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



**GARG
FURNACE LTD.**

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

09/10/2019

The Corporate Relationship Department,
The Stock Exchange Mumbai.
Ist Floor. New Training Ring,
Rotunda Building, P J Towers,
Dalal Street, Mumbai

Sub: Submission of documents 46TH Annual Report .FY .2018-19 under
Regulation no 34(1)

Dear Sir,

On the captioned subject we may submit that 46th Annual General Meeting of members of the company was held on 30/09/2019, and we are enclosing herewith followings documents under regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- 46TH Annual Report .FY .2018-19 along with Annexure I

Your good office is requested to take on record the above said Informations.

Thanking You,
Yours Faithfully,
For Garg Furnace Limited

Devinder Garg
Managing Director
DIN: 01665456
Encl as above



46th
ANNUAL REPORT
2018-19

GARG FURNACE LIMITED

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
AUDITOR	:	M/s R.K Chadha & Co. GT Road, Miller Ganj, LUDHIANA 141 003, (PB) INDIA.
COSTAUDITOR	:	Meenu & Associates H.No. S-200, Basant Vihar Colony, Noorwala Road, LUDHIANA.
BANKERS	:	Indian Bank
REGISTERED OFFICE & WORK	:	Kanganwal Road, Near Old Octroi Post Ambala Side, V.P.O. Jugiana, G.T. Road, LUDHIANA-141120

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GARG FURNACE LIMITED

GARG FURNACE LIMITED

CIN: L99999PB1973PLC003385

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

Phone: 0161-2512285, +91-84279-00130

Email: gargfurnace@yahoo.com, Web: www.gargfurnace.com

NOTICE

Notice is hereby given that the 46th Annual General Meeting of the members of the company would be held on Monday, the 30th day of September, 2019 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, 2019 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. VANEERA GARG (DIN: 01283990), who retires from office by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"RESOLVED THAT, pursuant to the 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 re-appointment of M/s R.K. Chadha & Company. Chartered Accountants Ludhiana (ICAI Registration No. 003513N), as the auditors of the Company to hold office from the conclusion of the forthcoming Annual General Meeting until the conclusion of the Next Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors of the Company, be and is hereby ratified."

SPECIAL BUSINESSES

4. 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. 20000.00 (Rs. Twenty Thousand Only) 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, 2020.

For and on behalf of the Board

Place: LUDHIANA
Date: 02/09/2019Sd/-
Devinder Garg
Chairman
DIN : 01665456

GARG FURNACE LIMITED

NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. PROVIDED THAT A MEMBER HOLDING MORE THAN TEN PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

THE INSTRUMENT APPOINTING THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED, DULY COMPLETED AND SIGNED, AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS SENT HERewith. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.

- b) Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special business under Item Nos. 4 above, is annexed hereto.
- c) The Board of Directors of your Company comprised of 3 directors of which 2 directors viz. Mr. Pawan Kumar (DIN: 03591023), Independent Director, 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 retire by rotation, and one of them Mrs. Vaneera Garg is liable to retire by rotation at this AGM in pursuance with the provisions of the Companies Act, 2013.
- d) The relevant details of Directors seeking appointments/re-appointment under Item Nos. 2 above, as required by regulation as applicable of SEBI (LO&DR) Regulations 2016, is mentioned hereunder;

Name of Director	Smt.Vaneera Garg.
Date of Birth	25/05/1965
Date of Appointment	15/11/2016
Qualification	B.A
Expertise in Specific area	24 Yrs in General Administration
Directorship in other Companies	Nil
Chairman/Member of committee of other companies	Nil

- e) The Register of Members and Share Transfer books of the Company will remain closed from Saturday, 28th September, 2019 and ends on Monday, 30th September, 2019 (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.

GARG FURNACE LIMITED

- 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 46th 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 Friday, 27th September, 2019 (9.00AM IST) and ends on Sunday, 29th September, 2019 (5.00PM 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, 2019, 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	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 (v).

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- (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. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (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.
- (i) 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, 2019 may follow the same instructions as mentioned above for e-Voting.
- (xx) 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 or call 1800225533.

GARG FURNACE LIMITED

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Deputy Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013, or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

- 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 1st October, 2019.

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 4 of the accompanying Notice dated 2nd September, 2019:

Item No.3:

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, the current auditors of the Company, M/s R.K. Chadha & Company. Chartered Accountants Ludhiana (ICAI Registration No. 003513N) was appointed by the shareholders at the 44th Annual General Meeting until the conclusion of the 49th Annual General Meeting, subject to ratification by shareholders at each annual general meeting.

The members are requested to ratify the appointment of M/s R.K. Chadha & Company. Chartered Accountants Ludhiana (ICAI Registration No. 003513N) as statutory auditors of the Company and to fix their remuneration for the year 2019-20.

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 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, 2020, at a remuneration of Rs. 20000.00 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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31 March, 2020.

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. 4 of the Notice.

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

For and on behalf of the Board

Sd/-

Devinder Garg

Chairman

DIN : 01665456

Place: LUDHIANA

Date: 02/09/2019

GARG FURNACE LIMITED

DIRECTORS' REPORT

The Members of
Garg Furnace Limited

The Directors of your company have pleasure in presenting the 46th Annual Report on the affair of the company together with the Audited Accounts for the year ending 31st March, 2019.

FINANCIAL RESULTS

	(Rupees in Lacs)	
	2018-19	2017-18
Operating Income	11183.05	6721.21
Profit before depreciation, Interest & tax	(4.31)	60.73
Interest & Financial Expenses	67.74	67.96
Profit before depreciation & tax	(498.74)	(7.23)
Depreciation	126.73	131.09
Profit before tax & Exceptional items	(625.47)	(138.32)
Exceptional Items	1137.67	0
Profit before tax	512.20	-138.32
Provision for tax -Current Tax	0	0.00
- tax related to earlier years	1.65	0
- Deferred Tax Asset	0	126.75
Less : Mat Credit Entitlement	0	0.00
Profit after Tax	510.55	(11.57)
Prior year Tax adjustments / Depreciation to Reverse as per Schedule - II	0	0
Re-measurement of define benefit liability	(1.06)	
Balance brought forward	(2462.50)	(2460.93)
APPROPRIATIONS		
Transfer to General Reserve	0	0
Balance carried over to Balance Sheet	509.49	(11.57)

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 provided in the web link of company.

NUMBER OF MEETINGS OF THE BOARD

There were 5 meetings of the Board held during the year 30/05/2018, 14/08/2018, 01/09/2018, 15/11/2018 and 15/02/2019; 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 are 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 'material' related party transactions as defined under regulation as applicable of SEBI (LO&DR) Regulations 2016, there are details to be disclosed in Form AOC-2 in that regard.

During the year 2018-19, pursuant to section 177 of the Companies Act, 2013 regulation as applicable of SEBI (LO&DR) Regulations 2016, all RPTs were placed before Audit Committee for its prior/omnibus approval as well as shareholders' approval has been taken in this regard.

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

Provisions 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, Mrs. VANEERA GARG (DIN: 01283990) Woman Director of the Company, retires from the Board by rotation this year and being eligible, offers herself for re-appointment. The information as required to be disclosed as per regulation as applicable of SEBI (LO&DR) Regulations 2016 in case of re-appointment of the director is provided in the Notice of the ensuing annual general meeting.

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, however the accounts of the company were declared by the banks as Non-Performing Assets (NPA) and thereafter the bank has taken symbolic possession of assets of the company u/s 13(4) of THE SECURITISATION AND RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 in 2017, the action of the bank has been challenged by the company before the Concerned Debt Recovery Tribunal (DRT). Further the management was under negotiation with the bank for one time settlement (OTS) of account. The bank has approved the One Time Settlement (OTS) proposal of the company vide its letter dated 13/08/2018, which has taken on record by board of directions in its meeting held on 14/08/2018, and authorised Managing Director to negotiate further and give acceptance of said OTS proposal on behalf of company. The company has accepted the said OTS proposal and Instalments in this regard are being deposited with Bank regularly.

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 2019 have been disclosed as per Schedule III to the Companies Act, 2013. The same are placed on the Company's website.

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 2018-19 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

However the company is exempted under regulation 15 (2) (a) of Securities and Exchange Board of India (listing obligations and Disclosure Requirements) Regulations, 2015, to comply with Regulation 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V, as the listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year, 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.

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 regulation as applicable of SEBI (LO&DR) Regulations 2016, 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.

Risk Management

The Board of Directors of your Company has adopted a policy on Risk Management of the Company. The broad terms of same provided at website of the Company.

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 GFL 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 is provided at website of the Company.

AUDITORS

STATUTORY AUDITOR

Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, the current auditors of the Company, M/s R.K. Chadha & Company. Chartered Accountants Ludhiana (ICAI Registration No. 003513N) was appointed by the shareholders at the 44th Annual General Meeting until the conclusion of the 49th Annual General Meeting, subject to ratification by shareholders at each annual general meeting.

The members are requested to ratify the appointment of M/s R.K. Chadha & Company. Chartered Accountants Ludhiana (ICAI Registration No. 003513N) as statutory auditors of the Company and to fix their remuneration for the year 2019-20.

Reply to remarks in Statutory Audit Report

Emphasis of Matter

As mentioned in Emphasis of Matter in para a to c which are Self-explanatory, however in context with related parties transaction, company was constrained to do such transactions , because due to weak financial position in previous years the suppliers and buyers not shown interest to deal with the company directly, but company has taken all approvals in this regards as per applicable laws.

Basis for Qualified Opinion

- (I) Because of huge losses suffered during last two financial years the organization structure is also forced to become unshaped, but Management is looking for a competent person to appoint him as Internal auditor and Company Secretary, even the candidates interviewed for such offices have not shown their interest to join the company due to weak financial position of the company, even after offering good remunerations.
- (ii) Provision in respect of impairment /loss on assets is not require as management has view that due to slump & cut throat competition in iron industries / market is temporally and hope will recover soon.
- (iii) 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 2018-19 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 given some observations.

Para wise replay of said observations are given hereunder

- (A) Because of huge losses suffered during last two financial years the organization structure is also forced to become unshaped, but Management is looking for a competent person to appoint him as Internal auditor and Company Secretary, even the candidates interviewed for such offices have not shown their interest to join the company due to weak financial position of the company, even after offering good remunerations.
- (B) Company has taken all approvals of members of the company/Audit Committee/board of Directors in respect of related parties transaction made during the year.
- (C) Self-explanatory

(D) The company is exempted under regulation 15 (2) (a) of Securities and Exchange Board of India (listing obligations and Disclosure Requirements) Regulations, 2015, to comply with Regulation 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V, as the listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

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 2019-20 at a remuneration of 20000.00 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: 02/09/2019

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)	24947160	23172750
Total amount	Rs. 158191759.00	Rs. 141524777.00
Rate per unit	Rs. 6.55	Rs. 6.10
b) Own Generation	<u>Current Year</u>	<u>Previous Year</u>
i) Through Diesel Generator Units (KWH)	24079	20116
Units per litre of diesel	3.90	3.90
Oil Cost/unit	Rs 17.15	Rs. 16.13
ii) Through steam Turbine	Nil	Nil
2. Coal		
Quantity (Kgs)	694705	242750
Total Amount	Rs. 7534246.25	Rs. 2220413.00
Average Rate per Kg	Rs. 10.84	Rs. 9.14

B. CONSUMPTION PER UNIT OF PRODUCTION

Products	Current Year	Previous Year
Electricity (KWH) Steel Ingots, Rounds, Castings/Wire Rod/Mig wire	910 Units (*)	923 Units (*)
Coal Rounds/Castings/Wire Rod	39 Kgs	40 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

	2018-2019	2017-2018
Total Foreign Exchange - Earned	0.00	Rs. 823393.00
Used (CIF Value of Imports)	Rs. 201872980.64	Rs. 93518967.84

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) BUSINESS REVIEW:

STEEL INDUSTRY - GLOBAL PERSPECTIVE

The world economy has experienced subdued growth for another year in 2019. Underperformance in the world economy was observed across almost all regions and major economic groups. Most developed economies continued struggling against the lingering effects of the financial crisis, grappling in particular with the challenges of taking appropriate fiscal and monetary policy actions. A number of emerging economies, which had already experienced a notable slowdown in the past two years, encountered new headwinds during 2019 on both international and domestic fronts.

INDIAN OUTLOOK

Slow growth has been observed in the demand for steel products in India primarily due to near stagnant growth in steel consuming sectors like Infrastructure, housing, auto and consumer goods.

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

COMPANY'S BUSINESS STRATEGY

Due to increased capacities among steel mills and slowdown in auto sector and other steel consuming sectors this year will also be difficult. 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.

B) PRODUCTION AND SALES REVIEW

During the year under review, the company has produced 24020.497 Metric tons of Steel products. The operating receipts of the company has increased to Rs. 111.83 Crores from Rs.67.21 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 84 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 Regulation as applicable of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2016 (herein after mentioned in regulation as applicable of SEBI(LO&DR) Regulations 2016" 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, regulation as applicable of SEBI (LO&DR) Regulations 2016.

Given below are the Company's corporate governance policies and practices for 2018-19. 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 regulation as applicable of SEBI (LO&DR) Regulations 2016.

2. BOARD OF DIRECTORS

The Board of Directors consists of 4 directors. The composition and category of Directors as on 31/03/2019 are as follows:-

GARG FURNACE LIMITED

Category	Name of Directors
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 (resigned w.e.f 30.03.2019)
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	5	Present	None	1	None
Smt. Vaneera Garg	5	Present	None	3	1
Sh. Pawan Kumar	5	Present	None	2	None
Sh. Amit Gupta	5	Present	None	3	2

NUMBER OF MEETINGS OF THE BOARD

During the year, 5 Board Meetings were held as against the minimum requirement of 5 meetings. The dates on which the meetings were held are: 30/05/2018, 14/08/2018, 01/09/2018, 15/11/2018 and 15/02/2019.

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 regulation as applicable of SEBI (LO&DR) Regulations 2016.

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.

The company is exempted under regulation 15 (2) (a) of Securities and Exchange Board of India (listing obligations and Disclosure Requirements) Regulations, 2015, to comply with Regulation 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V, as the listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

So, Requirements & compliances in respect of Code of conduct, Maximum tenure of independent directors, Formal letter of appointment to independent directors, Performance Evaluation, Remuneration Policy, Board diversity policy, Familiarization Program are made as per applicable provisions of the Companies Act 2013 and Rules made thereunder.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

Pursuant to section 177(9) of Companies Act, 2013 and regulation as applicable of SEBI (LO&DR) Regulations 2016, the Board of Directors 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 website

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 material RPTs under regulation as applicable of SEBI (LO&DR) Regulations 2016 and approval of shareholders has been received in this regard.

During the year 2018-19, as required under section 177 of the Companies Act, 2013 and regulation as applicable of SEBI (LO&DR) Regulations 2016, 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.

There were no material transactions entered into with related parties, during the period under review, which may have had no 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 5 times during the year. The dates on which meeting were held are 30/05/2018, 14/08/2018, 01/09/2018, 15/11/2018 and 15/02/2019, and attended by members as under:

Name of Director	Attendance Particulars
	Audit Committee Meetings
Sh.Pawan Kumar	5
Sh Amit Gupta	5
Smt.Vaneera Garg	5

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.

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 meetings were held on 30/05/2018 & 01/09/2018 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:-

GARG FURNACE LIMITED

a) Executive Directors

Name	Designation	Salary	Other	Total
Sh. Devinder Garg	Chairman	10,20,000	165330	1185330

Non-Executive Directors except above 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.

REMUNERATION TO DIRECTORS

Details of remuneration paid/payable to directors during 2018-19 are provided above.

SHAREHOLDING OF DIRECTORS AS ON 31/03/2019

#	Name	Designation	No of shares held	%age
1	Sh. Devinder Garg	Chairman & Managing Director	1054290	26.30
2	Smt. Vaneera Garg	Non-Executive Director	1067510	26.63

INDEPENDENT DIRECTORS' MEETING

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25 as applicable of SEBI (LO&DR) Regulations 2016, the Independent Directors held their separate meeting on 15/02/2019, 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 regulation as applicable of SEBI (LO&DR) Regulations 2016, 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 adopted a 'Code of Conduct for Prevention of Insider Trading and Corporate Disclosure Practices', in

accordance with the SEBI (Prohibition of Insider Trading) Regulations, as amended as applicable.

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 (UPS), 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 of Directors of the company has already 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.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee inter alia approves issue of duplicate certificates and overseas and review all matters connected with Securities transfer. The committee also looks into redressal of Shareholder's complaints like transfer of shares, non receipt of Balance Sheet, Non receipt of declared dividends etc. The Board of Directors has delegated the power of approving transfer of securities to the Managing Director.

The total number of letters/complaints received and replied to the satisfaction of shareholders during the year ended 31st March, 2019 was NIL. Outstanding letters/complaints as on 31st March, 2019 were Nil. No request for transfer/dematerialization was pending for approval as on 31st March, 2019.

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>
43rd AGM	Friday	30.09.2016	10.30 AM	Registered Office at Kanganwal Road, VPO Jugiana, G.T. Road, Ludhiana	0
44th AGM	Saturday	29.09.2017	10.30 AM	Registered Office at Kanganwal Road,	0

GARG FURNACE LIMITED

45th AGM	Friday	29.09.2018	10.30 AM	VPO Jugiana, G.T. Road, Ludhiana Registered Office at Kanganwal Road, VPO Jugiana, G.T. Road, Ludhiana	1
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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 company is exempted under regulation 15 (2) (a) of Securities and Exchange Board of India (listing obligations and Disclosure Requirements) Regulations, 2015, to comply with para C, D (requirement to take certificate from Managing director) and E of Schedule V, as the listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

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 2018-19. The Company has been regularly forwarding the quarterly compliance report to the stock exchanges as required under regulation applicable of SEBI (LO&DR) Regulations 2016.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The company is exempted under regulation 15 (2) (a) of Securities and Exchange Board of India (listing obligations and Disclosure Requirements) Regulations, 2015, to comply with para C, D and E (requirement to take certificate from Auditors of the company) of Schedule V, as the listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

COMPLIANCE OF MANDATORY AND NON-MANDATORY REQUIREMENTS UNDER regulation applicable of SEBI (LO&DR) Regulations 2016.

Mandatory

The Company has complied with all the mandatory requirements of as per regulation applicable of SEBI (LO&DR) Regulations 2016. However The company is exempted under regulation 15 (2) (a) of Securities and Exchange Board of India (listing obligations and Disclosure Requirements) Regulations, 2015, to comply with Regulation 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V, as the listed entity having paid up equity share capital not exceeding rupees ten crore and net worth not exceeding rupees twenty five crore, as on the last day of the previous financial year.

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".

GARG FURNACE LIMITED

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

GENERAL SHAREHOLDERS INFORMATION

- i) 46th Annual General Meeting
- | | | |
|-------|---|--|
| Date | : | Monday, 30th September, 2019. |
| Time | : | 10.30 A.M |
| Venue | : | Registered Office:
Kanganwal Road, VPO Jugiana,
G.T. Road, Ludhiana. |
- ii) Financial Calendar 2019-20 (Tentative)
- | | | |
|------------------------|---|----------------|
| First Quarter Results | : | July, 2019. |
| Second Quarter Results | : | October, 2019. |
| Third Quarter Results | : | January, 2019. |
| Fourth Quarter Results | : | April, 2020. |
- iii) Date of Book Closure : 28/09/2019 to 30/09/2019
(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), 530615

vii) Stock Market price data for the year 2018-19

BSE PRICES

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares	Total Turnover INR
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GARG FURNACE LIMITED

Apr 18	10.6	11.55	10.1	10.75	1747	19101
May 18	10.75	10.75	10.75	10.75	200	2150
Jun 18	10.75	12.72	10.75	12.4	2863	33861
Jul 18	12.4	13.12	12	12.5	2592	32646
Aug 18	12.5	12.5	11.88	12	970	11728
Sep 18	12	12	11.4	12	409	4848
Oct 18	0	0	0	0	0	0
Nov 18	12	12	12	12	469	5628
Dec 18	0	0	0	0	0	0
Jan 19	0	0	0	0	0	0
Feb 19	12.6	14	12.6	13.19	10870	144750
Mar 19	0	0	0	0	0	0

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, 2019

Nominal Value of Each Share : Rs. 10.00

Share or Debenture holding Nominal Value	Number of Shareholder	% to Total Numbers	Share or Debenture holding amount	% to Total Amount
(Rs.)			(Rs.)	
1	2	3	4	5
Up To 5,000	1255	82.24	2189750	5.46
5001 To 10,000	130	8.52	1072880	2.68
10001 To 20,000	61	4	940850	2.35
20001 To 30,000	30	1.97	804960	2.01
30001 To 40,000	14	0.92	484010	1.21
40001 To 50,000	9	0.59	409310	1.02
50001 To 1,00,000	13	0.85	968950	2.42
1,00,000 and Above	14	0.92	33216290	82.86
Total	1526	100	40087000	100

xi) Dematerialization of shares

As on 31st March, 2019, 64.56 % of the Equity Share Capital comprising 25, 88, 025 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, 2019 and the remote e-voting shall be open for a period of three (3) days, from Friday, 27th September, 2019 (9.00AM IST) and ends on Sunday, 29th September, 2019.

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 46TH annual general meeting and is also placed on the website of the Company.

Shareholders may get in touch with the Compliance Officer for further assistance.

Extract of Annual Return (Form MGT-9)

As on the financial year ended on 31 March 2019[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014] is available at web link: www.gargfurnace.com

Declaration by Chief Executive Officer (CEO)

GARG FURNACE LIMITED

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 2019 compliance with the Code of Conduct of the Company.

Sd/-

Devinder Garg
Managing Director
Ludhiana: 02/09/ 2019

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 2019 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.

Place: LUDHIANA
Date : 02.09.2019

Sd/-
Devinder Garg
Managing Director

Sd/-
Gurmeet Singh
CFO

GARG FURNACE LIMITED

Form No.MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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, 2019 ('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, 2019 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,

GARG FURNACE LIMITED

Central, State & Local Tax Laws, Environmental laws as well as other laws specifically applicable to Company. All Notices/show cause notices received & cases filed under different laws are at contesting stages before concerned adjudicating authorities.

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.
- The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act 2002)
- The Recovery of Debts due to Banks and Financial Institutions Act, 1993

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (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:

- office of Internal auditor and Key managerial Personal as per section 138 & 203(1) (ii) of the companies Act 2013 respectively, were not filled during the year under review.
- Company has made material related parties transactions during the year under review, as it is a financial matter, we have no opinion whether these transactions are at arm length basis.
- Company has received notices under different regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for non-compliances, which have been replied by the company.

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 are yet to fill by the company.

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: 02/09/2019

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.

GARG FURNACE LIMITED

'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: 02/09/2019

GARG FURNACE LIMITED

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	10,20,000.00	
No remuneration has paid to any Non Executive/Independent Directors	N/A	

- 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 21.43%
- d. There were 84 permanent employees on the rolls of the Company as on 31st March, 2019
- e. The profits before tax for the financial year ended on 31st March, 2019 increased by 366.5%, whereas the average increase in remuneration of employees was 26.41 %.
- f. The profits before tax for the financial year ended on 31st March, 2019 increased by 366.5%, whereas the remuneration of Key Managerial Personnel, viz. [1] the Managing Director was increased by 28.84 %, [2] Chief Financial Officer by 0 % and [3] Company Secretary by 0 %.
- g. The market capitalization of the Company was Rs.2,54,712.00 as on 31st March, 2019 as against Rs. 1,45,089.00 as on 31st March, 2018.
Whereas, EPS of the Company was Rs. 12.71 as on 31st March, 2019 as against Rs (0.29) as at 31st March, 2018.
- 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, 2019 was Rs. 13.19 on BSE Limited. The increased in price is 31.90. %, apart from the dividend received by the shareholders.
- i. The average annual increase in the salaries of the employees, other than managerial personnel was 21.43 %, 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.
- l. 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: 02/09/2019

INDEPENDENT AUDITORS' REPORT

To
The Members of
GARG FURNACE LIMITED

Report on the Audit of the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Garg Furnace Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Profit and Loss Statement (including Other Comprehensive Income), the Statement of changes in Equity and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

Qualified Opinion

In our opinion and to the best of our information and according to explanations given to us subject to our comments in below paragraph, the aforesaid standalone financial statements give the information required by the companies Act, 2013 ("the act") in the manner so required and give a true and fair view in conformity with the Indian accounting standards prescribed under section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended, ("ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We conducted our audit of the standalone financial statements in accordance with the standards on auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

- (i) The Company has not appointed Internal Auditor as required by sec. 138 of the Companies Act, 2013 read with rule 13 and has not appointed the Company Secretary as required by sec 203 of the companies Act, 2013 read Companies (Appointment and remuneration of managerial personnel) rules, 2014.
- (ii) The management of the company has represented us that the recoverable amount of assets within the meaning of INDAS 36 'Impairment of Assets' is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. In the absence of the workings of impairment having been prepared and made available to us for our review, we are unable to comment on whether the company needs to make a provision in respect of impairment loss on such assets and the amount of such provision.
- (iii) 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

GARG FURNACE LIMITED

Sr. No.	Key Audit Matter	Auditor's Response
1.	The Company has done major transactions with related party under section 188 of Companies Act 2013. However, we are unable to comment whether these transactions are at arm length basis	<p>We have obtained and relied upon:</p> <ul style="list-style-type: none"> • Approval of Shareholders obtained under section 188 of the Companies Act 2013. • Quarterly Corporate Governance Report filed by the Company. • The Company has represented to us that the transactions were done at Arm's length basis. • Board Resolution filed for the same.
2.	The One Time Settlement Scheme of Company was sanctioned as a result the Company has recognized amount of ₹1137 lacs in Exceptional items against the waiver of loan.	<ul style="list-style-type: none"> • The OTS for ₹4500 lacs of the Company was sanctioned on 13/08/2018 and as a result the Company got a waiver of loan of ₹2250 lacs if it pays the OTS amount as per the repayment schedule approved. Accordingly, the Company has paid around ₹2275 lacs till 31.03.2019 which is approximately 50 per cent of the total dues settled. Therefore, the Company has recognized proportionate amount of ₹1137 lacs in Exceptional items against the waiver of loan. • We have obtained the copy of approval letter of OTS, Management Representation Letter and Board Resolution passed to recognize the above said amount. • Further as per Ind AS 109 "Financial Instruments", the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

Emphasis of Matter

We draw attention to the following:

- a) The company has not provided for the interest on borrowings amounting to ₹ 4929 lacs pertaining to year ended 31st March 2019 as the account has become NPA in FY 2015-16 and action u/s 13(4) of SARFAESI Act 2002 has been taken. However, the OTS of the Company was sanctioned on 13/08/2018.
- b) Note 37 related to appeal filed by the Company against demand of Punjab Power Corporation Ltd., is decided against the Company and it has paid the demand raised by Punjab Power Corporation Ltd.
However, our opinion is not modified in respect of these matters.

Information other than the Standalone Financial Statements and Auditor's Report Thereon

The company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information include in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and , in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If ,based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total Comprehensive Income, changes in equity and cash flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide as basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as going concern, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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, including other comprehensive income, Cash Flow Statement and statement of changes in equity 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 Ind AS specified under Section 133 of the Act, 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, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
 - 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to other matters to be included in the Auditor's Report in accordance with requirements of section 197(16), as amended;
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial positions in 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.
2. As required by the Companies (Auditor's Report) Order,2016("the order) issued by the Central Government in the terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the order.

Place: LUDHIANA.
Date : 30-05-2019

For R.K Chadha & Co.
Chartered Accountants
FRN. 003513N

Sd/-
Paresh Chadha
Partner
M. No. 518195

“ANNEXURE A” TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' section of our report to members 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, 2019 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 Board of Directors of the Company 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.

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, 2019, 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 R.K Chadha & Co.
Chartered Accountants
FRN. 003513N

Sd/-
Paresh Chadha
Partner
M. No. 51895

Place: LUDHIANA
Date: 30-05-2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 2 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 with appropriate authorities.
b). There were no undisputed amounts payable in respect of provident fund, Employees' State insurance, Income Tax, Goods and Service Tax, Customs duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they become payable.
c). According to the information and explanation given to us there are no dues of sales tax, income tax, Goods and Service Tax, excise duty, and value added tax which have not been deposited on account of any dispute.

GARG FURNACE LIMITED

(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	164.60	Principal	01.09.2015
		71.00	Interest (Term Loan)	
2.	Indian Bank - MTL2	393.29	Principal	01.09.2015
		197.00	Interest (Term Loan)	
3.	Indian Bank - MTL3	199.09	Principal	01.10.2015
		99.00	Interest (Term Loan)	
4.	Indian Bank - OCC	3350.00	Amount Overdue	01.12.2015
		2319.00	Interest (Working Capital)	
5.	Indian Bank - OCCAdhoc	350.00	Amount Overdue	01.09.2015
		238.00	Interest (Working Capital)	
6.	Indian Bank - LC/BC	2327.00	Amount Overdue	01.01.2016
		2005.00	Interest (Working Capital)	

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the order is not applicable to the company.
- (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 (xii) 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 Standalone Ind AS Financial Statements as required by the Ind AS 24 but we are not able to comment up on Arm length price of these transactions. However, the company has complied all the procedures prescribed under section 188 for obtaining shareholder's approval.
- (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 and hence provisions of section 192 of the companies Act, 2013 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.

Place: LUDHIANA
Date: 30-05-2019

For R.K Chadha & Co.
Chartered Accountants
FRN. 003513N

Sd/-
Paresh Chadha
Partner
M. No. 51895

GARG FURNACE LIMITED

BALANCE SHEET AS AT 31 MARCH, 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	Note No.	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current assets			
a) Property, plant and equipment	2	198591938.50	206434848.19
b) Capital work-in-progress	2	-	2852929.00
c) Financial assets			
i) Investments	3	2120000.00	23240000.00
ii) Loans	4	16862077.00	22961472.00
iii) Other financial assets	5	5184038.83	4598705.83
d) Other non-current assets	6	19980711.25	164472478.25
		<u>242738765.58</u>	<u>424560433.27</u>
Current assets			
a) Inventories	7	170830527.00	110124323.00
b) Financial assets			
i) Trade receivables	8	108684943.02	232782928.99
ii) Cash and Cash equivalents	9	4938892.46	23057999.43
iii) Loans	10	-	1070225.00
iv) Other financial asset	11	-	3099395.00
c) Current tax assets (net)	12	226211.00	204440.00
d) Other current assets	13	54594067.28	26058190.47
		<u>339274640.76</u>	<u>396397501.89</u>
Total Assets		582013406.34	820957935.16
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share capital	14	40087000.00	40087000.00
b) Other equity	15	<u>53503333.88</u>	<u>2554749.86</u>
		<u>93590333.88</u>	<u>42641749.86</u>
LIABILITIES			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	16	46504997.75	45024851.46
b) Provisions	18	609901.00	202859.00
c) Deferred tax liabilities (Net)	17	-	-
		47114898.75	45227710.46
Current liabilities			
a) Financial liabilities			
i) Borrowings	19	255961904.00	602826123.36
ii) Trade and other payables	20	60243164.41	37003753.00
iii) Other financial liabilities	21	85132444.71	84536611.64
b) Other current liabilities	22	39898988.59	8691555.84
c) Provisions	23	71672.00	30431.00
		<u>441308173.71</u>	<u>733088474.84</u>
Total Equity and liabilities		<u>582013406.34</u>	<u>820957935.16</u>

The accompanying notes are an integral part of these standalone financial statements

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

For R.K. Chadha & Co
Chartered Accountants
Firm Reg.No.003513N

For Garg Furnace Limited.

Sd/-
Paresh Chadha
Partner
M.No. 518195
Place : Ludhiana Date : 30/05/2019

Sd/-
Devinder Garg
Managing Director
DIN : 01665456

Sd/-
Vaneera Garg
Director
DIN : 01283990

GARG FURNACE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	Notes	For the period ending on 31 March 2019	For the period ending on 31 March 2018
I INCOME			
Revenue from operations	24	1118305550.06	655825224.50
Other operating revenue	25	-	823393.00
Other Income	26	18377709.04	49962598.99
Total Income		<u>1136683259.10</u>	<u>706611216.49</u>
II EXPENSES			
Cost of materials consumed	27	919975508.03	539829914.84
Purchases of stock-in-trade	28	-	901122.00
Change in inventories of finished goods, stock in trade and work -in-progress	29	(38253091.00)	(50141884.00)
Employee benefit expense	30	17872172.00	14138174.00
Finance costs	31	6773825.82	6796462.30
Depreciation and amortisation expense	32	12672732.00	13109065.00
Other expenses	33	280189137.23	195953649.93
Total Expenses		<u>1199230284.08</u>	<u>720586504.07</u>
III Profit/(loss) before exceptional items and tax		(62547024.98)	(13975287.58)
IV Exceptional items	34	113767290.00	-
V Profit/(loss) before Tax Expenses (III-IV)		51220265.02	(13975287.58)
VI Tax expense:	35		
(1) Current tax		-	-
(2) Deferred tax		-	(12675427.00)
(3) Tax Related to earlier years		165300.00	-
VII Profit/(loss) for the year (V-VI)		51054965.02	(1299860.58)
Other comprehensive income (OCI)			
A Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit liability		(106381.00)	142807.00
B Items that will be reclassified to profit or loss			
(i) Net (loss)/gain on FVOCI equity securities			
VIII Other Comprehensive Income for the year		<u>(106381.00)</u>	<u>142807.00</u>
IX Total Comprehensive Income for the year		<u>50948584.02</u>	<u>(1157053.58)</u>
X Earnings per equity share of ? 10 each (for continuing operation):			
Basic and Diluted	36	12.71	(0.29)

The accompanying notes are an integral part of these standalone financial statements

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

For R.K. Chadha & Co

Chartered Accountants

Firm Reg.No.003513N

Sd/-

Paresh Chadha

Partner

M.No. 518195

Pace : Ludhiana Date : 30/05/2019

For Garg Furnace Limited.

Sd/-

Devinder Garg

Managing Director

DIN : 01665456

Sd/-

Vaneera Garg

Director

DIN : 01283990

GARG FURNACE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
A Cash flow from operating activities		
1 Profit before tax	51220265.02	(13975287.58)
2 Adjustments for:		
Depreciation and amortisation	12672732.00	13109065.00
Re-measurement gains/ (losses) on defined benefit plans recognised through other comprehensive income	(106381.00)	142807.00
Net (profit)/loss on sale of fixed assets	347892.00	3158.00
Finance costs	6773825.82	6796462.30
Unrealised foreign exchange loss		
Interest income on deposits	(6498270.00)	(2319311.00)
3 Operating cash flow before working capital changes (1+2)	<u>64410063.84</u>	<u>3756893.72</u>
4 Change in working capital: (Excluding cash & bank balances)		
Decrease/(Increase) in inventories	(60706204.00)	(83088078.00)
Decrease/(Increase) in trade receivables	124097985.97	115415551.08
Decrease/(Increase) in loans	7169620.00	(13896375.00)
Decrease/(Increase) in other assets	118448181.19	72621950.00
Increase/(Decrease) in trade payables	23239411.41	(48238621.52)
Increase/(Decrease) in other liabilities	31844506.82	(18344424.00)
Increase/(Decrease) in provisions	407042.00	
Change in working capital	<u>244500543.39</u>	<u>24470002.56</u>
5 Cash generated from operations (3+4)	308910607.23	28226896.28
6 Less : Taxes paid	165300.00	
7 Net cash flow from operating activities (5-6)	308745307.23	28226896.28
B Cash flow from investing activities:		
Proceeds from sale of property, plant and equipment/investments	31936393.00	740000.00
Purchase of property, plant and equipment	(13141178.00)	(5263698.00)
Margin Money to Bank		
Interest received	6498270.00	2319311.00
Net cash generated/(used) in investing activities:	25293485.00	(2204387.00)
C Net cash flow from financing activities:		
Repayments from short-term borrowings	(346864219.36)	0.00
Repayments from long -term borrowings	1480146.29	0.00
Finance cost paid	(6773825.82)	(6796462.00)
Net cash generated/(used) from financing activities:	<u>(352157898.89)</u>	<u>(6796462.00)</u>
D Net change in Cash & cash equivalents (A+B+C)	(18119106.66)	19226047.28
E - 1 Cash & cash equivalents as at end of the year	4938892.46	23057999.36
E - 2 Cash & cash equivalents as at the beginning of year	23057999.36	3831952.08
NET CHANGE IN CASH & CASH EQUIVALENTS (E 1-2)	(18119106.90)	19226047.28

The accompanying notes forms an integral part of the financial statements.

For R.K. Chadha & Co
Chartered Accountants
Firm Reg.No.003513N

For Garg Furnace Limited.

Sd/-
Paresh Chadha
Partner
M.No. 518195
Place : Ludhiana Date : 30/05/2019

Sd/-
Devinder Garg
Managing Director
DIN : 01665456

Sd/-
Vaneera Garg
Director
DIN : 01283990

GARG FURNACE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	"As at 31 March 2019"				
A. Equity Share Capital					
As at March 31, 2018	40,087,000				
Issue of Equity Share capital	-				
As at March 31, 2019	40,087,000				
Note no. 15 Other Equity					
Attributable to the equity holders					
Reserves & Surplus					
Particulars	Securities Premium Reserve	Capital Reserves	General Reserve	Retained Earnings	Total
Balance as at April 1, 2018	56530500.00	2350000.00	189923930.00	(246249680.14)	2554749.86
Profit for the year	-	-	-	51054965.02	51054965.02
Remeasurement gain/(loss) on Defined benefit plan	-	-	-		-
Other Comprehensive Income	-	-	-	(106381.00)	(106381.00)
Total Comprehensive Income/loss for the year	56530500.00	2350000.00	189923930.00	(195301096.12)	53503333.88
Transfer from Retained Earning	-	-	-		-
Transfer to General Reserve	-	-	-		-
Balance as at March 31, 2019	56530500.00	2350000.00	189923930.00	(195301096.12)	53503333.88
The accompanying notes are an integral part of these standalone financial statements					
This is the Balance Sheet referred to in our report of even date					
For R.k Chadha & Co Chartered Accountants Firm Reg.No.003513N			For Garg Furnace Limited.		
Sd/- Paresh Chadha Partner M.No. 518195	Sd/- Devinder Garg Managing Director DIN : 01665456		Sd/- Vaneera Garg Director DIN : 01283990		
Place : Ludhiana Date : 30/05/2019					

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Note no. 2 Property, plant and equipment and capital work in progress

a) Reconciliation of carrying amount

	Leasehold land	Buildings	Furniture and Fixtures	Vehicles	Office Equipment	Property Plant & Equipment	Total (A)	Capital Work in Progress (B)	Total (A+B)
Gross carrying value (deemed cost)									
Balance at 1 April 2018	2468126.40	54658742.69	299889.44	8993062.77	975842.86	166825148.03	234220812.19	2852929.00	237073741.19
Additions made during the year		3277144.00			454107.32	7265295.99		10996547.31	10996547.31
Disposals / adjustments during the year						(9084896.00)	(9084896.00)	-	(9084896.00)
Balance at 31 March 2019	2468126.40	57935886.69	299889.44	8993062.77	1429950.18	165005548.02	236132463.50	2852929.00	238985392.50
Accumulated Depreciation									
Balance at 1 April 2018	-	3954032.00	98446.00	4229237.00	290428.00	19213821.00	27785964.00	-	27785964.00
Add: Depreciation charge for the year	-	2037508.00	49685.00	1153379.00	144847.00	9287313.00	12672732.00	-	12672732.00
Less: On disposals / adjustments during the year	-	-	-	-	-	(2918171.00)	(2918171.00)	2852929.00	(65242.00)
Balance at 31 March 2019	-	5991540.00	148131.00	5382616.00	435275.00	25582963.00	37540523.00	2852929.00	40393454.00
Carrying amount (net)									
At 31 March 2018	2468126.40	50704710.69	201443.44	4763825.77	685414.86	147611327.03	206434848.19	2852929.00	209287777.19
At March 31, 2019	2468126.40	51944346.69	151758.44	3610446.77	994675.18	139422585.02	198591938.50	-	198591938.50

b) The Company has elected Ind AS 101 exemption and continues with the carrying value for all of its property, plant and equipment and capital work in progress as its deemed cost as at the date of transition.

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	As At 31st March, 2019	As At 31st March, 2018
Note 3. Non-current investments	Amount	Amount
In equity instruments		
Unquoted		
At fair value through Other Comprehensive Income		
2,12,000- Fully paid up Equity shares @ 10 each of Sudhir Forgings Pvt Ltd (as at 31st March,2018- 2,12,000 and as at 1st April,2016- 2,12,000)	2120000.00	2120000.00
4,12,000- Fully paid up Equity shares @ 10 each of Shubam Investment Pvt Ltd(as at 31st March, 2018- 4,12,000 and as at 1st April, 2016	-	4120000.00
Sub total(a)	2120000.00	6240000.00
In Preference shares		
Unquoted		
At Amortised Cost		
17,00,000- Fully paid up 6% Non Cumulative Redeemable Preference Shares @ 10 each of Garg Acrylics Ltd (as at 31st March,2018- 17,00,000)	-	17000000.00
Sub total (b)	<u>-</u>	<u>17000000.00</u>
Grand Total (a+b)	<u>2120000.00</u>	<u>23240000.00</u>
Aggregate amount of unquoted investments at FVOCI	2120000.00	6240000.00
Aggregate amount of unquoted investments in Preference shares At Amortised Cost	-	17000000.00
Note 4. Loans		
(Unsecured, considered good unless otherwise stated)		
Loans Given		
Unsecured, considered good	16862077.00	22961472.00
	<u>16862077.00</u>	<u>22961472.00</u>
Note 5. Other Financial Assets		
Term deposits (With maturity of more than twelve months)	5184038.83	4598705.83
	<u>5184038.83</u>	<u>4598705.83</u>
Note:- 6. Other non-current assets		
Security Deposits	19405437.25	19007437.25
Electricity Bills Under Challenges	-	53510589.00
Other Advances	-	91379178.00
MAT Credit	575274.00	575274.00
	<u>19980711.25</u>	<u>164472478.25</u>
Note:-7 Inventories		
Raw Materials (At cost)	66149986.00	46349823.00
Work-in-Progress (At cost)	-	1903202.00
Finished Goods (At cost or net realisable value whichever is lower)	101254941.00	61098648.00
Store & Spares (At cost)	3425600.00	772650.00
	<u>170830527.00</u>	<u>110124323.00</u>

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

	As At 31st March, 2019	As At 31st March, 2018
Note:- 8. Trade receivables (Unsecured, considered good unless otherwise stated)	Amount	Amount
Unsecured Considered good		
i) Outstanding for a period exceeding six months from the date they are due.	72692823.02	190173958.27
ii) other Debts	35992120.00	42608970.72
	<u>108684943.02</u>	<u>232782928.99</u>
Note:- 9. Cash and bank equivalents		
Balances with banks	4567921.46	22862416.43
Cash on hand	370971.00	195583.00
	<u>4938892.46</u>	<u>23057999.43</u>
Note:-10. Loans (Unsecured, considered good unless otherwise stated)		
Loans Given	-	1070225.00
Total	<u>-</u>	<u>1070225.00</u>
Note:-11. Other financial assets		
Interest accrued but not received	-	3099395.00
	<u>-</u>	<u>3099395.00</u>
Note:- 12. Current tax assets (net)		
Advance income tax	226211.00	204440.00
	<u>226211.00</u>	<u>204440.00</u>
Note:-13. Other Current assets		
Advances to suppliers	50333408.88	14368885.88
Advances to employees	204478.00	187696.00
Balances with statutory authorities	3881513.40	11303030.59
Prepaid expenses	174667.00	198578.00
	<u>54594067.28</u>	<u>26058190.47</u>
Note:- 14 Equity Share Capital		
Authorised capital 1,00,00,000 Equity Shares of ? 10- each (31st March, 2018: 10,000,000 and 1st April,2016: 10,000,000)	100000000.00	100000000.00
	<u>100000000.00</u>	<u>100000000.00</u>
Issued, subscribed and Fully paid up. 40,08,700 Equity Shares of ? 10- each (31st March, 2018: 40,08,700 and 1st April,2016: 40,08,700)	40087000.00	40087000.00
Total	<u>40087000.00</u>	<u>40087000.00</u>

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

a) Reconciliation of equity shares outstanding at the beginning and at the end of the year.

	31 March 2019		31 March 2018	
	No of shares	in Thousands	No of shares	in Thousands
Equity shares at the beginning of the year	4,008,700	4,008.70	4,008,700	4008.70
Issued during the year	-	-	-	-
Equity shares at the end of the year	4,008,700	4,008.70	4,008,700	4,008.70

b) Rights, Preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of shareholders holding more than 5% shares in the Company

	As on 31 March 2019		As on 31 March 2018	
	No of shares	% holding	No of shares	% holding
Shiv Narayan Investment Pvt Ltd	535000.00	13.35%	535000.00	13.35%
Devinder Garg	1054290.00	26.30%	304040.00	7.58%
Rajiv Garg			287920.00	7.18%
Sanjeev Garg			222320.00	5.55%
Toshak Garg	216950.00	5.41%	216950.00	5.41%
Garg Fincap Ltd			206600.00	5.15%
Vaneera Garg			1067510.00	26.63%
Daksh Garg	210550.00	5.25%	-	

Note:- 15 Other Equity

Securities Premium Reserve

Opening Balance as per last Balance Sheet	56530500.00	56530500.00
Add : Additions during the year	-	-
Balance as at the year end	56530500.00	56530500.00

Capital Reserves

Opening Balance as per last Balance Sheet	2350000.00	2350000.00
Add : Additions during the year	-	-
Balance as at the year end	2350000.00	2350000.00

General Reserve

Opening Balance as per last Balance Sheet	189923930.00	189923930.00
Add : Additions during the year	-	-
Transfer from Retained Earning	-	-
Balance as at the year end	189923930.00	189923930.00

Retained Earnings

Opening Balance as per last Balance Sheet	(246249680.14)	(245092626.56)
Profit for the year	51054965.02	(1299860.58)
Remeasurement gain/(loss) on Defined benefit plan	(106381.00)	142807.00
Other Comprehensive Income	-	-
Dividends (including tax thereon)	-	-
CSR Expense	-	-
Transfer to General Reserves	-	-
Balance as at the year end	(195301096.12)	(246249680.14)
Total (Net Reserve) Transfer to	53503333.88	2554749.86

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Nature and purpose of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act.

Capital reserve

The reserve comprises of profits/gains of capital nature earned by the Company and credited directly to such reserve. such reserve is utilised in accordance with provisions of the Act.

General reserve

General reserve forms part of the retained earnings and is permitted to be distributed to shareholders aspart of dividend.

Particulars

Note:-16. Non-Current borrowings

Secured

Term Loan from Banks*

Unsecured

Term Loan from Others**

From Others

As at 31 March 2019

As at 31 March 2018

46504997.75

45024851.46

*The Indian Bank has not charged interest of Rs. 250.00 lacs as the bank has declared account as NPA.

Terms of repayment for Long Term secured borrowings:

i) Terms of Repayment of term loans*

Particulars	Amount pf Repayment	Rate of interest	Periodicity
HDB FINANCIAL SERVICES	9089612.71	14%	31.3.2020
	10091319.38		31.3.2021
	11203417.62		31.3.2022
	12435072.87		31.3.2023
	2194187.88		31.5.2023
	45013610.46		

* The term loan from Indian Bank does not include non current maturities, as the account has been declared as NPA and all the dues are payable on demand, hence shown separately in other financial liabilities. Refer Note-21

Term loans from banks are secured, in respect of respective facilities by way of :

**Other loans include loans from HDB Financial Services against residential property/plot in the name of Directors situated at plot B-35,

Khasara no. 133-1/134-1,Block C, Sukhmani Enclave, South City, Ludhiana.

Note:- 17. Deferred tax liabilities/(assets) (net)

The 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:- 18. Provisions

Provision for Gratuity

609901.00

202859.00

609901.00

202859.00

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

	As At 31st March, 2019	As At 31st March, 2018
Note:- 19. Current borrowings		
Secured		
From Banks		
<u>Working Capital borrowings*</u>		
Cash Credit	101927355.00	335024284.36
Adhoc Cash Credit	35000000.00	35000000.00
Devolved LC/ Buyer Credit	89288040.92	203055330.92
Bank Guarantee (NSIC)	29746508.08	29746508.08
	255961904.00	602826123.36

The Detail of amount and period of default of interest on short term borrowings at year end:

Bank Name	Overdue interest(Crores)	Overdue Since
Indian Bank -OCC	23.19	1.12.2015
Indian Bank -OCC- Adhoc	2.38	1.9.2015
Indian Bank - LC/BC	18.08	1.1.2016
Defaulted Guarantee	1.97	
Total	45.62	

* The Indian Bank has not charged interest of Rs. 45.62 Crores as the bank has declared account as NPA.

Working Capital Borrowings are secured by hypothecation of stock of Raw Materials, work-in-Progress, Finished Goods, Stores and Book Debts and further secured by 2nd charge on Fixed Assets of the Company and also personally guaranteed by some of the Directors of the Company and it carries interest @10.90 % p.a.

Note:- 20. Trade payables

Due to micro, small and medium enterprises (refer note 40)	-	-
Other than acceptances	60243164.41	37003753.00
	60243164.41	37003753.00

Note:- 21. Other financial liabilities

Interest Accrued and due on Borrowings	343133.00	405529.00
Current maturities of long-term borrowings*(Term Loan)	75699699.00	75954984.00
Current maturities of long-term borrowings*(LAP of HDB)	9089612.71	8176098.64
	85132444.71	84536611.64

(a) Terms and Conditions of loans taken from Banks and status of continuing default as at year end:

Bank Name	Interest rate	DP	Outstanding	Over due	Interest over due (crores)	Principal Over due
Indian Bank -MTL-I	11.30%	3.00	1.65	2.36	0.71	1.65
Indian Bank -MTL-II	11.30%	3.00	3.94	5.91	1.97	3.94
Indian Bank -MTL-III	11.30%	4.93	1.99	2.98	0.99	1.99
Total			7.58	11.25	3.67	7.58

* The Indian Bank has not charged interest of 367 lacs as the bank has declared above accounts as NPA.

(b) Term loans from banks are secured by equitable mortgage of entire land and building and existing plant and 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.

(c) Terms Loans from Banks carry an Interest rate of 10.90 % p.a. and are repayable in equal monthly instalments. The year wise repayment due were as under :-

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Year End	MTL-III	MTL-II	MTL-I	Grand Total
31.3.2016	6288000.00	4375000.00	1764000.00	
31.3.2018	12576000.00	7500000.00	3024000.00	
31.3.2019	1045779.00	7500000.00	3024000.00	
31.3.2019	0.00	7500000.00	3024000.00	
31.3.2020	0.00	7500000.00	3024000.00	
31.3.2021	0.00	4954984.00	2599936.00	
Total	19909779.00	39329984.00	16459936.00	75699699.00

Particulars	As at 31 March 2019	As at 31 March 2018
Note:- 22. Other current liabilities		
Statutory dues payables	573193.00	2842671.00
Advance from customers	3224104.59	729829.84
Expenses Payable	11498023.00	1128761.00
Cheque issued but not presented	5541162.00	1761841.00
Employee Related Payments	4062506.00	2228453.00
Advance against Sale of Property	15000000.00	-
	<u>39898988.59</u>	<u>8691555.84</u>
Note:- 23. Provisions		
Provision for Gratuity	71672.00	30431.00
	<u>71672.00</u>	<u>30431.00</u>

Particulars	As at 31 March 2019	As at 31 March 2018
Note:- 24. Revenue from operations		
Sale of products (Net of GST/Excise Duty)	1118305550.06	655825224.50
	<u>1118305550.06</u>	<u>655825224.50</u>
Note:- 24(a) Details of product Sold*		
Non Alloy Steel round	802896031.80	399837283.75
Scrap	26149788.75	1139065.00
Wire rod	167375165.75	180747120.50
Unmatched Casting	-	711450.00
Billets	118112088.76	87360601.75
Alloy Steel round	3469445.00	2325344.50
Others	303030.00	-
	<u>1118305550.06</u>	<u>672120865.50</u>

*Details of product Sold as at 31.03.2018 includes Excise Duty of ₹16295641

Note:- 25. Other Operating Revenue		
Exchange Rate Diff	-	823393.00
	<u>0.00</u>	<u>823393.00</u>
Note :- 26 Other Income		
Interest income	6498270.00	2319311.00
Profit on Sale of Investment	1100040.00	-
Misc. Income	518617.04	152532.00
Rental Income	180000.00	180000.00
Sundry Balances Written back	10080782.00	47310755.99
	<u>18377709.04</u>	<u>49962598.99</u>
Note:- 27 Cost of materials consumed		
Opening stock	46349823.00	13410784.00
Add : Purchases (Net)	939775671.03	572768953.84
Less: Closing Stock	66149986.00	46349823.00
	<u>919975508.03</u>	<u>539829914.84</u>

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	As At 31st March, 2019	As At 31st March, 2018
Note:- 28 Purchases of stock-in-trade		
M.S Scrap	-	901122.00
	<u>0.00</u>	<u>901122.00</u>
Note:- 29 Change in inventories of finished goods, stock in trade and work -in-progress		
Opening stock		
Work-in-Progress	1903202.00	2531225.00
Finished Goods / Stock in Trade	61098648.00	10328741.00
Less: Closing Stock		
Work-in-Progress	-	1903202.00
Finished Goods / Stock in Trade	<u>101254941.00</u>	<u>61098648.00</u>
	<u>-38253091.00</u>	<u>-50141884.00</u>
Note :- 30 Employee benefit expense		
Salary, Wages and other Allowances	16675810.00	13073542.00
Contribution to Provident and other funds	1067805.00	938699.00
Staff Welfare Expenses	<u>128557.00</u>	<u>125933.00</u>
	<u>17872172.00</u>	<u>14138174.00</u>
Note:-31 Finance cost		
Interest Expense	6399679.36	6210230.39
Other Borrowings Cost	<u>374146.46</u>	<u>586231.91</u>
	<u>6773825.82</u>	<u>6796462.30</u>
Note:- 32 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (Refer Note 2)	<u>12672732.00</u>	<u>13109065.00</u>
	<u>12672732.00</u>	<u>13109065.00</u>
Note:- 33 Other expenses		
Manufacturing Expenses		
Consumption of Stores, consumables & spare parts	23624648.29	28807950.00
Power and Fuel	235964028.00	141524777.00
Machinery Repairs and Maintenance	5249343.57	146158.00
Custom Duty on Imports	5151619.40	2562055.78
Job work charges	<u>223920.00</u>	<u>1640560.00</u>
	<u>270213559.26</u>	<u>174681500.78</u>
Administrative & Other Expenses		
Rates & Taxes	371099.00	1157680.00
Insurance	380381.00	364928.00
Legal & Professional Expenses	1183152.00	1325709.00
Postage, Telegrams, Telephone and Telex	156787.28	148311.68
Printing and Stationery	113101.00	24807.00
Traveling & Conveyance*	141704.00	232658.00
Vehicle Repair & Maintenance	1318917.00	955858.00
Repairs and Maintenance	30981.00	63565.00
Payment to Auditors**	185000.00	185000.00
Bad Debts	-	13922719.62
Loss on sale/discard of Fixed Assets	1447932.00	3158.00
Repair and maintenance of Building	18368.00	59901.00
Foreign Exchange Fluctuation	72134.50	-
Directors Remuneration	1185330.00	920000.00
Security charges	453521.00	196001.00
Penalty	233429.00	449669.00
Interest on TDS	-	1070.00
Charity & Donation	72000.00	-
Listing Fee	250000.00	260910.00
Previous Year Expenses	2242000.00	840019.00
Miscellaneous Expenses	-	90685.00
	<u>9855836.78</u>	<u>21202649.30</u>

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	As At 31st March, 2019	As At 31st March, 2018
*Include Director Travelling of ₹ 1.41 lakhs (previous year ₹ 2.32 lakhs)		
Selling Expenses		
Rebate and Discount	78461.19	5319.85
Advertisement	41280.00	64180.00
	119741.19	69499.85
	<u>280189137.23</u>	<u>195953649.93</u>
**Payment to Auditors		
As Auditor:		
Audit fee	125000.00	125000.00
Tax audit fee	40000.00	40000.00
Cost audit Fee	20000.00	20000.00
	<u>185000.00</u>	<u>185000.00</u>

Note:-34 Exceptional Items

The One Time Settlement Scheme of Company was sanctioned as a result the Company has recognized proportionate amount of ₹ 1137 lacs in Exceptional items against the waiver of loan. The OTS for ₹ 4500 lacs of the Company was sanctioned on 13/08/2018 and consequently the Company got a waiver of loan of ₹ 2250 lacs if it pays the OTS amount as per the repayment schedule approved. Accordingly, the Company has paid around ₹ 2275 lacs till 31.03.2019 which is approx. 50 per cent of the total dues settled. Therefore, the Company has recognized proportionate amount of ₹ 1137 lacs in Exceptional items against the waiver of loan. Further as per Ind AS 109 "Financial Instruments", the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

Note:-35 Income Tax Expenses

Particulars	As at 31 March 2019	As at 31 March 2018
Tax expense recognized in the Statement of Profit and Loss		
Current tax		
Current Tax on taxable income for the year	-	-
Total current tax expense		
Deferred Tax		
Deferred tax charge/(credit)	-	12675427.00
	<u>0.00</u>	<u>12675427.00</u>

Note:- 36 Earnings per share (EPS) (Ind AS 33)

The Company's Earnings Per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company . Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

Earnings Per Share has been computed as under:

Profit for the year attributable to the Equity holders of the Company	50948584.02	(1157053.58)
Weighted-average number of equity shares for basic EPS	4008700.00	4008700.00
Earnings Per Share (?) - Basic (Face value of ₹ 10 per share)	12.71	(0.29)

(Diluted earning per share is same as basic earning per share.)

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	As At 31st March, 2019	As At 31st March, 2018
Note:- 37 Contingent Liabilities (To the Extent not provided for)		
(b) Bank Guarantees in favour of suppliers and others.	4991000.00	4991000.00
(d) Appeal to ITAT under Income Tax Act 1961		
(i) for AY 2008-09	-	2900000.00
(ii) for AY 2011-12	-	1211000.00
<p>The Company had contested the demand of Punjab Power Corp. Ltd. on account of Voltage Surcharge which was decided against the Company by the H'ble High Court and the demand of ₹777.72 lacs alongwith the Interest was raised by Punjab Power Corporation. However, ₹535.10 lacs were already deposited by the company which was standing under the head "Other Non Current Assets". So the balance amount was paid during the year and the whole amount has been charged to Power & Fuel Account in Other Expenses.</p>		
Note:- 38. Post Retirement Benefits Plans (Ind AS 19)		
Defined Benefit Plan		
<p>The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. For the funded plan the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.</p>		
Particulars	As at 31 March 2019	As at 31 March 2018
(i) Changes in Defined Benefit Obligation		
Present value obligation as at the start of the year	233290.00	258959.00
Interest cost	17963.00	17719.00
Current service cost	323939.00	143554.00
Actuarial loss/(Gains) - Experience Changes	112319.00	(139942.00)
Actuarial loss / (Gains) Financial Assumption		-
Benefits paid	-	(44135.00)
Diff in Present value of Obligation	(5938.00)	(2865.00)
Present value obligation as at the end of the year	<u>681573.00</u>	<u>233290.00</u>
(ii) Breakup of Actuarial gain/loss:		
Actuarial (gain)/loss on arising from change in financial assumption	-	-
Actuarial (gain)/loss on arising from experience adjustment	112319.00	(139942.00)
Return on plan assets (greater)/less than discount rate	112319.00	(139942.00)
(iii) Net Asset / (Liability) recognised in the Balance Sheet		
Present value obligation as at the end of the year	(681573.00)	(233290.00)
Fair value of plan assets as at the end of the year	-	-
Net Asset / (Liability) in the Balance Sheet	<u>(681573.00)</u>	<u>(233290.00)</u>
(iv) Amount recognized in the statement of profit and loss		
Current service cost	323939.00	143554.00
Interest cost	17963.00	17719.00
Interest income on plan assets	-	-
(Income)/Expense recognised in the statement of profit and loss	<u>341902.00</u>	<u>161273.00</u>

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	As At 31st March, 2019	As At 31st March, 2018			
(v) Remeasurements recognised in the statement of Other Comprehensive Income (OCI)					
Changes in Financial Assumptions	-	-			
Experience Adjustments	106381.00	(142807.00)			
Return on plan assets (greater)/less than discount rate	-	-			
Amount recognised in Other Comprehensive Income	106381.00	142807.00			
(vi) Actuarial assumptions					
Discount Rate (p.a)	7.70%	7.48%			
Salary Escalation Rate (p.a)	8.00%	8.00%			
Employee Turnover rate	20.00%	20.00%			
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult. Modified	Indian Assured Lives Mortality (2006-08) Ult. Modified			
<p>These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.</p>					
PARTICULARS					
	SENSITIVITY CUM SCENARIO TESTING (GRATUITY)				
	SRI	ROI	AR	AVGL(RS.)	Difference over base
	-1	-1	-1	697573.00	16000.00
	-1	0	-1	661924.00	(19649.00)
(viii) Sensitivity analysis for gratuity liability	-1	1	-1	629105.00	(52468.00)
	-1	-1	0	681697.00	124.00
Description of Risk Exposure: Actuarial Valuations are based on assumptions which are dynamic in nature and vary over time. As such entity is exposed to various risks as follows:					
	-1	0	0	647769.00	(33804.00)
	-1	1	0	616484.00	(65089.00)
A. Salary Increase - Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also Increase the liability	-1	-1	1	666415.00	(15158.00)
	-1	0	1	634089.00	(47484.00)
B. Imputed rate of return (IROR) - Reduction in IROR in subsequent valuations can increase the plan's liability	-1	1	1	604216.00	(77357.00)
C. Withdrawals - Actual withdrawals providing higher or lower than that assumed and change of withdrawal rates at subsequent valuations can impact plan's Liability.	0	-1	-1	735883.00	54310.00
	0	0	-1	697449.00	15876.00
D. Morality - Actual deaths proving lower or higher than assumed in the valuation can impact the liabilities.	0	1	-1	662125.00	(19448.00)
	0	-1	0	718074.00	36501.00
This table reflects change in liabilities that will result from change in assumptions in respect of salary rise, imputed rate of return and attrition rates.					
	0	0	0	681573.00	0.00
Deviation in expected Morality is of less significance and thus not included in analysis					
	0	1	0	647967.00	(33605.00)
	0	-1	1	701032.00	19459.00
	0	0	1	666306.00	(15267.00)
	0	1	1	634269.00	(47304.00)
	1	-1	-1	776836.00	95263.00
	1	0	-1	735380.00	53807.00
	1	1	-1	697332.00	15759.00
	1	-1	0	756894.00	75321.00
	1	0	0	717608.00	36035.00
	1	1	0	681465.00	(108.00)
	1	-1	1	737896.00	56323.00
	1	0	1	700583.00	19010.00
	1	1	1	666195.00	(15378.00)

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Note:-39 Segment Reporting

Operating Segments:

(a) Steel :- Ingot, Round and Wire Rod

(b) Textile Products

Identification of Segments:

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements, Operating segment have been identified on the basis of nature of products and other quantitative criteria specified in the Ind AS 108.

Segment revenue results

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of allocable income).

Segment assets and Liabilities:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment's, trade receivables, Inventory and other operating assets. Segment liabilities primarily includes trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as unallocable assets/liabilities.

Inter Segment transfer:

Inter Segment revenues are recognised at sales price. The same is based on market price and business risks. Profit or loss on inter segment transfer are eliminated at the group level.

Geographical segment

Geographical segment is considered based on sales within India only.

Particulars	As at 31 March 2019	As at 31 March 2018
Segment Revenue		
(a) Steel	1118305550.06	655825224.50
Total Revenue	<u>1118305550.06</u>	<u>655825224.50</u>
Less: Inter Segment Revenue	-	-
Segment Revenue from External Customers	<u>1118305550.06</u>	<u>655825224.50</u>
Segment Results		
Segment results before interest & Finance cost		
(a) Steel	57722409.84	5639408.30
Total Segment results	<u>57722409.84</u>	<u>5639408.30</u>
Less:- Interest & Finance Cost	6773825.82	6796462.30
Profits from Ordinary activities	<u>50948584.02</u>	<u>(1157054.00)</u>
Segment Assets (net of Depreciation/Impairment)		
(a) Steel	377504456.84	504862026.97
(b) Textile	3570800.00	83363691.00
Total Segment Assets	<u>381075256.84</u>	<u>588225717.97</u>
Segment Liabilities		
(a) Steel	101166859.00	46304127.84
(b) Textile	-	-
Total Segment Liabilities	<u>101166859.00</u>	<u>46304127.84</u>
Capital Employed (Segment assets- Segment Liabilities)		
(a) Steel	276337597.84	458557899.13
(b) Textile	3570800.00	83363691.00
	<u>279908397.84</u>	<u>541921590.13</u>

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Note:- 40 Dues to micro and small suppliers

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:- 41 Related party disclosure as per Ind AS 24

Disclosure of related parties and relationship between the parties

Nature of relationship	Name of related party
(i) Entities in which directors of the Company are able to exercise control or have significant influence	
	Vaneera Industries Ltd Avtar Exports Pvt Ltd Devinder Garg & Sons Huff
(ii) Key management personnel (KMP)	
	Sh. Devinder Garg Smt Vaneera Garg
(iii) Relatives of Key Management Personnel	
	Toshak Garg (Son of Director) Daksh Garg (Son of Director)

Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2019

	As at 31 March 2019	As at 31 March 2018
(i) Enterprises in Which Key Management Personnel and relative of such personal is able to exercise significant influence or control.		
Purchase of goods	663767921.00	387851538.00
Sales of Goods	965956386.26	692919727.50
Rent received	180000.00	180000.00
Loan received	14933000.00	0.00
Loan Paid	4352000.00	0.00
Balance Receivable/Payable (net) as on 31.03.2019	41294051.61	12753453.72

(c) The remuneration of directors and other members of Key management personnel during the year was as follows:

Name of KMP		
Sh. Devinder Garg	1185330.00	840000.00
Smt Vaneera Garg	0.00	80000.00
	1185330.00	920000.00

Note:-42 Financial Instruments - Fair Vaue and Risk Management

(a) Financial Instruments by category and fair value

Particulars	31 March 2019			31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investment						
-Equity instruments	-	2,120,000	-	-	6,240,000	-
-Mutual Funds	-	-	-	-	-	-
-Preference Share	-	-	-	-	-	17,000,000
Loans	-	-	16,862,077.00	-	-	22,961,472
Fixed Deposits	-	-	5,184,038.83	-	-	4,598,706

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Particulars	31 March 2019			31 March 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Trade receivables	-	-	108,684,943.02	-	-	232,782,929
Cash and cash equivalents	-	-	4,938,892.46	-	-	23,057,999
Loans	-	-	-	-	-	1,070,225
Other financial assets	-	-	-	-	-	3,099,395
Total	-	2,120,000.00	135,669,951.31	-	6,240,000.00	304,570,726.25
Financial liabilities						
Borrowings (Non Current)	-	-	46,504,997.75	-	-	45,024,851.46
Borrowings (Current)	-	-	255,961,904.00	-	-	602,826,123.36
Trade payable	-	-	60,243,164.41	-	-	37,003,753.00
Other Financial Liabilities (Current)	-	-	85,132,444.71	-	-	84,536,611.64
Total	-	-	447,842,510.87	-	-	769,391,339.46

(b) Fair value hierarchy

The Company has classified its financial instruments into the three levels prescribed under the Indian Accounting standards (Ind AS 113). An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	31 March 2019			31 March 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Non-current assets						
Equity instruments			2,120,000.00			6,240,000.00
Mutual Funds	-		-			
Total financial assets	-	-	2,120,000.00	-	-	6,240,000.00
Financial liabilities	-	-	-	-	-	-
Total	-	-	-	-	-	-

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed mutual funds. The fair value of all mutual funds which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3. In the absence of observable inputs, unquoted equity securities are measured at carrying amounts.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to short term nature.

Interest Rates on long term borrowings calculated at fixed rate are equivalent to the market rate of interest. Accordingly, the carrying value of such long term debt approximates fair value.

Fair Value of all other non current assets has not been disclosed as the change from carrying amount is not significant.

Note:- 43. Financial risk management objectives and policies

Company has exposure to following risks arising from financial instruments:-

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The company's senior management oversees the management of these

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

risks. Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

(A) Market risk

'Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risks. Financial instruments affected by market risk include loans and borrowings, deposits and payables/receivables in foreign currencies.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is carrying its borrowings primarily at fixed rate. Thereby, the Company is not having any risk towards market rate of interest and hence no sensitivity analysis has been done.

b) Foreign currency risks

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure in foreign currency is in Trade payables denominated in foreign currency. The Company is not restricting its exposure of risk in change in exchange rates. The Company expects the Indian Rupee to to strengthen and accordingly the Company is carrying the risk of change in exchange rates.

a) Foreign Currency Exposure

The Company is not exposed to any forward contract and there is no unrealised asset or liability, thereby no sensitivity analysis has been done.

b) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including loans to related parties, deposits with banks and financial institutions and other financial instruments.

Cash & cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

The Company closely monitors the credit-worthiness of the debtors on the basis of past trends. The Company assesses increase in credit risk on an ongoing basis for amounts receivable that become past due and default is considered to have occurred.

(C) Liquidity risk

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. However, the company has a continuing default in repayment of dues to bank as a result the account has become NPA in FY 2015-16 and action u/s 13(4) of SARFAESI Act 2002 has already been taken. Moreover, the company has not provided for the interest on borrowings amounting to ` 3409 lacs pertaining to year ended 31st March 2019. The Company is taking adequate steps to resolve the liquidity issues. On 13/08/2018 the ots for 4500 lacs was sanctioned and as a result company got waiver of loan of ` 2200 lacs. The company has paid ` 2275 lacs till 31/03/2019, which is approx 50% of the total dues settled. Therefore, the company has recognized proportionate amount of ` 1100 lacs in Exceptional items against the waiver of loan.

The table below summarises the maturity profile of the Company's Borrowings on contractual undiscounted payments -

Particulars	0-1 Years	1 to 2 years	2 to 5 years	More than 5 years	Total
Year ended 31 March 2019					
Contractual maturities of borrowings	84,789,311.71	10,091,319.38	25,832,678.37	-	120,713,309.46
Particulars	0-1 Years	1 to 2 years	2 to 5 years	More than 5 years	Total
Year ended 31 March 2018					
Contractual maturities of borrowings	84,131,082.00	9,089,612.71	35,935,238.75	-	129,155,933.46

GARG FURNACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

(All amounts in Rs. , unless otherwise stated)

Note:- 44 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

	As at 31-Mar-2019	As at 31-Mar-2018
Borrowings	387,256,213.46	731,982,057.46
Trade payables	60,243,164.41	37,003,753.00
Less: Cash and cash equivalents	4,938,892.46	23,057,999.43
Net debt	442,560,485.41	745,927,811.03
Equity	93,590,333.88	42,641,749.86
Capital and net debt	536,150,819.29	788,569,560.89
Gearing ratio	82.54%	94.59%

Note:- 45 Regrouping and restatement

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended 31st March, 2019 as compared with the previous GAAP.

For R.K. Chadha & Co
Chartered Accountants
Firm Reg.No.003513N

For Garg Furnace Limited.

Sd/-
Paresh Chadha
Partner
M.No. 518195

Sd/-
Devinder Garg
Managing Director
DIN : 01665456

Sd/-
Vaneera Garg
Director
DIN : 01283990

Pace : Ludhiana
Date : 30/05/2019

Notes to Financial Statements for the year ended 31st March 2019**1. Corporate Information**

Garg Furnace Limited is a public company domiciled in India and is incorporated under the provisions of Companies Act applicable in India. Its shares are listed on three recognized stock exchanges in India. The registered office of the company is located in Kanganwal Road, Ludhiana. The Company is engaged in the business of manufacturing of alloy and non-alloy steel ingots, wire rods, wire round, mig wire, casting of iron products and trading of iron, steel and textiles products.

Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company consisting of Garg Furnace Limited (the 'Company').

(a) Basis of Preparation**(i) Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- (i) Land and buildings classified as property, plant and equipment.
- (ii) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- (iii) Employee's Defined Benefit Plan as per actuarial valuation.

All amounts disclosed in the financial statements and notes have been rounded off to two decimal places to the nearest Rupees as per the requirement of Schedule III, unless otherwise stated.

(b) Current versus Non-current classification

The company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

Expected to be realized or intended to be sold or consumed in normal operating cycle.

- I. Held primarily for the purpose of trading.*
- II. Expected to be realized within twelve months after the reporting period, or*
- III. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.*

All other assets are classified as non-current.

A Liability is treated as current when:

- I. It is expected to be settled in normal operating cycle.*
- II. It is held primarily for the purpose of trading.*
- III. It is due to be settled within twelve months after the reporting period, or*
- IV. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.*

The company classifies all other liabilities as non-current.

Notes to Financial Statements for the year ended 31st March, 2019**(c) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period or each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares Financial instruments
- Financial instruments

(d) Current versus non-current classification

All assets and liabilities have been classified as current or non current as per company's normal operating cycle and other criteria set out in the Schedule III to the Act.

(e) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Notes to Financial Statements for the year ended 31st March, 2019

On transition to Ind AS, the Company has adopted optional exemption under Ind AS 101 to measure Property, Plant and Equipment at previous GAAP carrying value. Consequently, the previous GAAP carrying value has been assumed to be deemed cost of Property, Plant and Equipment on the date of transition i.e. 1st April, 2016.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the Straight Line Method to allocate their cost, net of their residual values, over their useful lives. The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II of the Act. The residual values are not more than 5% of the original cost of the asset.

(f) Impairment of Non-financial assets

The impairment assessment for all assets is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

(g) Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and stores & spares at FIFO basis, Cost of work in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts.

(h) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expense in the period in which they are incurred.

(i) Provisions, Contingent liabilities and Contingent Assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. A present obligation that arises from past events where it is neither probable that an outflow of resources will be required to settle nor a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, 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 Company. Contingent assets are not recognised in financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised. The company has not made a provision of Rs 49.29 Crores for interest expense as the account has been declared as NPA.

Notes to Financial Statements for the year ended 31st March, 2019**(j) Foreign currency translation**

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Garg Furnace Limited functional and presentation currency.

Foreign currency translations are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

(k) Revenue recognition

All the income and expenditure are accounted for on accrual basis in terms of provisions of 145(1) of the Income Tax Act, 1961. Sales are recognized on issue of invoices to the customers. Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude GST, Excise duty, sales tax and value added tax. There is no revenue which has not been recognized as revenue during the previous year due to lack of reasonably certainty of its ultimate collection.

(l) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(m) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand and other bank balances.

(n) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at historical cost, less provision for impairment if any.

Notes to Financial Statements for the year ended 31st March, 2019**(o) Financial instruments**

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Initial Recognition:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and ancillary costs related to borrowings) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

Classification and Subsequent Measurement: Financial Assets

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") on the basis of following:

- The entity's business model for managing the financial assets and
- The contractual cash flow characteristics of the financial asset.

Amortised Cost:

A financial asset shall be classified and measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through OCI:

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair Value through Profit or Loss:

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through OCI.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and Subsequent Measurement: Financial liabilities:

Financial liabilities are classified as either financial liabilities at FVTPL or 'other financial liabilities'.

Financial Liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL:

Gains or Losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Impairment of financial assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company assesses on a forward looking basis the expected credit losses associated with its assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. In case of trade receivables, the Company.

Notes to Financial Statements for the year ended 31st March, 2019

Follows the simplified approach permitted by Ind AS 109 - Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

Derecognition of financial assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(p) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(q) Employee benefits**(i) Short term obligations**

Liabilities for wages and salaries, short term compensated absence and ex-gratia including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

(ii) Post-employment obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Defined contribution plans

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker [CODM]. The managing committee is considered to be the 'Chief Operating Decision Maker' (CODM) as defined in IND AS 108. The Operating Segment is the level at which discrete financial information is available. The CODM allocates resources and assess performance at this level. The Company has Operating segments comprising of Steel and Textile.

Notes to Financial Statements for the year ended 31st March, 2019**(s) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the credit period allowed. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Long term trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(u) Earnings per share**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

The profit attributable to owners of the Company

By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

The weighted average number of additional equity shares that would be outstanding assuming the conversion of all dilutive potential equity shares.

For R.K. Chadha & Co
Chartered Accountants
Firm Reg.No.003513N

For Garg Furnace Limited.

Sd/-
Paresh Chadha
Partner
M.No. 518195

Devinder Garg
Managing Director
DIN : 01665456

Sd/-Sd/-
Vaneera Garg
Director
DIN : 01283990

Pace : Ludhiana
Date : 30/05/2019

GARG FURNACE LIMITED

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

Form No. MGT - 11

PROXY FORM

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

Name of the member (s):.....

Registered address:.....

E-mail Id:.....

Folio No/Client Id: DP ID:

I/We, being the member(s) of GARG FURNACE LIMITED holding 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 46th Annual General Meeting of the Company, to be held on Monday , the 30th day of September, 2019 at 10.30 A.M and at any adjournment thereof in respect of such resolutions to be proposed at such 46th Annual General Meeting

Signed this day of 2019

Signature of Shareholder

Signature of Proxy holder(s)



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

GARG FURNACE LIMITED

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 46th ANNUAL GENERAL MEETING ON 30TH DAY OF SEPTEMBER, 2019

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 46th Annual General Meeting of the Company, to be held on Monday, the 30th day of September, 2019 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 46th Annual General Meeting. The voting time starts from **Friday, 27th September, 2019 (9.00AM IST)** and ends on **Sunday, 29th September, 2019 (5.00PM IST)**. The voting module shall be disabled by CDSL for voting thereafter.

COURIER

If undelivered please return to:

GARG FURNACE LIMITED

CIN: L99999PB1973PLC003385

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

Garg Furnace Limited

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31,2019 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
1	Sr.No.	Particulars	Audited Figures (as reported before adjusting for qualifications) In Crore	Adjusted Figures (audited figures after adjusting for qualifications) In Crore
	1	Turnover / Total income	113.67	113.67
	2	Total Expenditure	119.92	119.92
	3	Net Profit/(Loss) before exceptional item	(6.25).	(6.25).
		Profit from exceptional item	11.38	11.38
		Net Profit/(Loss)	5.12	5.12
	4	Earnings Per Share-INR	12.71	12.71
	5	Total Assets	582.01	582.01
	6	Total Liabilities	582.01	582.01
	7	Net Worth	9.36	9.36
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
II Audit Qualification (each audit qualification separately):				
a. Details of Audit Qualification:				
b. Type of Audit Qualification : / Disclaimer of Opinion / Adverse Opinion/ Qualified Opinion		Qualified Opinion		
c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		Repetitive The Company has not appointed Internal Auditor as required by sec. 138 of the Companies Act, 2013 read with rule 13 and has not appointed the Company Secretary as required by sec 203 of the companies Act, 2013 read Companies (Appointment and remuneration of managerial personnel) rules, 2014. (ii) The management of the company has represented us that the recoverable amount of assets within the meaning of IND AS 36 'Impairment of Assets' is more than their carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. In the absence of the workings of impairment having been prepared and made available to us for our review, we are unable to comment on whether the company needs to make a provision in respect of impairment loss on such assets and the amount of such provision. (iii) 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.		
d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		Management's Views: (I) Because of huge losses suffered during last two financial years the organization structure is also forced to become unshaped, but Management is looking for a competent person to appoint him as Internal auditor and Company Secretary, even the candidates interviewed for such offices have not shown their interest to join the company due to weak financial position of the company, even after offering good remunerations. (ii) Provision in respect of impairment /loss on assets is not require as management has view that due to slump & cut throat competition in iron industries / market is temporally and hope will recover soon. (iii) Management is in process to confirm/reconcile balances with the concerned parties.		
e. For Audit Qualification(s) where the impact is not quantified by the auditor:		N/A		
(i) Management's estimation on the impact of audit qualification:		Temporary due to huge losses suffered in last years, Management is in process to redress/comply the businesses concern		
(ii) If management is unable to estimate the impact, reasons for the same:		N/A		
(iii) Auditors' Comments on (i) or (ii) above:		NIL		
III Signatories:				
<input type="checkbox"/> CEO/Managing Director		-Sd/- Devinder Garg		
<input type="checkbox"/> CFO		-Sd/- Gurmeet Singh		
<input type="checkbox"/> Audit Committee Chairman		-Sd/- -Pawan Kumar		
<input type="checkbox"/> Statutory Auditor		Sd/- -P.Chadha		
Place:		Ludhiana		
Date:		02/09/2019		