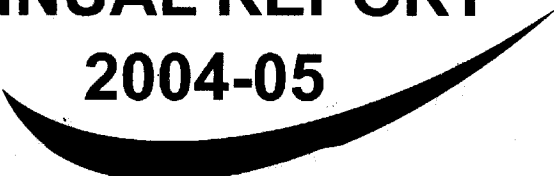


32nd ANNUAL REPORT 2004-05



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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
Sh. Arun Kumar Singh
Sh. Vivek Kaushal
Sh. Ashwani Kumar Aggarwal

AUDITORS

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

COST AUDITORS

M/s. Verma Verma & Associates
Cost Accountants
E-255, Panj Peer,
Bagh Karam Baksh, Jalandhar

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 the 32nd Annual General Meeting of the members of the Company would be held on Friday, the 30th day of September, 2005 at 9:30 A.M. at the Registered Office 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 Business Sheet as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date together-with reports of Director's and Auditors thereon.
2. To appoint a director in place of Sh. Arun Kumar Singh who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sh. Vivek Kaushal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Sh. Ashwani Kumar Aggarwal who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint auditors and to fix their remunerations, M/s Dass Khanna & Company, Chartered Accountants Ludhiana, who retires on the conclusion of this meeting being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED that in accordance with the provisions of Section 198, 269, 309, 311, Schedule – XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company be and is hereby accorded to the re-appointment of Sh. Jagdish Chand Garg as Chairman-cum-Managing Director of the Company for a period of 5 years w.e.f. 01.05.2005 on the following terms and conditions: -

1. Salary : Rs. 20000/- per month (Rupees Twenty Thousand Only)
2. Commission : Nil
3. Perquisites : The following perquisites will be allowed in addition to salary subject to a maximum of Rs. 100,000/- p.a.
 - a) House Rent Allowance @ 25% of the salary.
 - b) Expenditure incurred/reimbursed by Company on Gas, Electricity, water & Furnishing will be subject to a ceiling of 10% of the salary.
 - c) Medical re-imburement for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
 - d) Leave Travel Concession for self, spouse, dependant children and dependant parents once in a year to and from any place in India, subject to the condition that only actual fare and no hotel expenses will be allowed.
 - e) Club Fees: Subject to a maximum of two clubs, admission and life membership will also be allowed.
 - f) Personal Accident Insurance: Premium not to exceed Rs. 10,000/- per annum.
 - g) Gratuity payment shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 5,00,000/-.

FURTHER:

1. No sitting fees will be paid for attending the meeting of Board of Director's or Committee thereof.

GARG FURNACE LIMITED

2. In case of absence or inadequacy of profits in any financial year during the remaining period of his tenure, minimum remuneration as per Section – II of Part – II of Schedule XIII will be paid.
 3. Use of car for Company's business and telephone at residence for Company's business will be provided and personal long distance call and use of car for private purposes shall be billed by the Company to Chairman cum Managing Director.
7. To consider & if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -

"RESOLVED that in accordance with the provisions of Section 198, 269, 309, 311, Schedule – XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company be and is hereby accorded to the re-appointment of Sh. Sanjiv Garg as Managing Director of the Company for a period of 5 years w.e.f. 01.05.2005 on the following terms and conditions: -

1. Salary : Rs. 20000/- per month (Rupees Twenty Thousand Only)
2. Commission : Nil
3. Perquisites : The following perquisites will be allowed in addition to salary subject to a maximum of Rs. 100,000/- p.a.
 - a) House Rent Allowance @ 25% of the salary.
 - b) Expenditure incurred/re-imbursed by Company on Gas, Electricity, water & Furnishing will be subject to a ceiling of 10% of the salary.
 - c) Medical re-imburement for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
 - d) Leave Travel Concession for self, spouse, dependant children and dependant parents once in a year to and from any place in India, subject to the condition that only actual fare and no hotel expenses will be allowed.
 - e) Club Fees: Subject to a maximum of two clubs, admission and life membership will also be allowed.
 - f) Personal Accident Insurance: Premium not to exceed Rs. 10,000/- per annum.
 - g) Gratuity payment shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 5,00,000/-.

FURTHER:

1. No sitting fees will be paid for attending the meeting of Board of Director's or Committee thereof.
2. In case of absence or inadequacy of profits in any financial year during the remaining period of his tenure, minimum remuneration as per Section – II of Part – II of Schedule XIII will be paid.
3. Use of car for Company's business and telephone at residence for Company's business will be provided and personal long distance call and use of car for private purposes shall be billed by the Company to Chairman cum Managing Director.

GARG FURNACE LIMITED

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

"RESOLVED that in accordance with the provisions of Section 198, 269, 309, 311, Schedule – XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company be and is hereby accorded to the re-appointment of Sh. Davinder Garg as Whole Time Director of the Company for a period of 5 years w.e.f. 01.05.2005 on the following terms and conditions: -

1. Salary : Rs. 20000/- per month (Rupees Twenty Thousand Only)
2. Commission : Nil
3. Perquisites : The following perquisites will be allowed in addition to salary subject to a maximum of Rs. 100,000/- p.a.
 - a) House Rent Allowance @ 25% of the salary.
 - b) Expenditure incurred/re-imbursed by Company on Gas, Electricity, water & Furnishing will be subject to a ceiling of 10% of the salary.
 - c) Medical re-imburement for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
 - d) Leave Travel Concession for self, spouse, dependant children and dependant parents once in a year to and from any place in India, subject to the condition that only actual fare and no hotel expenses will be allowed.
 - e) Club Fees: Subject to a maximum of two clubs, admission and life membership will also be allowed.
 - f) Personal Accident Insurance: Premium not to exceed Rs. 10,000/- per annum.
 - g) Gratuity payment shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 5,00,000/-.

FURTHER:

1. No sitting fees will be paid for attending the meeting of Board of Director's or Committee thereof.
2. In case of absence or inadequacy of profits in any financial year during the remaining period of his tenure, minimum remuneration as per Section – II of Part – II of Schedule XIII will be paid.
3. Use of car for Company's business and telephone at residence for Company's business will be provided and personal long distance call and use of car for private purposes shall be billed by the Company to Chairman cum Managing Director.

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

"RESOLVED that in accordance with the provisions of Section 198, 269, 309, 311, Schedule – XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company be and is hereby accorded to the re-appointment of Sh. Rajiv Garg as Whole Time Director of the Company for a period of 5 years w.e.f. 01.05.2005 on the following terms and conditions: -

1. Salary : Rs. 20000/- per month (Rupees Twenty Thousand Only)
2. Commission : Nil

GARG FURNACE LIMITED

3. Perquisites : The following perquisites will be allowed in addition to salary subject to a maximum of Rs. 100,000/- p.a.
- a) House Rent Allowance @ 25% of the salary.
 - b) Expenditure incurred/re-imbursed by Company on Gas, Electricity, water & Furnishing will be subject to a ceiling of 10% of the salary.
 - c) Medical re-imbursement for self and the family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
 - d) Leave Travel Concession for self, spouse, dependant children and dependant parents once in a year to and from any place in India, subject to the condition that only actual fare and no hotel expenses will be allowed.
 - e) Club Fees: Subject to a maximum of two clubs, admission and life membership will also be allowed.
 - f) Personal Accident Insurance: Premium not to exceed Rs. 10,000/- per annum.
 - g) Gratuity payment shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 5,00,000/-.

FURTHER:

1. No sitting fees will be paid for attending the meeting of Board of Director's or Committee thereof.
2. In case of absence or inadequacy of profits in any financial year during the remaining period of his tenure, minimum remuneration as per Section - II of Part - II of Schedule XIII will be paid.
3. Use of car for Company's business and telephone at residence for Company's business will be provided and personal long distance call and use of car for private purposes shall be billed by the Company to Chairman cum Managing Director.

10. To consider and, if thought fit, to pass with our without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or any re-enactment thereof), and pursuant to the provisions of the Articles of Association of the Company, the authorised capital of the Company be and is hereby increased and re-classified from Rs 5,00,00,000 (Rupees five crores only) divided into 49,00,000 (Forty Nine lacs) Equity Shares of Rs 10/- each and 1,00,000 Redeemable Cumulative Preference Shares of Rs 10/- each to Rs 10,00,00,000 (Rupees ten crores only) divided into 2,00,00,000 (two crores) Equity Shares of Rs 5/- each and consequently Clause V of the Memorandum of Association of the Company be and is hereby altered and replaced with the following clause :

V The Share Capital of the Company is Rs 10,00,00,000 (Rupees ten crores only) divided into 2,00,00,000 (two crores) Equity Shares of Rs 5/- (Rupees five) each.

"RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) of the Company be and is hereby authorized to issue new shares (including new certificates where required) representing the sub-divided shares with new distinctive numbers in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 with an option to either exchange the new share certificates in lieu of cancellation of the old share certificates or without physically exchanging the share certificates, by treating the old share certificates as deemed to be cancelled and also to inform to the depositories to take the necessary action to give effect to the existing shares and to do all such acts, deeds, matters and things necessary or desirable in connection with or incidental to the sub-division of the equity shares of the Company."

GARG FURNACE LIMITED

"RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give effect to this Resolution including but not limited to fixation of Record Date as per the requirement of the Listing Agreement, execution of all necessary documents with Stock Exchanges, Depository Companies i.e. NSDL and CDSL and/or any other relevant statutory authority, if any, cancellation or rectification of the existing share certificates in lieu of the old certificates and to settle any question or difficulty that may arise in regard to the sub-division of Equity Shares as aforesaid".

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

'RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or any re-enactment thereof), the existing Article 4 of the Articles of Association of the Company be and is hereby deleted and substituted by the following :

4. The authorized share capital of the Company is Rs. 10,00,00,000/- (Rupees ten crores) divided into 2,00,00,000 (two crores) Equity Shares of Rs 5/- (Rupees five) each with rights, privileges and conditions attaching thereto as are provided by regulations of the Company for the time being. The Company has power from time to time to increase or reduce its capital and to divide the shares in the new capital into one or several classes and to attach thereto, respectively such preferential, qualified and special rights, privileges or conditions as may be determined by or in accordance with the regulation of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 1956 or provided by the regulations of the Company for the time being."

12. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

'RESOLVED THAT pursuant to the provisions of Sections 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India (SEBI) including SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI DIP Guidelines") or any other relevant authority, from time to time, to the extent applicable and subject to such other approvals, permissions, and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board of Directors of the Company (hereinafter referred to as the 'Board' which expression shall also include any Committee thereof formed or to be formed for exercising the powers conferred on the Board by this Resolution), consent, approval and authority of the Company be and is hereby accorded to the Board to issue/offer/allot to one /more or all of the following proposed allottees not exceeding 15,00,000 Warrants convertible into 15,00,000 Equity Shares of Rs 10/- each at a premium of Rs 40/- on preferential basis to the proposed allottees on the following principal terms and on such other terms and conditions and in such manner as the Board may deem fit :

Sr. No.	Name of the Investor	No. of Warrants
1.	Securocrop Securities (I) Pvt. Ltd.	5,00,000
2.	ABN India Equity Research Pvt. Ltd.	2,50,000
3.	Shri Mahesh Pujara	2,50,000
4.	Shivalik Securities Ltd.	2,50,000
5.	Gala Finance & Investment Ltd.	2,50,000
Total		15,00,000

Issue Price :

Warrants would be convertible into equity shares of Rs 10/- each of the Company at a prices of Rs 50/- (Rupees fifty only) determined as per SEBI Guidelines on Preferential Issue.

Terms of Payment :

The issue price of Equity Shares arising out of Warrants shall be Rs 10/- face value per share at a premium of Rs 40/- per share. In allotment of the Warrants, the allottees of the Warrants shall be liable to pay Rs 5/- (Rupees 5/-) per Warrant being not less than 10% of the price fixed for the shares arising out of such Warrants.

GARG FURNACE LIMITED

Relevant Date :

The 'Relevant Date' for the purpose of pricing of issue of the shares in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 is 31st August, 2005, being the 30th day prior to the date of meeting i.e. 30th September 2005 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue).

Conversion of Warrants into Equity:

The holder of each such Warrant shall be entitled to apply for and obtain at their sole discretion one Equity Share of Rs 10/- (Rupees ten only) each at a price of Rs 50/- (Rupees fifty only) per share (including premium of Rs. 40/- per share) on the date or date(s) within 18 (eighteen) months from the date of allotment of Warrants, as may be decided by the Board. If such option is not exercised in the manner prescribed within the aforesaid period, the Warrants shall lapse to the extent of the shares not so taken and the amount paid on the allotment of such Warrants shall be forfeited.

Lock-in-Period :

These Warrants allotted on preferential basis shall be locked-in for a period of one year from the date of allotment. The lock-in period on shares acquired before the expiry of one year, by exercise of option on these warrants, shall be reduced to the extent of the Warrants have already been in lock-in period .

Ranking of Equity Shares :

The new Equity Shares to be allotted on conversion of Warrants shall rank pari passu in all respects with the then existing Equity Shares of the Company. In case the process of division of one equity share of Rs 10/- each to two equity shares of Rs 5/- each is completed before the allotment, allotment against warrants shall be made accordingly.

Listing :

The Board be and is hereby authorized to seek listing of the Equity Shares on conversion of Warrants at such Stock Exchange(s) where the Equity Shares of the Company are already listed.

RESOLVED FURTHER THAT for the purposes of giving effect to the above resolution, the Board be and is hereby authorized to do and perform all such acts, deeds and things as it may, in its absolute discretion deem necessary, desirable or appropriate to settle any question, difficulty or doubt that may arise in regard to the issue of the Warrants and conversion into Equity Shares as it may think fit and to accept on behalf of the Company such conditions and modifications, if any, relating to the issue of the equity shares which may be imposed, required or suggested by any regulatory authority and which the Board in its discretion thinks fit and proper"

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

"RESOLVED THAT the Equity Shares of the Company be delisted from the Delhi Stock Exchange Association Limited, New Delhi and The Ludhiana Stock Exchange Association Ltd., Ludhiana in accordance with the relevant laws, rules, regulations and guidelines (including any statutory modifications(s) or re-enactments thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions, and sanctions as may be necessary and in compliance with such conditions and modification as may be necessary for this purpose."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to included any Committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorised to seek voluntary delisting, to take all necessary steps in this regard 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, doubt that may arise in regard to delisting of the Equity Shares and to execute all such deeds, documents, writings as may be necessary, desirable or expedient as may be deemed fit and for this purpose, to delegate the authority duly vested in it by virtue hereof to the Managing Director or the Company Secretary or any other person whom the Managing Director may consider suitable to do the various acts, deeds and things as required to be done in this behalf."

For and on behalf of the Board

Place : LUDHIANA.
Dated : 01.09.2005

JAGDISH CHAND GARG
CHAIRMAN

GARG FURNACE LIMITED

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 REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 29th day of September, 2005 to Friday, the 30th September, 2005 (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 10 days before the date of Meeting so as to enable the management to keep the relevant information ready.
4. The members are requested to bring the copy of Annual Report along with them at the time of meeting.
5. Members are requested to notify immediately any change in their address to the Company.
6. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under item No. 6 to 12 is annexed hereto and forms part of the Notice.

For and on behalf of the Board

Place: LUDHIANA.
Dated : 01.09.2005

JAGDISH CHAND GARG
CHAIRMAN

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 6**

The Board of Directors in its meeting held on 31st day of October, 2003 appointed Sh. Jagdish Chand Garg as Chairman cum Managing Director of the company for a period of 5 years w.e.f. 01.11.2003 on a salary of Rs. 12000/- per month and other perquisites upto a maximum of Rs. 50,000/- per annum. His appointment was also approved by the members in their meeting held on 30th September 2004. Keeping in view, the efforts put in by Sh. Jagdish Chand Garg towards the development of the company, the Board of Directors in its meeting held on 30.04.2005 approved his re-appointment as Chairman cum Managing Director of the Company for a period of 5 years w.e.f. 01.05.2005 on the remuneration, terms and conditions as mentioned in the resolution, for which your approval is solicited.

Except Sh. Jagdish Chand Garg being the appointee himself, Sh. Davinder Garg, being the appointee's relative, none of the directors of the company is, in any way concerned or interested in this resolution.

ITEM NO. 7

The Board of Directors in its meeting held on 31st day of October, 2003 appointed Sh Sanjiv Garg as Managing Director of the company for a period of 5 years w.e.f 01.11.2003 on a salary of Rs. 12000/- per month and other perquisites upto a maximum of Rs. 50,000/- per annum. His appointment was also approved by the members in their meeting held on 30th September, 2004. Keeping in view, the efforts put in by Mr Sanjiv Garg towards the development of the company, the Board of Directors in its meeting held on 30.04.2005, approved his re-appointment as Managing Director of the company for a period of 5 years w.e.f 01.05.2005 on the remuneration, terms and conditions as mentioned in the resolution, for which your approval is solicited.

Except Sh Sanjiv Garg being the appointee himself, Sh Rajiv, being the appointee's relative, none of the directors of the company is, in any way concerned or interested in this resolution.

ITEM NO. 8

The Board of Directors in its meeting held on 31st day of October, 2003 appointed Sh Davinder Garg as Whole Time Director of the company for a period of 5 years w.e.f 01.11.2003 on a salary of Rs. 12000/- per month and other perquisites upto a maximum of Rs. 50,000/- per annum. His appointment was also approved by the members in their meeting held on 30th September, 2004. Keeping in view, the efforts put in by Mr Davinder Garg towards the development of the company, the Board of Directors in its meeting held on 30/04/2005, approved his re-appointment as Whole Time Director of the company for a period of 5 years w.e.f 01.05.2005 on the remuneration, terms and conditions as mentioned in the resolution, for which your approval is solicited.

GARG FURNACE LIMITED

Except Sh Davinder Garg being the appointee himself, Sh Jagdish Chand Garg, being the appointee's relative, none of the directors of the company is, in any way concerned or interested in this resolution.

ITEM NO. 9

The Board of Directors in its meeting held on 31st day of October, 2003 appointed Sh Rajiv Garg as Whole time Director of the company for a period of 5 years w.e.f 01.11.2003 on a salary of Rs. 12000/- per month and other perquisites upto a maximum of Rs. 50,000/- per annum. His appointment was also approved by the members in their meeting held on 30th September, 2004. Keeping in view, the efforts put in by Mr Rajiv Garg towards the development of the company, the Board of Directors in its meeting held on 30.04.2005 approved his re-appointment as Whole Time Director of the company for a period of 5 years w.e.f 01.05.2005 on the remuneration, terms and conditions as mentioned in the resolution, for which your approval is solicited.

Except Sh Rajiv Garg being the appointee himself, Sh Sanjiv Garg, being the appointee's relative, none of the directors of the company is, in any way concerned or interested in this resolution.

Item No. 10 & 11

The meet the ongoing capital expenditure and to reduce the cost of debts it is proposed to raise funds by issue of warrants. Since the warrants are to be converted into equity shares, it is proposed to increase and re-classify the authorised capital and amend the Memorandum of Association and Articles of Association accordingly.

At present the liquidity of shares in the market is too less and it is not reflecting the true worth of the Company. To overcome the liquidity problem and enabling better and increased participation of investors, it is proposed to reduce the nominal value of the Equity Shares of the Company by sub-dividing the face value from Rs 10 per share to Rs 5 per share. It is also proposed that the Memorandum of Association be amended in order to reflect the alteration in the capital structure of the Company. Hence, Resolutions under item No. 10 & 11 have been proposed by the Board for your approval.

Shri J C Garg, Chairman, Shri Sanjiv Garg, Managing Director, Shri Davinder Garg and Shri Rajiv Garg, Whole Time Directors may be deemed to be interested in this resolution to the extent of their respective shareholdings in the Company.

Item No. 12

To meet the ongoing capital expenditure, reduction of debts and for other business needs, the Company wishes to raise further funds by way of issue of Warrants convertible into equity shares on preferential basis.

Warrants convertible into Equity Shares on a preferential allotment basis is offered for subscription only to the proposed allottees, each of whom have indicated the willingness, subject to necessary approval of shareholders, to participate in the Warrants convertible into Equity Shares of the face value of Rs 10/- (Rupees ten only) each at a premium of Rs 40/- (Rupees forty only) per share determined in accordance with the applicable SEBI Guidelines. In case the process of division of one equity share of Rs 10/- into two equity shares of Rs 5/- each is completed before the allotment of equity shares out of warrants, the equity shares shall be allotted accordingly.

The information required under clause 13.1 of SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, is given below:

Object of the Issue :

To augment the resources for ongoing capital expenditure, reduction of debts and for other business needs.

Intention of Promoters/Directors/Key Management persons to Subscribe to the Offer :

The promoters have no intention of subscribing to the present issue of Warrants convertible into equity shares under preferential allotment.