
 Managing Director
 DIN:01665456

(Vaneera Garg)
 Non-Executive
 Director
 DIN:01283990

(Gurmeet Singh)
 CFO

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L99999PB1973PLC003385

Name of the company: **Garg Furnace Limited,**
 Registered office: **Kanganwal Road, V.P.O. Jugiana,**
G.T. Road, Ludhiana-141120

Name of the member (s) :
Registered address :
E-mail Id:
Folio No/ Client Id :
DP ID :

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name : Address : E-mail Id :
 Signature :or failing him
2. Name : Address: E-mail Id :
 Signature:or failing him
3. Name : Address: E-mail Id:
 Signature:or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 43rd Annual General Meeting of the company, to be held on the 30th day of September 2016, At 10.30. a.m. at **Kanganwal Road, V.P.O. Jugiana, G.T. Road, Ludhiana-141120** and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.1 to 5

Signed this..... day of..... 20....

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp of Rs. 1/-

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting

GARG FURNACE LIMITED
 CIN: L99999PB1973PLC003385
 Regd. office: Kanganwal Road, V.P.O. Jugiana,
 G.T. Road, Ludhiana - 141120
 Phone- +91-2512285, 8427900130
 Email_ gargfurnace@yahoo.com
 Web:gargfurnaceltd.com

ATTENDANCE SLIP

43rd ANUUAL GENERAL MEETING ON 30TH DAY OF SEPTEMBER, 2016

DP ID- Client ID/ Folio No :	
Name & Address of Sole Member:	
No. of Shares held:	

I certify that I am a member/ proxy of the Company.

I hereby record my presence at the 43RD Annual General Meeting of the Company, to be held on Friday the 30th day of September, 2016 at 10:30 A.M at Registered Office of the Company.

Member/ Proxy Signature

ELECTRONIC VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	User ID	Password/Pin (Pan/Seq.No.)

Note: Please read the complete instructions given under the Notes (The instructions for shareholders voting electronically) to the Notice of 43rd Annual General Meeting. The voting time starts from **Tuesday, 27th September, 2016 (9.00AM IST)** and ends on **Thursday, 29th September, 2016 (5.30PM IST)**.. The voting module shall be disabled by CDSL for voting thereafter.

**BOOK POST
(PRINTED MATTER)**

If undelivered please return to:
GARG FUR NACE LIMITED
Regd. Office : Kanganwal Road,
Near Old Octroi Post, Ambala Side,
V.P.O. Jugiana, G.T. Road,
LUDHIANA- 141 120.