

# 24th Annual Report 1996-97

## GARG FURNACE LIMITED

MD	✓	BKC	✓
CS	NA	BPY	NA
RO	✓	DIV	NA
TRA	NA	AC	✓
AGM	✓	SHI	✓
YE	✓		✓



**GARG FURNACE LIMITED****MANAGEMENT****BOARD OF DIRECTORS****CHAIRMAN**

Mr. J.C. Garg

**MANAGING DIRECTOR**

Mr. Sanjeev Garg

**DIRECTORS**

Mr. Davinder Garg  
 Mr. Rajeev Garg  
 Mr. R. D. Khanna  
 Mr. Ashwani Kumar

**AUDITORS**

M/s. Dass Khanna & Co.  
 B-XXX, 711, 1st Floor,  
 Gurdev Nagar, Pakhowal Road.  
 Ludhiana - 141 001

**BANKERS**

Punjab & Sind Bank  
 Saban Bazar Ludhiana

**REGISTERED OFFICE & WORKS**

Kanganwal Road,  
 Near Ocroi Post Ambala Side  
 V.P.O Jugiana. G.T. Road,  
 Ludhiana - 141 120.


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**GARG FURNACE LIMITED****NOTICE**

Notice is hereby given that 24th Annual General Meeting of the members of the Company will be held on Tuesday, the 30th day of September, 1997 at 10.00 A.M. at the Registered Office of the Company at Kanganwal Road, V.P.O. Jugiana, G. T. Road, Ludhiana to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date, together with the reports of Directors and Auditors thereon.
2. To appoint a director in place of Sh. Jagdish Chand Garg who retires by rotation and being eligible offer himself for reappointment.
3. To appoint auditors and to fix their remuneration, M/s Dass Khanna & Co., Chartered Accountants who retires on the conclusion of the meeting, being eligible offer themselves for reappointment.

**SPECIAL BUSINESS**

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

"RESOLVED THAT Sh. R. D. Khanna, who was appointed as an additional director by the Board pursuant to Section 260 of the Companies Act, 1956 and Article 109 of the Articles of Association of the Company and who holds office till the date of this Annual General Meeting of the Company, be and is hereby appointed director of the Company liable to retire by rotation."

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

"RESOLVED THAT Sh. Ashwani Kumar, who was appointed as an additional director by the Board pursuant to Section 260 of the Companies Act, 1956 and Article 109 of the Articles of Association of the Company and who holds office till the date of this Annual General Meeting of the Company, be and is hereby appointed director of the Company liable to retire by rotation."

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

"RESOLVED THAT in supersession of the resolution passed by the members in their Meeting held on 28th September, 1994, the consent of the Company be and is hereby accorded to the Board of Directors, under the provisions of Section 293 (1) (d) and all other applicable provisions, if any, of the Companies Act, 1956 to borrow from time to time, any sum or sums of money as they consider requisite notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves i.e. reserves not set apart for any specific purpose, provided that the total amount borrowed shall not exceed Rs. 20 Crores (Rupees Twenty Crores only)."

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

"RESOLVED THAT in supersession of the resolution passed by the members in their Meeting held on 28th September, 1994 the consent of the Company be and is hereby accorded to the Board of Directors, in terms of Section 293(1) (a) and all other applicable provisions, if any, of the Companies Act, 1956 to create mortgage and/or charge on all movable or immovable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company for securing the borrowing or financial assistance not exceeding Rs. 20 Crores (Rs. Twenty Crores only) by way of loan(s) (in foreign currency and/or rupee currency) and Securities (comprising fully/partly convertible debentures and/or non convertible debentures with or without detachable warrants and/or other debt instruments, issued/to be issued by the company, from time to time together with interest at the respective agreed rates, additional interest, compound interest in case



**GARG FURNACE LIMITED**

of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, charges and expenses including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other moneys payable by the Company in terms of the Loan Agreement(s), Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into to be entered into between the Company and the lender(s)/Agent(s) and Trustee(s) in respect of the said loans/borrowings/financial assistance.

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid."

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

" RESOLVED THAT pursuant to the provisions of Section 370 and all other applicable provisions, if any, of the Companies Act, 1956 the Board of Directors of the Company be and is hereby authorised to give guarantees, or provide any securities, from time to time in connection with Loans/deposits made by any other person to, or to any person by, any body corporate, whether or not under the same management, as the Company, may deem fit provided that the aggregate of the guarantees so given or securities so provided shall not at any time exceed the amount of Rs. 5 Crores (Rupees Five Crores only)."

For and on behalf of Board

Place : Ludhiana  
Dated : 28th August, 1997

J. C. Garg  
Chairman

**NOTES :**

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under item No.4 to item No. 8 is annexed hereto and forms part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER THE PROXIES ARE EFFECTIVE IT SHOULD BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
3. The Register of Members & Share Transfer Register of the Company will remain closed from 29th Sept. 1997 to 30th Sept., 1997 (both days inclusive).
4. Members seeking any information with regard to Annual Accounts at the time of meeting are requested to send their queries to the Company at least 7 days before the date of meeting so as to enable the management to keep the relevant information ready.
5. Members are requested to bring the copy of Annual Report alongwith them at the meeting.

**GARG FURNACE LIMITED****EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4**

Sh. R. D. Khanna was appointed as additional director by the Board of Directors pursuant to the provisions contained in the Article 109 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. He will hold office as director upto the date of ensuing Annual General Meeting of the Company. As required under section 257 of the said Act, notice has been received from some members signifying their intention to propose Sh. R. D. Khanna as candidate for the office of director of the company.

Sh. R. D. Khanna is a Senior Chartered Accountant and is having wide experience in the finance, accounts, company law and administrative matters. It is in the interest of the company to avail of the benefit of his presence in the Board and accordingly the resolution for his appointment as director of the company is recommended for approval by members.

None of the Directors is in any way, concerned or interested in the said resolution.

**ITEM NO. 5**

Sh. Ashwani Kumar was appointed as additional director by the Board of Director pursuant to the provisions contained in the Article 109 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. He will hold office as director upto the date of ensuing Annual General Meeting of the Company. As required under section 257 of the said Act, notice has been received from some members signifying their intention to propose Sh. Ashwani Kumar as candidate for the office of director of the company.

Sh. Ashwani Kumar is a Senior Tax Consultant and is having wide experience in taxation and allied matters. It is in the interest of the company to avail of the benefit of his presence in the Board and accordingly the resolution for his appointment as director of the company is recommended for approval by members.

None of the Directors is in any way, concerned or interested in the said resolution.

**ITEM NO. 6**

The present limit of Rs. 12 Crores was sanctioned to the Board u/s 293(1) (d) of the Companies Act, 1956 at the Members Meeting held on 28th September, 1994. In view of the increase in the volume of business activities of the Company, it is proposed to enhance the present borrowing limit from Rs. 12 Crores to Rs. 20 Crores for which the approval of the members is necessary in terms of Section 293(1) (d) of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Directors is in any way, concerned or interested in the said resolution.

**ITEM NO. 7**

Since the borrowing of the company are generally required to be secured by way of mortgage or charge on all or any of the movable and immovable properties, both present and future of the company, it is considered necessary to seek the approval of the members for the same under Section 293(1) (a) of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Directors is in any way, concerned or interested in the said resolution.

**ITEM NO. 8**

As per the provisions of Section 370 of the Companies Act, 1956 the company can give any guarantee, or provide any security, in connection with a loan made by any other person to, or to any other person by, any body corporate if a special resolution is passed by the members of the lending company. To enable the Board of Directors to give loans or guarantee in the best interest of the company, the resolution is placed for the approval of members.

Your Directors recommend the resolution for your approval.

The Directors of the company may be deemed to be interested in the resolution to the extent of guarantee given or security provided to other persons or bodies corporate in which they are Directors or Members.

For and on behalf of Board

Place : Ludhiana  
Dated : 28th August, 1997

J. C. Garg  
Chairman

**GARG FURNACE LIMITED****DIRECTORS' REPORT**

To

The Members of

**GARG FURNACE LIMITED**

Your Directors have pleasure in presenting the 24th Annual Report and Audited statement of Accounts of the company for the year ended 31st March, 1997.

**FINANCIAL RESULTS**

		(Rupees in Lacs)	
		1996-97	1995-96
Operating Income		10423.95	8471.04
Profit before depreciation & tax		279.99	216.40
Less: Depreciation	152.85		27.76
Provision for tax	12.80	165.65	5.80
Profit after Tax		114.34	182.84
Add: Balance brought forward	277.37		194.27
Investment Allowance Reserves			
Written back	1.72	279.09	1.74
Profit available for appropriation		393.43	378.85
<b>APPROPRIATIONS</b>			
Provision for taxation for earlier years		---	1.48
Transfer to General Reserve		121.00	100.00
Balance carried over to Balance Sheet		272.43	277.37
		393.43	378.85

**OPERATIONS**

During the year under review, the company has achieved an operating income of Rs. 10423.95 Lacs as compare to Rs. 8471.04 Lacs during the previous accounting year. The net profit after taxes was Rs. 114.34 Lacs as against Rs. 182.94 Lacs during the previous accounting year.

Further, the company has finalised its plan to install a strip mill at a cost of Rs. 200.00 Lacs and the same would be financed out of internal accruals. The expansion would help the company to achieve better sales and profitability.

**DIVIDEND**

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

**PROJECTIONS VS. PERFORMANCE (In terms Of Clause 43 Of The Listing Agreement).**

The performance of the company vis-a-vis projections for the year ended 31st March, 1997 made in the prospectus dated 06-03-1995 is as under :-

		(Rs. In Lacs)	
		Projected	Actual
Operating receipts		12081.15	10423.95
Profit before tax and depreciation		392.51	279.99
Profit after tax		224.51	114.34