

**28th
ANNUAL REPORT
2000-2001**

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GARG FURNACE LIMITED

GARG FURNACE LIMITED

MANAGEMENT

BOARD OF DIRECTORS

CHAIRMAN

Sh. J.C. Garg

MANAGING DIRECTOR

Sh. Sanjiv Garg

DIRECTORS

Sh. Davinder Garg
Sh. Rajiv Garg
Sh. Ashwani Kumar

AUDITORS

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

BANKERS

Punjab & Sind Bank
Sabun Bazar Ludhiana

REGISTERED OFFICE & WORKS

Kanganwal Road,
Near Octroi 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 28th Annual General Meeting of the members of the Company will be held on Friday, the 28th day of September, 2001 at 9.30 A.M. at B-XXIX-2252/1, 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, 2001 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. Sanjiv Garg who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a director in place of Sh. Rajiv Garg who retires by rotation and being eligible offer himself for reappointment.
4. To appoint auditors and to fix their remuneration, M/s Dass Khanna & Co., Chartered Accountants who retire on the conclusion of the meeting, being eligible offer themselves for reappointment.

For and on behalf of Board

Place : Ludhiana
Dated : 24th August, 2001

J. C. Garg
Chairman

NOTES :

1. 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.
2. The Register of Members & Share Transfer Register of the Company will remain closed from 27th September, 2001 to 28th September, 2001 (both days inclusive).
3. 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.
4. Members are requested to bring the copy of Annual Report alongwith them at the meeting.
5. **MEMBERS MAY PLEASE NOTE THAT NO GIFTS/COUPONS SHALL BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING OF THE COMPANY.**

GARG FURNACE LIMITED

DIRECTORS' REPORT

To

The Members of

GARG FURNACE LIMITED

Your Directors have pleasure in presenting the 28th Annual Report and Audited statement of Accounts of the company for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rupees in Lacs)		
	2000-2001		1999-2000
Operating Income	11744.94		10990.14
Profit before depreciation & tax	101.63		141.40
Less : Depreciation	62.07	68.78	
Provision for tax	21.00	12.10	80.88
Profit after Tax	18.56		60.52
Less : Prior year tax provision	1.52		2.01
Add : Balance brought forward	93.56		85.05
	110.60		143.56
APPROPRIATIONS			
Transfer to General Reserve	---		50.00
Balance carried over to Balance Sheet	110.60		93.56
	110.60		143.56

OPERATIONS

During the year under review, the company has achieved an operating income of Rs. 11744.94 Lacs as compared to Rs. 10990.14 Lacs during the previous accounting year. The net profit after taxes was Rs. 18.56 Lacs as against Rs. 60.52 Lacs during the previous accounting year.

DIVIDEND

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

LISTING

The Company's Equity Shares are listed at The Ludhiana Stock Exchange Association Ltd., Feroze Gandhi Market, Ludhiana, The Delhi Stock Exchange Association Ltd., DSE House 3/1 Asaf Ali Road, New Delhi & The Stock Exchange Mumbai, Dalal Street, Mumbai. The listing fee dues has been paid to the said Stock Exchanges.

DIRECTORS

Sh. R. D. Khanna resigned from the Board of Directors of the Company on 31.03.2001 due to his professional engagements. The Directors place on record their sincere appreciation of the valuable services rendered by Mr. Khanna during his tennure as a director of the Company.

Sh. Sanjiv Garg. Sh. Rajiv Garg retire by rotation and being eligible have offered themselves for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors confirm :

- i) That in preparation of the Annual Accounts, the applicable accounting standard have been followed and wherever required proper explanations relating to material departures have been given.
- ii) That appropriate accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs

GARG FURNACE LIMITED

of the company at the end of the financial year on 31.03.2001 and of the profit of the company for the year ended 31.03.2001

- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) That Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company is taking the requisite steps to insure that all the mandatory provisions of corporate governance are complied well within the stipulated time that is by the end of March 2003.

AUDITORS

M/s Dass Khanna & Company, Chartered Accountants Ludhiana retire at the conclusion of ensuing Annual General Meeting. They have indicated their willingness to accept re-appointment and have further confirmed their eligibility u/s 224 (1B) of the companies Act, 1956.

Further observations made by Auditors in their Audit Report are self explanatory and therefore do not call for any further comments.

COST AUDITORS

The Board of Directors have appointed P. K. Verma & Co., Cost Accountants, Jalandhar as the Cost Auditors of the Company for the year 2000-2001. The approval of the Central Government in this regard has also been received. The Cost Auditor's report will be sent to the Central Government as required under law.

FIXED DEPOSITS

The fixed deposit outstanding as on 31st March, 2001 was Rs.2.50 Lacs. During the year under review there was no deposit which were overdue or unclaimed. The company has complied with the provisions of section 58-A of the Companies Act, 1956 and rules made thereunder.

INDUSTRIAL RELATIONS

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

PARTICULARS OF EMPLOYEES

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

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

The Information relating to conservation of energy, technology absorption and foreign exchange earning and out go as required under section 217 (1) (e) of the Companies Act, 1956 read with the companies (Disclosures of Particulars in the report of Directors) Rules 1988 is annexed and forms part of this report.

ACKNOWLEDGEMENT

The Directors wish to extend their sincere thanks to Punjab & Sind Bank, Punjab State Electricity Board, Container Corporation of India, other state and Central Government Agencies, Suppliers and Customers for their continued support & co-operation.

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

For and on behalf of the Board

Place : Ludhiana
Dated : 24th August, 2001

J. C. Garg
Chairman

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Information pursuant to section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Director's Report for the year ended 31st March, 2001

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

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 suggestion of experts in the areas where energy reduction and fuel & Oil conservation is possible.

b) Additional Investment and proposals if any, being implemented for reduction of energy consumption.

No.

c) Impact of Measures taken at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods.

5% Saving in Energy consumption

d) Total energy consumption per unit of production as per form A of the annexure to the rules in respect of industries specified in schedule thereto.

A. POWER & FUEL CONSUMPTION

	<u>Current Year</u>		<u>Previous Year</u>	
1. Electricity				
a) Purchased				
Units (KWH)		43896875 Units		46817843 Units
Total amount	Rs.	141989790.00	Rs.	14,27,59,388.00
Rate per unit	Rs.	3.23	Rs.	3.04
b) Own Generation				
i) Through Diesel Generator				
Units (KWH)		7226 Units		19747 Units
Units per litre of diesel		3.25		3.25
Oil cost/unit	Rs.	5.14	Rs.	4.34
ii) Through steam Turbine		Nil		Nil
2. Furnace Oil				
Quantity (Ltrs.)		2710895 Ltrs.		2670995 Ltrs.
Total amount	Rs.	2,85,96,445.00	Rs.	2,59,84,290.90
Average Rate	Rs.	10.54 per Ltr.	Rs.	9.73 per Ltr.
3. Diesel Oil				
Quantity (Ltrs.)		--		214120 Ltrs.
Total amount		--	Rs.	30,19,096.00
Average Rate		--	Rs.	14.10 per Ltr.

B. CONSUMPTION PER UNIT OF PRODUCTION

	Products	<u>Current Year</u>	<u>Previous Year</u>
Electricity (KWH)	Steel Ingots, Rounds, Castings/wire Rod	639 Units(*)	570 Units(*)
Furnance Oil & Diesel	Casting/Rounds/Wire Rod	74 Ltrs.	67 Ltrs.

(*) Consumption for separate products is not feasible.

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption is as under:

A. Research and Development (R&D)

Nil

B. Technology absorption, adoption and innovation.

Nil

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

III. FOREIGN EXCHANGE EARNING AND OUT GO

	<u>2000-2001</u>	<u>1999-2000</u>
Total Foreign Exchange		
Earned	Nil	Nil
Used (CIF Value of Imports)	17,17,48,507.00	Rs. 16,85,10,961.00