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**GARG  
FURNACE LTD.**

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

September 07<sup>th</sup>, 2022

To,  
The Manager,  
Listing Department  
**BSE Limited,**  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy  
Towers, Dalal Street,  
Mumbai - 400 001

**Scrip Code: 530615**

**Subject: Compliance under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Annual Report for the F.Y. 2021-22**

Dear Sir/Madam,

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of our Company along with the Notice of the Annual General Meeting for the Financial Year 2021-22.

Kindly take the same on your record.

Thanking You

Yours Faithfully

For Garg Furnace Limited

Devinder Garg  
Managing Director  
DIN: 01665456

Encl: as above



**GARG FURNACE LIMITED**

## GARG FURNACE LIMITED

## BOARD OF DIRECTORS

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## **GARG FURNACE LIMITED**

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### **GARG FURNACE LIMITED**

CIN: L99999PB1973PLC003385

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

No. 0161-2512285

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

#### **NOTICE**

Notice is hereby given that the **49<sup>th</sup>** Annual General Meeting of the members of the company would be held on **Friday, the 30th day of September, 2022 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, 2022** and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.

2. To appoint a Director in place of **Mr. Devinder Garg (DIN: 01665456)**, who retires from office by rotation and being eligible, offers himself for re-appointment.

#### **SPECIAL BUSINESS**

**3. 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. 20,000.00** (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, 2023.**”

For and on behalf of the Board

SD/-

Devinder Garg

Chairman

DIN :01665466

Place: LUDHIANA

Date: 07/09/2022

#### **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.

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## **GARG FURNACE LIMITED**

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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. 3, is annexed hereto.

c) The Board of Directors of your Company comprised of 4 directors of which 2 directors viz. Mr. Manjeet Singh (DIN: 08592748) and Mr. Dharam Chand (DIN: 08592773) 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, is appointed subject to retires by rotation, and one of them Mr. Devinder 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, as required by regulation as applicable of SEBI (LO&DR) Regulations 2016, is also annexed.

e) The Register of Members and Share Transfer books of the Company will remain closed from **Saturday, 24<sup>th</sup> September, 2022** and ends on **Friday, 30<sup>th</sup> September, 2022 (both days inclusive)**.

f) Shareholders holding shares in the physical form are requested to notify any change in their address/mandate/bank details / e-mail address to, the Registrars and Transfer Agents, to facilitate better services.

g) Members are requested to register their e-mail addresses with the Company / Depository Participant to enable us to send you the Report and Accounts, Notices etc. in electronic mode, as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India.

h) SEBI vide its circular ref no. MRD/DoP/ Cir-05/2009 dated 20.05.2009 has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of the PAN Card to the Company/RTA for registration of such transfer of shares irrespective of the amount of such transaction.

i) All intended transferee(s) are, therefore, requested to furnish a self certified copy of their PAN Card along with the relevant transfer deed for registration of transfer of shares. Please note that the shares lodged for transfer without self certified copy of PAN Card of the transferee(s) shall be returned under objection.

j) Members desirous of any additional information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.

k) Members are requested to bring the admission slips along with their copies of the Annual Report to the meeting.

l) The Company has provided facility of e-voting to its members as prescribed under the Companies Act, 2013. The instructions for e-voting are annexed to this Notice.

m) The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the

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## **GARG FURNACE LIMITED**

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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**

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 49th 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:

The voting period begins on **Tuesday, 27<sup>th</sup> September, 2022 (9.00AM IST)** and ends on **Thursday, 29<sup>th</sup> September, 2022 (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 **23<sup>rd</sup> September, 2022**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. (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 **23<sup>rd</sup> September, 2022** may follow the same instructions as mentioned above for e-Voting.

**CDSL e-Voting System – For e-voting.**

### **THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING:**

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on **Tuesday, 27<sup>th</sup> September, 2022 (9.00AM IST)** and ends on **Thursday, 29<sup>th</sup> September, 2022 (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 **23<sup>rd</sup> September, 2022** 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) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities

## GARG FURNACE LIMITED

in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"><li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li><li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li><li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li><li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home</li></ol>

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	<p>page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-</p>



GARG FURNACE LIMITED	
Depository Participants (DP)	Voting period.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for Remote e-Voting for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on "Shareholders" module.
- 3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

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**GARG FURNACE LIMITED**

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- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
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"><li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li></ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	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. <ul style="list-style-type: none"><li>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.</li></ul>

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

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## **GARG FURNACE LIMITED**

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- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.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 linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
  - It is Mandatory that, 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.
  - Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [gargfurnace@yahoo.com](mailto:gargfurnace@yahoo.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. 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](mailto:helpdesk.evoting@cdslindia.com) or call at toll free no. 1800 22 55 33

## **GARG FURNACE LIMITED**

### **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. 2 and 3 of the accompanying Notice dated **07<sup>th</sup> September, 2022**:

#### **Item No. 2:**

A brief profile of the Directors to be re-appointed is given below, along with Information pursuant to the Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 seeking re-appointment in AGM.

Name of the Director	Mrs. Devinder Garg
Date of Birth	25/05/1964
Date of Appointment	01/08/2015
Qualification	B.A
Expertise in Specific Area	Business Experience of More than 30 Yrs.
Directorship in other Companies	Nil
Chairman/Member of committees of other Companies	Nil

#### **Item No. :3**

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, 2023, 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, 2023**.

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. 3 of the Notice.

The Board recommends the resolution set forth in Item No. 3 for the approval of the Members.

For and on behalf of the Board

SD/-

Place: LUDHIANA  
Date: 07/09/2021

Devinder Garg  
Chairman  
DIN :01665466

## **GARG FURNACE LIMITED**

### **DIRECTORS' REPORT**

The Members of  
Garg Furnace Limited

The Directors of your company have pleasure in presenting the 49<sup>th</sup> Annual Report on the affair of the company together with the Audited Accounts for the year ending 31st March, 2022.

### **FINANCIAL RESULTS**

	(Rupees in Lacs)	
	<b>2021-22</b>	<b>2020-21</b>
Operating Income	<b>17859.74</b>	<b>11935.08</b>
Profit before tax & Exceptional items	<b>632.27</b>	<b>(149.13)</b>
Exceptional Items	<b>0.00</b>	<b>(315.13)</b>
Profit before tax	<b>632.27</b>	<b>(464.26)</b>
Provision for tax -Current Tax -tax related to earlier years	<b>0.00</b>	<b>0.00</b>
-Deferred Tax Asset	<b>0.00</b>	<b>5.75</b>
Less : Mat Credit Entitlement	<b>0.00</b>	<b>0.49</b>
Profit after Tax	<b>632.27</b>	<b>(470.50)</b>
Prior year Tax adjustments / Depreciation to Reverse as per Schedule – II	<b>0.00</b>	<b>0.00</b>
Re-measurement of define benefit liability	<b>(6.79)</b>	<b>(3.49)</b>
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	<b>0.00</b>	<b>0.00</b>
Balance carried over to Balance Sheet	<b>625.48</b>	<b>(473.99)</b>

### **DIVIDEND**

The Board of Directors does 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

**NUMBER OF MEETINGS OF THE BOARD**

There were 5 meetings of the Board held during the year 30/06/2021, 14/08/2021, 30/09/2021, 13/11/2021, 14/02/2022 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.

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## **GARG FURNACE LIMITED**

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### **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 2021-22, 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 RFORMANCE OF BOARD, ITS COMMITTEES AND DIRECTORS**

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

### **SUBSIDIARIES AND JOINT VENTURE**

Company has no subsidiary, associate and Company in Joint Venture

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- a. In light of the provisions of the Companies Act, 2013, **Mr. DEVINDER GARG (DIN: 01665456)** Director of the Company, retires from the Board by rotation this year and being eligible, offers himself for re-appointment.



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## GARG FURNACE LIMITED

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- b. The Information as required to be disclosed a 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.
- c. **Mr. Manjeet Singh (DIN: 08592748)** was appointed as an Additional Independent Director of the Company by the Board on the recommendation of Nomination & Remuneration Committee in their meeting held on 15<sup>th</sup> November 2019, with effect from 15<sup>th</sup> November, 2019. In accordance with provisions of section 161 of the Companies Act, 2013 and applicable SEBI (LODR) Regulation, 2015.

Mr. Manjeet Singh is not disqualified from being appointed as Directors in terms of Section 164 of the Act. As per the recommendation of Nomination and Remuneration Committee and based on the performance evaluation, the Board had regularized the appointment of Mr. Manjeet Singh (DIN: 08592748) from Additional Independent Director to Independent Director of the Company for a period of five years w.e.f 30<sup>th</sup> September, 2020.

The Company had also received a declaration from Mr. Manjeet Singh declaring that he meets the criteria of independence as provided under Section 146(9) of the Companies Act, 2013.

In the opinion of the Board, Mr. Manjeet Singh fulfills the conditions required to be fulfilled for being appointed as an Independent Director of the Company as per the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015.

- d. **Mr. Dharam Chand (DIN: 08592773)** was appointed as an Additional Independent Director of the Company by the Board on the recommendation of Nomination & Remuneration Committee in their meeting held on 15<sup>th</sup> November 2019, with effect from 15<sup>th</sup> November, 2019. In accordance with provisions of section 161 of the Companies Act, 2013 and applicable SEBI (LODR) Regulation.

Mr. Dharam Chand is not disqualified from being appointed as Directors in terms of Section 164 of the Act. As per the recommendation of Nomination and Remuneration Committee and based on the performance evaluation, the Board had considered the regularization of appointment of Mr. Dharam Chand (DIN: 08592773) from Additional Independent Director to Independent Director of the Company for a period of five years w.e.f 30<sup>th</sup> September, 2021.

The Company has also received a declaration from Mr. Dharam Chand declaring that he meets the criteria of independence as provided under Section 146(9) of the Companies Act, 2013

In the opinion of the Board, Mr. Dharam Chand fulfills the conditions required to be fulfilled for being appointed as an Independent Director of the Company as per the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015.

**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 2018, 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 13/08/2019, which has taken on record by board of directors in its meeting held on 14/08/2019, 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, 2022** 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 2021-22 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.

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## **GARG FURNACE LIMITED**

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### **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 are stated in the Corporate Governance Report.

## **AUDITORS**

### **STATUTORY AUDITOR**

M/s Ashwani & Associates., Chartered Accountants, (Firm Registration No: 000497N), who were appointed on 30.09.2020 as the Auditors of the company for a term of five years subject to ratification at Annual General Meeting every year

Based on the eligibility under Section 141 of the Companies Act, 2013, as recommended by Audit Committee member Appointed M/s Ashwani & Associates, Chartered Accountants, Ludhiana (Registration No. 000497N) as the Statutory Auditors of the company for five to hold the office from the conclusion of 47<sup>th</sup> Annual General Meeting till the conclusion of 52<sup>nd</sup> Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the company in consultation with M/s Ashwani & Associates, Chartered Accountants, Ludhiana (Registration No. 000497N)

### **Reply to remarks in Statutory Audit Report**

### **Emphasis of Matter**

As mentioned in Emphasis of Matter in para a 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, even the candidates interviewed for such offices have not shown their interest to join the company due to weak financial position of the company, 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, Divyam Parbhakar & Associates, (membership number: 52667) Company Secretaries in Practice, to undertake the secretarial audit of the Company. Secretarial Audit Report for the year 2021-22 given by Divyam Parbhakar & 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

1. 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.
2. The Company is in process of updating the same.
3. 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.
4. 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.
5. The company is in process of updating the same.
6. Self - Explanatory

**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 2021-22 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.

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## **GARG FURNACE LIMITED**

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### **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 : 01665466**

**Place: LUDHIANA.**  
**Date: 07/09/2022**

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## GARG FURNACE LIMITED

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### 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, 2022**  
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 No.
- b) Additional Investment and proposals if any, being implemented for reduction of energy consumption.
- 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>
<b>a) Purchased</b>		
Units(KWH) (in Units)	24394701.00	18219449.00
Total amount	Rs. 161289605.70	Rs. 124858279.00
Rate per unit	Rs. 6.61	Rs. 6.85
<b>b) Own Generation</b>	<u>Current Year</u>	<u>Previous Year</u>
i) Through Diesel Generator Units(KWH)	4836.00	34223.00
Units per litre of diesel	3.90	3.90
Oil Cost/unit	Rs. 22.06	Rs. 20.65
ii) Through steam Turbine	Nil	Nil
2. Coal		
Quantity (Kgs)	248740.00	715765.00
Total Amount	Rs. 3340688.00	Rs. 7731054.50
Average Rate per Kg	Rs. 13.43	Rs. 10.80

**B. 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-Trane equipment for improvement in the working of the plant.

**III. FOREIGN EXCHANGE EARNING AND OUT GO**

	2021-2022	2020-2021
Total Foreign Exchange	0.00	0.00
Used (CIF Value of Imports)	0.00	0.00

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****A) BUSINESS REVIEW:****STEEL INDUSTRY – GLOBAL PERSPECTIVE**

The world economy has experienced subdued growth for another year in 2022. 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 2022 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) 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.

**C) 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.

**D) HUMAN RESOURCE DEVELOPMENT/INDUSTRIAL RELATION**

During the year, the company has employed 74 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 2021-22. 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.



## **GARG FURNACE LIMITED**

### **2. BOARD OF DIRECTORS**

The Board of Directors consists of 4 directors. The composition and category of Directors as on 31/03/2022 are as follows:-

Category	Name of Directors
Promoter/Executive Directors	Sh. Devinder Garg - Chairman & Managing
Woman Director	Smt. Vaneera Garg - Non Executive Woman
Independent/Non-Executive Director's	Sh. Manjeet Singh Sh. Dharam Chand
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	2	1
Sh. Manjeet Singh	5	Present	None	2	None
Sh. Dharam Chand	5	Present	None	1	2

### **NUMBER OF MEETINGS OF THE BOARD**

During the year, 6 Board Meetings were held as against the minimum requirement of 6 meetings. The dates on which the meetings were held are: 30/06/2021, 14/08/2021, 08/09/2021, 30/09/2021, 13/11/2021, and 14/02/2022.

### **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

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## **GARG FURNACE LIMITED**

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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 me 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 attract provisions of section 188 of Companies Act, 2013 and were also are 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 2021-22, 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.

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## **GARG FURNACE LIMITED**

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There were materials 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. Dharam Chand, Sh. Manjeet Singh & 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 6 times during the year. The dates on which meeting were held are **30/06/2021, 14/08/2021, 08/09/2021, 30/09/2021, 13/11/2021, and 14/02/2022**, and attended by members as under:

Name of Director	Attendance Particulars
	Audit Committee Meetings
Sh. Dharam Chand	4
Sh. Manjeet Singh	4
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. Dharam Chand, Sh. Manjeet Singh & 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.

One meeting was held on 30/09/2021 during the year and all the members of the Committee attend the meetings.

### **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 2021-22 are provided above.

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**GARG FURNACE LIMITED**

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**SHAREHOLDING OF DIRECTORS AS ON 31/03/2022**

#	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 14/02/2022, without the attendance of non-independent directors and members of management, inter alia, to discuss the following:

- Review the performance of non-independent directors and the Board as a whole;
- Review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors; and
- 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

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## **GARG FURNACE LIMITED**

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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 (UPSI), 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 Board of the Company has re-constituted a Shareholder's/Investor's Grievances Committee comprising of Smt. Vaneera Garg (Chairperson), Sh. Dharam Chand and Sh. Devinder Garg. The Committee inter alia approves issue of duplicate certificates and overseas and review all matters connected with Securities transfer. The committee also looks into redressal of Shareholder's complaints like transfer of shares, non receipt of Balance Sheet, Non receipt of declared dividends etc. The Board of Directors has delegated the power of approving transfer of securities to the Managing Director.

The total number of letters/complaints received and replied to the satisfaction of shareholders during the year ended 31st March, 2022 was NIL. Outstanding letters/complaints as on 31st March, 2022 were Nil. No request for transfer/dematerialization was pending for approval as on 31st March, 2022.

### **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.

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## GARG FURNACE LIMITED

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

Detail of last three Annual General Meetings

Meeting	Day	Date	Time	Venue	No. of Special Resolutions
46 <sup>th</sup> AGM	Monday	30.09.2019	10.30 AM	Registered Office at Kanganwal Road, VPO Jugiana, GT Road, Ludhiana	0
47 <sup>th</sup> AGM	Wednesday	30.09.2020	10.30 AM	Registered Office at Kanganwal Road, VPO Jugiana, GT Road, Ludhiana	0
48 <sup>th</sup> AGM	Thursday	30.09.2021	10.30 AM	Registered Office at Kanganwal Road, VPO Jugiana, GT Road, Ludhiana	0

### 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 2021-22. 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.

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## **GARG FURNACE LIMITED**

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### **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.

The management has not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and that it has provided protection to the "Whistle Blower" from unfair termination and other unfair or prejudicial employment practices.

#### **MEANS OF COMMUNICATION**

The company communicates with the shareholders at large through its Annual Reports, Publication of financial results and by filing of various reports and returns with the Statutory Bodies like Stock Exchange and the Registrar of Companies. The quarterly results are published in the English Daily "Financial World" & Punjabi daily "Desh Sewak".

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

#### **GENERAL SHAREHOLDERS INFORMATION**

- i) 49<sup>th</sup> Annual General Meeting
  - Date : Friday, 30<sup>th</sup> September 2022.
  - Time : 10.30 A.M
  - Venue : Registered Office:  
Kanganwal Road, VPO Jugiana, G.T.Road, Ludhiana.
- ii) Financial Calendar 2022-23 (Tentative)
  - First Quarter Results : July, 2022.
  - Second Quarter Results : October, 2022.
  - Third Quarter Results : January, 2023.
  - Fourth Quarter Results : April, 2023.
- iii) Date of Book Closure : 24.09.2022 to 30.09.2022

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## **GARG FURNACE LIMITED**

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(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) 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

viii) 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.

ix) Distribution of Shareholding as on 31st March, 2022

**Nominal Value of Each Share: Rs. 10.00**

Share or Debenture holding Nominal Value	Number of Shareholders	% to Total Numbers	Share or Debenture holding Amount	% to Total Amount
(Rs.)			(Rs.)	
1	2	3	4	5
Up To 5,000	1260	82.13	2125330.00	5.30



5001 To 10,000	131	8.67	1092380.00	2.73
10001 To 20,000	58	3.84	897510.00	2.24
20001 To 30,000	32	2.12	840210.00	2.10
30001 To 40,000	13	0.86	439990.00	1.10
40001 To 50,000	8	0.53	366290.00	0.91
50001 To 1,00,000	14	0.93	1032300.00	2.58
1,00,000 and Above	14	0.93	33292990.00	83.05
<b>Total</b>	<b>1530</b>	<b>100.00</b>	<b>40087000.00</b>	<b>100.00</b>

x) Dematerialization of shares

**As on 31st March, 2022, 92.59 % of the Equity Share Capital comprising 3838485 Equity Shares was dematerialized.**

xi) Plant Locations

Kanganwal Road, VPO Jugiana, G.T.Road, Ludhiana- 141 120

xii) 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.gargfurnace.com](http://www.gargfurnace.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.gargfurnace.com](http://www.gargfurnace.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 **23<sup>rd</sup> September, 2022** and the remote e-voting shall be open for a period of three (3) days, from **Tuesday, 27<sup>th</sup> September, 2022 (9.00AM IST)** and ends on **Thursday, 29<sup>th</sup> September, 2022**.

The Board has appointed Divyam Parbhakar & Associates, Practicing Company Secretary as scrutinizer for the e-voting process. Detailed procedure is given in the Notice of the 49<sup>th</sup> 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.

## Declaration by Chief Executive Officer (CEO)

I Devinder Garg, chairman cum Managing Director of Garg Furnace Ltd. hereby declare that all the Board members and Senior Management have affirmed for the year ended 31 March 2022 compliance with the Code of Conduct of the Company.

Sd/-

Devinder Garg  
Managing Director  
Ludhiana: 07/09/2022

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## **GARG FURNACE LIMITED**

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### **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<sup>st</sup> March 2022 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.

Sd/-  
**Devinder Garg**  
Managing Garg

Sd/-  
**Gurmeet Singh**  
CFO

Place: Ludhiana  
Date: 07/09/2022

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

**Form AOC-2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions at arm's length basis

S N	Particulars	Details
A	Name(s) of the related party and nature of relationship	Vaneera Industries Limited, related through director
B	Nature of contracts/arrangements/transactions	Purchase of Goods
C	Duration of the contracts/arrangements/transactions	Running arrangement
D	Salient terms of the contracts or arrangements or transactions including the value, if any	Rs. 354.60 Lacs
E	Date(s) of approval by the Board, if any	30.06.2022
F	Amount paid as advances, if any:	-
G	Form shall be signed by the persons who have signed the Board's report.	

2. Details of material contracts or arrangement or transactions at arm's length basis

S N	Particulars	Details
A	Name(s) of the related party and nature of relationship	Vaneera Industries Limited, related through director
B	Nature of contracts/arrangements/transactions	Sale of Goods
C	Duration of the contracts/arrangements/transactions	Running arrangement
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs. 801.08 lacs
E	Date(s) of approval by the Board, if any	30.06.2022
F	Amount paid as advances, if any:	-
G	Form shall be signed by the persons who have signed the Board's report.	

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**GARG FURNACE LIMITED**

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## 3. Details of material contracts or arrangement or transactions at arm's length basis

S N	Particulars	Details
A	Name(s) of the related party and nature of relationship	Vaneera Industries Limited, related through director
B	Nature of contracts/arrangements/transactions	Rent Received
C	Duration of the contracts/arrangements/transactions	Running arrangement
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs.180,000/-
E	Date(s) of approval by the Board, if any	30.06.2022
F	Amount paid as advances, if any:	-
G	Form shall be signed by the persons who have signed the Board's report.	

## 4. Details of material contracts or arrangement or transactions at arm's length basis

S N	Particulars	Details
A	Name(s) of the related party and nature of relationship	Vaneera Industries Limited, related through director
B	Nature of contracts/arrangements/transactions	Electricity charges
C	Duration of the contracts/arrangements/transactions	Running arrangement
D	Salient terms of the contracts or arrangements or transactions including the value, if any:	Rs.0.60 lacs
E	Date(s) of approval by the Board, if any	30.06.2022
F	Amount paid as advances, if any:	-
G	Form shall be signed by the persons who have signed the Board's report.	

For and on behalf of the Board

SD/-

Place: LUDHIANA  
Date: 07/09/2022Devinder Garg  
Chairman  
DIN :01665466

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# **GARG FURNACE LIMITED**

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**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2022**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9  
of the Companies (Appointment and Remuneration Personnel) Rules, 2014  
and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

**To,**

**The Members,  
Garg Furnace Limited  
CIN: L99999PB1973PLC003385  
Kanganwal Road, Ludhiana, Punjab, 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 me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **Garg Furnace Limited** 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<sup>st</sup> March, 2022** 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 **Garg Furnace Limited** for the financial year ended on **31<sup>st</sup> March, 2022** 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 there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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 Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') Viz:-
  - 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;

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## **GARG FURNACE LIMITED**

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- 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;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and Dealing with Client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with laws relating to labour & industrial laws Central, State & Local Tax Laws, Environmental laws as well as other laws specifically applicable to Company.

All Notices/show cause notices received & cases filed under different laws are closed and all penalties imposed by Bombay Stock Exchange has been paid to 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 following observations:

1. Whereas in terms of the provisions of Section 138 of the Companies Act, 2013 read with rule 13 of The Companies (Accounts) Rules, 2014, the company was required to appoint an internal auditor, the Company could not comply with the same.
2. Whereas in terms of the provisions of the SEBI (LODR) Regulations, 2015, the company need to update the website of the company, but the company could not comply with the same.
3. Whereas in terms of MCA notification number S.O. 5622(E), dated the 2nd November, 2018 and 22<sup>nd</sup> January, 2019 the company need to disclose the amount unpaid to MSME suppliers exceeding 45 days, the company could not comply with the same.

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## **GARG FURNACE LIMITED**

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4. 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.
5. That all statutory registers required under the Companies Act, 2013 and the minute book of Board of Directors, Committees of the Board and that of Share holders have not been updated, Register of members and transfer register are being maintained by RTA and are updated.
6. 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 and various penalties imposed by Bombay Stock Exchange are paid 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 were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I 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.

This Report is to be read with my letter of even date which is annexed as Annexure 1 and forms an integral part of this Report.

**For Divyam Parbhakar & Associates  
Company Secretaries**

**SD/-**

**CS Divyam Parbhakar  
Prop.  
M. No. A52667  
C.P. No. 19299  
UDIN: A052667D000403347**

**Place: Ludhiana  
Date: 27/05/2022**



To,

**The Members,  
Garg Furnace Limited**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis of 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 procedure on test check 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.

**For Divyam Parbhakar & Associates  
Company Secretaries**

SD/-

**CS Divyam Parbhakar  
Prop.  
M. No. A52667  
C.P. No. 19299**

**Place: Ludhiana  
Date: 27/05/2022**

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## GARG FURNACE LIMITED

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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	15,55,090.00	NIL
No remuneration has paid to any Non Executive/Independent Directors	N/A	NIL

- 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 is NIL
- d. There were 74 permanent employees on the rolls of the Company as on 31st March, 2022
- I. The average annual increase in the salaries of the employees, other than managerial personnel was 0%, whereas the average increase in the managerial remuneration was 0 % for the financial year.
- j. There was no employee receiving remuneration higher than the highest paid Director during the financial year.
- k. The Company affirms remuneration is as per the Remuneration Policy of the Company.

**For and on behalf of the Board**

**SD/-**

**Devinder Garg**

**Place: LUDHIANA**

**Chairman**

**n**

**DIN :**

**01665456**

**Date: 07/09/2022**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF GARG FURNACE LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Garg Furnace Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2022, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the 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 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 financial statements under the provisions of the Act and the 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 Financial Statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the 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 matter described below to be the key audit matter to be communicated in our report.

<b><u>S. No.</u></b>	<b><u>Key Audit Matter</u></b>	<b><u>Auditors' Response</u></b>
<u>1.</u>	<p><b>Allowance for Credit Losses as per Ind AS 109 on 'Financial Instruments':</b></p> <p>The Company determines the allowance for credit losses on the following basis: -</p> <p>a) Historical loss experience, which is adjusted to reflect current and estimated future economic conditions.</p> <p>b) Consideration of Current and anticipated future economic conditions relating to the industries the Company deals with and the countries in which its suppliers and customers are situated.</p> <p>c) Consideration of credit reports and other related credit information for its customers to estimate the probability of default in future.</p> <p>d) For the current year, estimates of possible effect from the pandemic relating to COVID-19.</p> <p>We identified allowance for credit losses as a key audit matter because of possible effects of</p>	<p><b>Principal Audit Procedures:</b></p> <p>Our audit procedures related to the allowance for credit losses for trade receivables included the following, among others:</p> <p>We tested the effectiveness of controls over the: -</p> <p>a) Development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions.</p> <p>b) Completeness and accuracy of information used in the estimation of probability of default and</p> <p>c) Computation of the allowance for credit losses in accordance with Ind AS 109.</p> <p>For a sample of customers:</p> <p>We tested the input data such as credit reports and other credit related information used in estimating the probability of default</p>

## **GARG FURNACE LIMITED**

	COVID-19 pandemic. <u>(Refer Note 2 and Note 43(b)(iii) of the Financial Statements.)</u>	by comparing them to external and internal sources of information.
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### **Information Other than 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 included 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 Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable in the applicable laws and regulations.

### **Management's Responsibility for the 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 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 the 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## GARG FURNACE LIMITED

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 SAs 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 financial statements.

As part of our audit procedures 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 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 a 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

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## **GARG FURNACE LIMITED**

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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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the 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 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 reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Companies (Auditor's Report) Order, 2020 ('the Order') issued by Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- a) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- b) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- c) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- d) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- f) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, 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.
- g) 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 position in its Financial Statements
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, if any, to the Investor Education and Protection Fund by the company.



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**GARG FURNACE LIMITED**

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- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The company has not declared, paid or propose to pay any dividend during the year.
3. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in 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.

For and on behalf of  
**Ashwani & Associates**  
**Chartered Accountants**  
Firm Registration Number: 000497N  
by the hand of

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**GARG FURNACE LIMITED**

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Arvind Jain  
*Partner*

Place: Ludhiana  
Dated:30.05.2022

Membership No.: 097549  
UDIN: 22097549AJWKS5205

**GARG FURNACE LIMITED**  
**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**  
**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Garg Furnace Limited of even date)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

1. (a) (i) The Company is maintaining proper records showing full particulars including quantitative details and situation of Property Plant and Equipment.  
(ii) The Company does not have any intangible assets.
- (b) The Company has a regular programme of physical verification of the Property Plant and Equipment at reasonable intervals. In accordance with this programme, certain Property Plant and Equipment were verified during the year, and no material discrepancies were noticed on such verification.
- (c) The Company has all the original title deeds of immovable properties in its own name.
- (d) The Company has not revalued any of its Property, Plant and Equipment or intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable, and, the coverage and procedure of such verification is appropriate having regard to the size of the Company and the nature of its operation. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed between the physical stock of inventory and the books of accounts.
- (b) The Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
3. The Company, during the year, has not, made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited

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**GARG FURNACE LIMITED**

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Liability Partnerships or any other parties and hence reporting under clause 3(iii) is not applicable.

4. The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans granted and investments made. The company has not given any guarantee and any security to any person.

5. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Hence, reporting under Clause 3(v) of the order is not applicable.

6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost records under section 148 of the Companies Act, 2013 and 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 such records with a view to determine whether they are accurate or complete.

7. (a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable except the following: -

Sr. No	Name of the Statute	Nature of the Dues	Amount (in Rs.)	Period to which amount relates
1.	The Punjab Labour Welfare Fund Act, 1965	Punjab Labour Welfare Fund	192824/-	Up to Financial year 2021-22
2.	Punjab State Development Tax Act, 2018	Professional Tax	3000/-	FY 2019-20

(b) There are no statutory dues referred to in sub clause(a) above which have not been deposited on account of a dispute.

8. There were no transactions relating to previously unrecorded income that have been surrendered or

disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(b) The company has not been declared as a willful defaulter by any bank or financial institution or government or any government authority.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(f) The Company does not have any subsidiary, joint venture or associate companies, hence reporting under clause 3(ix)(f) is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

11. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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**GARG FURNACE LIMITED**

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(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) No whistle-blower complaints were received during the year by the Company.

12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

13. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

15. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

16. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) of the Order is not applicable.

17. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

18. There has been no resignation of the statutory auditors of the Company during the year.

19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge

**GARG FURNACE LIMITED**

of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

20. The Company is not liable for Corporate Social Responsibility (CSR) as per the provisions of section 135(5) of the Companies Act, hence reporting under clause 3(xx) of the Order is not applicable.

For and on behalf of  
**Ashwani & Associates**  
**Chartered Accountants**  
Firm Registration Number: 000497N  
by the hand of

Arvind Jain  
*Partner*

Place: Ludhiana  
Dated:30.05.2022

Membership No.: 097549  
UDIN: 22097549AJWKS5205

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**GARG FURNACE LIMITED**

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**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(e) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Garg Furnace Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of Garg Furnace Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 respective 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls system over financial reporting of the Company.

**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



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**GARG FURNACE LIMITED**

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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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information and according to the explanations given to us, 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, 2022, 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 and on behalf of

**Ashwani & Associates**

**Chartered Accountants**

Firm Registration Number: 000497N

by the hand of

Arvind Jain

*Partner*

Membership No.:

Place: Ludhiana

097549

Dated:30.05.2022

UDIN: 22097549AJWKS5205

## GARG FURNACE LIMITED

### 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]

**GARG FURNACE LIMITED**

**CIN: L99999PB1973PLC003385**

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

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

Registered

address:.....

E-mail

Id:.....

Folio No/ClientId: ..... DPID: .....

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 49th Annual General  
Meeting of the Company, to be held on Friday the 30th day of September, 2022 at 10.30 A.M and at any  
adjournment thereof in respect of such resolutions to be proposed at such 49th Annual General  
Meeting

Affix  
Revenue  
Stamp

Signed this ..... day of ..... 2022

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.

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## **GARG FURNACE LIMITED**

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**GARG FURNACE LIMITED**  
**CIN: L99999PB1973PLC003385**  
**Regd.office: Kanganwal Road, V.P.O.Jugiana,**  
**G.T.Road, Ludhiana-141120**  
**Phone-+91-2512285, 8437004842**  
**Email\_ gargfurnace@yahoo.com**  
**Web:www.gargfurnace.com**

### **ATTENDANCE SLIP**

#### **49th ANNUAL GENERAL MEETING ON 30TH DAY OF SEPTEMBER, 2022**

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 49th Annual General Meeting of the Company, to be held on Friday the 30<sup>th</sup> day of September, 2022 at 10.30 A.M at Registered Office of the Company.

Member/ Proxy Signature

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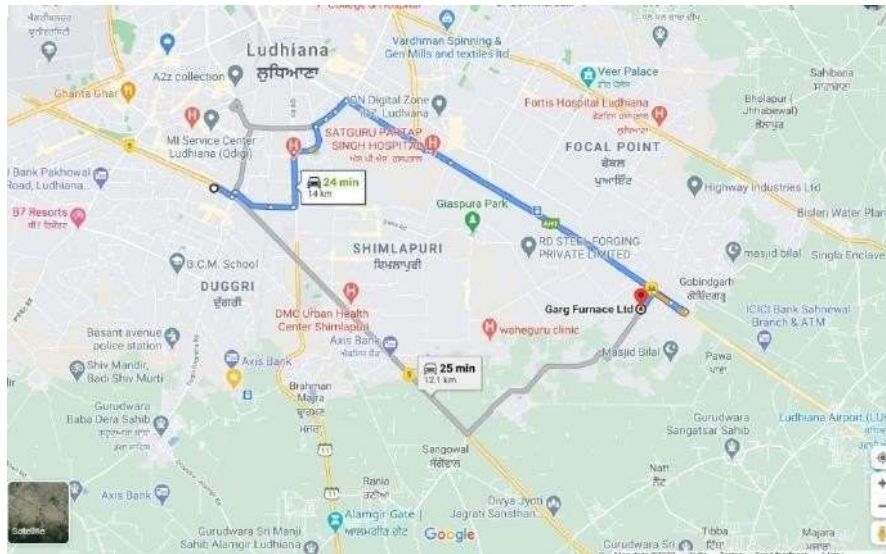
### **ELECTRONIC VOTING PARTICULARS**

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

Note: Please read the complete instructions given under the Notes (The instructions for shareholders voting electronically) to the Notice of 49th Annual General Meeting. The voting time starts from **Tuesday 27<sup>th</sup> September, 2022 (9.00AM IST) and ends on Thursday, 29th September, 2022 (5.30PM IST)**. The voting module shall be disabled by CDSL for voting thereafter.

# GARG FURNACE LIMITED

## VENUE OF AGM





If undelivered please return to:

**GARG FURNACE LIMITED**

Regd. Office : Kanganwal Road, V.P.O. Jugiana,  
G.T. Road, Ludhiana-141-120

**GARG FURNACE LIMITED**  
**Balance Sheet as at 31st March, 2022**  
*(All amounts in ₹ Lakhs, unless otherwise stated)*

Particulars	Note No.	As at 31 March, 2022	As at 31 March, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, Plant and Equipment	3	1,479.97	1,425.33
b) Financial Assets			
i) Investments	4	37.71	45.41
ii) Trade Receivables	5	119.21	159.85
iii) Loans	6	75.00	75.00
iv) Other financial assets	7	209.12	212.11
c) Other non-current assets	8	31.84	43.54
		<u>1,952.85</u>	<u>1,961.24</u>
<b>Current assets</b>			
a) Inventories	9	1,684.79	1,122.97
b) Financial assets			
i) Trade Receivables	10	1,024.16	1,077.61
ii) Cash and Cash equivalents	11	203.37	124.19
iii) Bank balances other than (ii) above	12	32.41	27.91
iv) Other financial asset	13	29.14	15.60
c) Current Tax Assets (Net)	14	19.17	4.03
d) Other current assets	15	37.91	56.24
		<u>3,030.95</u>	<u>2,428.55</u>
<b>Total Assets</b>		<u>4,983.80</u>	<u>4,389.79</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a) Equity Share capital	16	400.87	400.87
b) Other Equity	17	1,072.40	446.92
		<u>1,473.27</u>	<u>847.79</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	18	904.15	666.87
b) Provisions	19	16.08	21.77
		<u>920.23</u>	<u>688.64</u>
<b>Current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	20	122.71	110.12
ii) Trade payables	21	-	-
(A) Total outstanding dues of Micro enterprises and small enterprises; and		732.19	693.35
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.		-	-
iii) Other financial liabilities	22	1.18	2.08
b) Other current liabilities	23	1,730.47	2,042.62
c) Provisions	24	3.75	5.19
		<u>2,590.30</u>	<u>2,853.36</u>
<b>Total Equity and Liabilities</b>		<u>4,983.80</u>	<u>4,389.79</u>

Corporate information 1  
Significant accounting policies 2  
See accompanying notes forming part of financial statements

As per our report of even date attached  
For Ashwani & Associates  
Chartered Accountants  
Firm Registration Number: 000497N  
In the hand of  
FRN:000497N  
LUDHIANA  
Chandni Jain  
M. No.

For and on behalf of the Board of Directors  
**For GARG FURNACE LTD. For GARG FURNACE LTD.**

Devinder Garg  
Managing Director  
DIN: 01665456

Chandni Jain  
Company Secretary

Vaneera Garg  
Director  
DIN: 01283990

Gurmeet Singh Battu  
Chief Financial Officer

Place : Ludhiana  
Date : May 30th, 2022



**GARG FURNACE LIMITED****Statement of Profit and Loss for the period ended 31 March, 2022***(All amounts in ₹ in Lakhs, unless otherwise stated)*

Particulars	Notes	For the year ended on 31 March, 2022	For the year ended on 31 March, 2021
<b>I INCOME</b>			
Revenue From Operations	25	17,859.74	11,935.08
Other Income	26	42.01	24.08
<b>Total Income (I)</b>		<b>17,901.75</b>	<b>11,959.16</b>
<b>II EXPENSES</b>			
Cost of materials consumed	27	13,169.34	9,600.34
Purchase of Stock-in-Trade		2,082.44	237.72
Change in inventories of finished goods, Stock-in-Trade and work-in-progress	28	(256.09)	162.95
Employee benefits expense	29	115.54	96.22
Finance costs	30	22.46	34.92
Depreciation and amortization expense	31	133.72	147.71
Other expenses	32	2,002.07	1,828.43
<b>Total Expenses (II)</b>		<b>17,269.48</b>	<b>12,108.29</b>
<b>III Profit/(loss) before exceptional items and tax (I-II)</b>		<b>632.27</b>	<b>(149.13)</b>
<b>IV Exceptional items</b>	33	-	(315.13)
<b>V Profit/(loss) before Tax (III+IV)</b>		<b>632.27</b>	<b>(464.26)</b>
<b>VI Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	5.75
(3) Taxes related to earlier years		-	0.49
<b>Total Tax Expense (VI)</b>		-	<b>6.24</b>
<b>VII Profit/(loss) for the year (V-VI)</b>		<b>632.27</b>	<b>(470.50)</b>
<b>VIII Other Comprehensive Income (OCI)</b>			
<b>A Items that will not be reclassified to profit or loss</b>			
(i) Remeasurement gain/(loss) of defined benefit obligation		0.90	(2.26)
(ii) Net (loss)/gain on fair valuation of equity investments through other comprehensive income		(7.69)	(1.23)
<b>Other Comprehensive Income for the year (VIII)</b>		<b>(6.79)</b>	<b>(3.49)</b>
<b>IX Total Comprehensive Income for the year (VII+VIII)</b>		<b>625.48</b>	<b>(473.99)</b>
<b>X Earnings per equity share</b>			
Basic	34	15.77	(11.74)
Diluted	34	15.77	(11.74)
Corporate information	1		
Significant accounting policies	2		
See accompanying notes forming part of financial statements			

As per our report of even date attached

For Ashwani &amp; Associates

Chartered Accountants

Firm Registration Number: 000497N

by the hand of



Attestation

Partner

M. No. 097549

Place : Ludhiana

Date : May 30th, 2022

For and on behalf of the Board of Directors

**For GARG FURNACE LTD. For GARG FURNACE LTD.****Director**

Devinder Garg

Managing Director

DIN: 01665456

**Director**

Vaneera Garg

Director

DIN: 01283990

**Chandni Jain**

Company Secretary

**Gurmeet Singh Battu**

Chief Financial Officer

# GARG FURNACE LIMITED

Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

## 1. Corporate Information

Garg Furnace Limited ("the Company") (CIN: L99999PB1973PLC003385) is a public company domiciled in India and incorporated under the provisions of Companies Act. Its equity shares are listed on Bombay Stock Exchange Limited (BSE). The registered office of the Company is situated at Kanganwal Road, Ludhiana. The Company is engaged in the business of manufacturing and trading of Iron and Steel products such as M.S. Round, Ingot, Wire Rod etc.

The Financial Statements are approved for issue by Companies Board of Directors on 30.05.2022.

## 2. A. Significant accounting policies

### I. Statement of Compliance

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards ("IND AS") specified under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time. The financial statements have been prepared on going concern basis and all the applicable Ind AS effective as on the reporting date have been complied with.

### II. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### III. Functional and presentation currency

The functional currency of the company is Indian rupee (INR). The financial statements are presented in Indian rupees (INR) and all values are rounded to nearest lakh up to two decimals, unless otherwise stated.

### IV. Use of estimates and judgements

The preparation of financial statements, in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and use of assumptions in these financial statements have been disclosed in notes. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management become aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made, and if material, their effects are disclosed in the notes to the financial statements.

### V. 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.

a. Held primarily for the purpose of trading.

b. Expected to be realized within twelve months after the reporting period, or

c. 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:

a. It is expected to be settled in normal operating cycle.

b. It is held primarily for the purpose of trading.

c. It is due to be settled within twelve months after the reporting period, or

d. 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.





## GARG FURNACE LIMITED

Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### VI. 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 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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

### VII. Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and impairment if any. Freehold land is stated at cost and not depreciated. The Cost of an item of Property, Plant and Equipment comprises

- Its purchase price net of recoverable taxes wherever applicable and any attributable expenditure (directly or indirectly) for bringing the asset to its working condition for its intended use.





## GARG FURNACE LIMITED

Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

- Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- Initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, if any, the obligation for which an entity incurs either where the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation on property, plant and equipment has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

Depreciation is calculated on pro-rata basis from the date of installation till the date the asset is sold or discarded.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under Capital work-in-progress. The depreciation method, useful lives and residual value are reviewed periodically and at the end of each reporting period.

### VIII. Intangible Assets

Intangible assets are stated at cost less accumulated amount of amortisation and impairment if any. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence etc. The amortization method, estimated useful lives are reviewed periodically and at end of each reporting period.

### IX. 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.

### X. 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 is computed on FIFO basis plus direct expenditure, 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. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### XI. 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.

### XII. 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.

### **XIII. 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.

### **XIV. Revenue recognition**

The Company has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers'.

Revenue from sale of products is recognized upon transfer of control to customers. Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods to a customer as specified in a contract, excluding amounts collected on behalf of third parties (for example, taxes and duties collected on behalf of the Government). A receivable is recognized upon satisfaction of performance obligations as per the Contracts.

"To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied."

#### **Use of significant Judgements in Revenue Recognition**

Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as volume discounts, price concessions, incentives etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

The Company assesses its revenue arrangements against specific recognition criterias like exposure to the significant risks and rewards associated with the sale of goods. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its customers are reviewed to determine each party's respective role in the transaction.

#### **Other Operating Revenue**

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.





## GARG FURNACE LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

Claims receivables on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

#### XV. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

##### Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

##### Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in the year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

In accordance with Ind AS 12 Company is grouping MAT credit entitlement with Deferred Tax Assets / Liability (Net).

#### XVI. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits held with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts.



## GARG FURNACE LIMITED

Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

### XVII. 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:

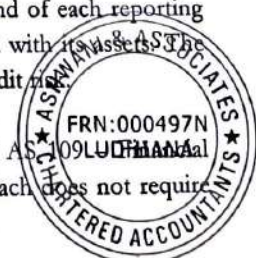
Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL:

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 follows the simplified approach permitted by Ind AS 109 for financial instruments for recognition of impairment loss allowance. The application of simplified approach does not require





## GARG FURNACE LIMITED

### Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022

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 instruments:**

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.

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

#### **XVIII. 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.

#### **XIX. 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 (if any). The defined benefit obligation is calculated annually as per Valuation report given by Actuary on the basis of Guidance issued by The Actuarial Society of India.

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.

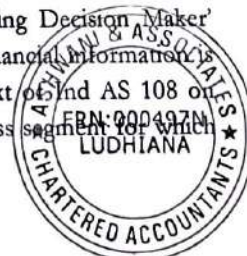
Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

##### **(iii) Defined contribution plans**

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has not 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.

#### **XX. 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. In the context of IND AS 108 on 'Segment Reporting', the results are considered to constitute a single reportable entity/ business segment for which the operating results are regularly reviewed by the company's Chief Operating Decision Maker.



## **GARG FURNACE LIMITED**

**Notes to Financial Statements for the year ended 31<sup>st</sup> March 2022**

### **XXI. 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.

### **XXII. 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.

### **XXIII. Assets Held for Sale;**

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met: (i) decision has been made to sell. (ii) the assets are available for immediate sale in its present condition. (iii) the assets are being actively marketed and (iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

In view of the management, the current assets (financial & other) have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet.

### **XXIV. Events occurring after balance sheet date**

There are no major events which have occurred after the balance sheet date requiring disclosure in the financial statements.





**GARG FURNACE LIMITED**  
STATEMENT OF CHANGES IN EQUITY  
(All amounts in Lakhs, unless otherwise stated)

**A. Equity Share Capital**

(1) Current reporting period

Balance at the beginning of the current reporting period 01/04/2021	Changes in Equity Share Capital due to prior period errors	Retained balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at the end of the current reporting period 31/03/2022
400.87	-	400.87	-	400.87

(2) Previous reporting period

Balance at the beginning of the current reporting period 01/04/2020	Changes in Equity Share Capital due to prior period errors	Retained balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance as at the end of the current reporting period 31/03/2021
400.87	-	400.87	-	400.87

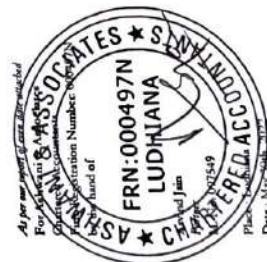
**B. Other Equity**

(1) Current reporting period

Statement of changes in Other Equity for the year ended 31-March-2022							Total ₹	
Particulars	Other equity							
	Reserves and Surplus			Retained Earnings	Other Comprehensive Income			
	Capital Reserve	Securities Premium	General Reserve		Remeasurement of Defined benefit obligation	Equity instruments through Other Comprehensive Income		
Balance at the beginning of the current year 01/04/2021	23.50	565.31		1,899.24	(2,055.23)	(0.11)	24.21	446.92
Remeasurement gain/(loss) of defined benefit obligation (net of income tax)						0.90		0.90
Net (loss)/gain on FVOCI equity securities							(7.69)	(7.69)
Profit for the year transferred from statement of profit and loss					632.27			632.27
Balance as at the end of the current year 31/03/2022	23.50	565.31		1,899.24	(1,432.96)	0.79	16.52	1,072.40

(2) Previous reporting period

Statement of changes in Other Equity for the year ended 31-March-2021							Total ₹
Particulars	Other equity						
	Reserves and Surplus			Retained Earnings*	Remeasurement of Defined benefit obligation	Other comprehensive income Equity instruments through Other Comprehensive Income	
	Capital Reserve	Securities Premium	General Reserve				
Balance as at beginning of the current year 01/04/2020	23.50	565.31	1,899.24	(1,594.73)	2.15	25.44	920.91
Remeasurement gain/(loss) of defined benefit obligation (net of income tax)				(470.50)	-		(470.50)
Net (loss)/gain on FVOCI equity securities					(2.20)	(1.23)	(3.49)
Profit for the year transferred from statement of profit and loss				-			-
Balance as at the end of the current year 31/03/2021	23.50	565.31	1,899.24	(2,065.23)	(0.11)	24.21	446.92



**For GARG FURNACE LTD.**

**Director**

Devinder Garg  
Managing Director  
DIN: 01665456

Chandni Jain  
Company Secretary

**For GARG FURNACE LTD.**

**Director**

Vasanta Garg  
Director  
DIN: 0287999

Gurpreet Singh Bains  
Chief Financial Officer




**GARG FURNACE LIMITED**
**Cash flow statement for the year ended 31st March, 2022**
*(All amounts in ₹ in Lakhs, unless otherwise stated)*

Particulars	For the year ended on 31st March, 2022	For the year ended on 31st March, 2021
<b>A Cash flow from operating activities</b>		<b>(464.26)</b>
Profit/(loss) before Tax	632.27	
Adjustments for:		
Depreciation and amortisation	133.72	147.71
Net (profit)/loss on sale of fixed assets	-	(0.51)
Finance costs	22.46	34.92
Loss on derecognition of Property, Plant & Equipment	-	315.13
Exchange Rate Fluctuations	(0.59)	
Bad debts	8.32	83.90
Provision for doubtful advances	-	73.62
Allowances for expected credit loss and doubtful receivables	(2.62)	28.21
Sundry Balances Written Off	-	2.60
Sundry Balances Written Back	(6.12)	(3.18)
Interest income on deposits	(16.23)	(17.09)
	138.94	665.31
<b>Operating profit before working capital changes</b>	<b>771.22</b>	<b>201.05</b>
Changes in working capital:		
Decrease/(Increase) in inventories	(561.82)	(69.69)
Decrease/(Increase) in trade and other receivables	104.88	(45.78)
Increase/(Decrease) in trade payables and other liabilities	(269.54)	217.11
	(726.48)	101.64
<b>Cash generated from operations</b>	<b>44.74</b>	<b>302.69</b>
Taxes paid	(19.32)	(4.52)
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>25.42</b>	<b>298.17</b>
<b>B Cash flow from investing activities:</b>		
Proceeds from sale of property, plant and equipment	-	5.22
Purchase of property, plant and equipment	(188.36)	(27.45)
(Increase)/ Decrease in Term Deposits	(1.51)	(1.78)
Interest received	16.23	18.87
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(173.64)</b>	<b>(5.14)</b>
<b>C Net cash flow from financing activities:</b>		
Repayments from short term borrowings	-	(21.37)
Repayments from long term borrowings	-	(127.79)
Increase in short term borrowings	12.59	-
Increase in long term borrowings	237.28	-
Finance cost paid	(22.46)	(34.92)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>227.40</b>	<b>(184.08)</b>
<b>Net change in Cash &amp; cash equivalents (A+B+C)</b>	<b>79.18</b>	<b>108.95</b>
Cash & cash equivalents as at the beginning of year	124.19	15.24
<b>Cash &amp; cash equivalents as at end of the year*</b>	<b>203.37</b>	<b>124.19</b>
* Comprises		
Balances with banks in current account	187.19	109.47
Cash on hand	1.90	2.08
Cheques on hand	14.28	12.63
	203.37	124.19

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

Corporate information 1  
Significant accounting policies 2  
See accompanying notes forming part of financial statements

As per our report of even date attached  
**For Ashwani & Associates**  
Chartered Accountants  
Firm Registration Number: 000497N  
by 




Place : Ludhiana  
Date : May 30th, 2022

For and on behalf of the Board of Directors  
**For GARG FURNACE LTD.** **For GARG FURNACE LTD.**

  
**Devinder Garg**  
Managing Director  
DIN: 01665456

  
**Vaneera Garg**  
Director  
DIN: 01283990

  
**Chandni Jain**  
Company Secretary

  
**Gurmeet Singh Battu**  
Chief Financial Officer

3 Property, Plant and Equipment

a) Reconciliation of carrying amount as at 31 March, 2022

	Freehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
<b>Gross carrying value</b>							
Balance at 1 April, 2021	24.68	550.35	1,308.44	3.00	75.43	13.33	1,975.23
Additions made during the year	-	-	181.55	-	-	6.81	188.36
Disposals / adjustments during the year	-	-	-	-	-	-	-
<b>Balance at 31 March, 2022</b>	<b>24.68</b>	<b>550.35</b>	<b>1,489.99</b>	<b>3.00</b>	<b>75.43</b>	<b>20.14</b>	<b>2,163.59</b>
<b>Accumulated Depreciation</b>							
Balance at 1 April, 2021	-	94.30	385.50	2.46	59.45	8.19	549.90
Add: Depreciation charge for the year	-	18.92	107.31	0.24	5.91	1.34	133.72
Less: On disposals / adjustments during the year	-	-	-	-	-	-	-
<b>Accumulated depreciation at 31 March, 2022</b>	<b>-</b>	<b>113.22</b>	<b>492.81</b>	<b>2.70</b>	<b>65.36</b>	<b>9.53</b>	<b>683.62</b>
<b>Carrying value (net)</b>							
At 31 March, 2022	24.68	437.13	997.18	0.30	10.07	10.61	1,479.97
At 31 March, 2021	24.68	456.05	922.94	0.54	15.98	5.14	1,425.33

b) Reconciliation of carrying amount as at 31 March, 2021

	Freehold land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Total
<b>Gross carrying value</b>							
Balance at 1 April 2020	24.68	579.36	1,666.07	3.00	74.81	15.89	2,363.81
Additions made during the year	-	-	26.01	-	-	1.44	27.45
Less: disposals / adjustments / derecognition during the year	-	29.01	383.64	-	(0.62)	4.00	416.03
<b>Balance at 31 March 2021</b>	<b>24.68</b>	<b>550.35</b>	<b>1,308.44</b>	<b>3.00</b>	<b>75.43</b>	<b>13.33</b>	<b>1,975.23</b>
<b>Accumulated Depreciation</b>							
Balance at 1 April 2020	-	80.72	359.15	1.98	50.19	6.48	498.52
Add: Depreciation charge for the year*	-	19.11	115.64	0.48	9.26	3.22	147.71
Less: On disposals / adjustments / derecognition during the year	-	5.53	89.29	-	-	1.51	96.33
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>94.30</b>	<b>385.50</b>	<b>2.46</b>	<b>59.45</b>	<b>8.19</b>	<b>549.90</b>
<b>Carrying amount (net)</b>							
At March 31, 2021	24.68	456.05	922.94	0.54	15.98	5.14	1,425.33
At March 31, 2020	24.68	498.64	1,306.92	1.02	24.62	9.41	1,865.29

Notes:

1. No borrowing cost has been capitalized during the current and previous period.
- \*2. Impact of change in accounting estimates. (refer note no. 47 for previous year).



For GARG FURNACE LTD.

For GARG FURNACE LTD.

*[Signature]*

Director

*[Signature]*

Director



**Garg Furnace Limited**

Notes to the financial statements for the period ended 31 March, 2022

(All amounts in ₹ in Lakhs, unless otherwise stated)

**4 Non-Current Investments**

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Investments in Equity Instruments</b>		
Unquoted		
At fair value through Other Comprehensive Income		
2,12,000 (Previous year 2,12,000) fully paid up equity shares of ₹ 10 each of Sudhir Forgings Private Limited.	37.71	45.41
	37.71	45.41

Aggregate amount of quoted investments and market value thereof,

 -  
37.71

Aggregate amount of unquoted investments

45.41

Aggregate amount of impairment in value of investments

7.69

**5 Non current Trade Receivables**

Particulars	As at 31 March, 2022	As at 31 March, 2021
(Unsecured, considered good)		
- Trade Receivable which have significant increase in credit risk	144.80	188.06
- Less: Allowances for expected credit loss	(25.59)	(28.21)
	119.21	159.85

Trade Receivables Ageing schedule as at 31st March, 2022

(Amount in ₹ Lakhs)

Particulars	Outstanding for the following periods from date of transaction*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	8.84	-	93.69	102.53
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	2.84	-	39.43	42.27
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	-	-	11.68	-	133.12	144.80
Less: Allowance for expected credit loss						(25.59)
<b>Total Trade Receivables</b>						119.21

Trade Receivables Ageing schedule as at 31st March, 2021

(Amount in ₹ Lakhs)

Particulars	Outstanding for the following periods from date of transaction*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	12.11	2.78	130.80	145.69
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	26.48	15.89	42.37
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	-	-	12.11	29.26	146.69	188.06
Less: Allowance for expected credit loss						(28.21)
<b>Total Trade Receivables</b>						159.85

\* There are no specific due date of payment specified in respect of trade receivables, as such the trade receivables ageing schedule is prepared on the basis of date of transaction.

Allowance for Expected Credit Loss (ECL)

Particulars	Financial Year	
	2021-22	2020-21
Allowances for expected credit loss and doubtful receivables		
Balance at the beginning of the period	28.21	-
Reversal of provision recognised	2.62	-
Expected credit loss*	-	28.21
Amount written off	-	-
<b>Balance at the end of the period</b>	<b>25.59</b>	<b>28.21</b>

\*excludes provision for doubtful advances of ₹73.62 Lakhs (Previous year ₹73.62 Lakhs).

For GARG FURNACE LTD.


  
Director

For GARG FURNACE LTD.


  
Director


**Garg Furnace Limited**  
Notes to the financial statements for the period ended 31 March, 2022  
(All amounts in ₹ in Lakhs, unless otherwise stated)

**6 Non-current Loans**

Particulars	As at 31 March, 2022	As at 31 March, 2021
Loans to others (unsecured, considered good) (refer note no.46)	75.00	75.00
	75.00	75.00

**7 Other Financial Assets - Non Current**

Particulars	As at 31 March, 2022	As at 31 March, 2021
Security Deposits	207.12	207.11
Balances with banks in earmarked accounts to the extent held as margin money against borrowings and other commitments		
Fixed deposits account with remaining maturity of more than twelve months	2.00	5.00
	209.12	212.11

**8 Other non-current assets**

Particulars	As at 31 March, 2022	As at 31 March, 2021
Capital Advances	1.00	1.00
Advances other than capital advances :		
i) Security Deposits	13.46	13.02
ii) Advance to Supplier:		
- Considered good - Unsecured	17.38	29.52
iii) Other Advances:		
- Considered good - Unsecured	-	-
- Considered doubtful - Unsecured	73.62	73.62
- Less: Provision for doubtful advances	(73.62)	(73.62)
	31.84	43.54

**9 Inventories**

Particulars	As at 31 March, 2022	As at 31 March, 2021
(Valued at cost or net realisable value, whichever is lower)		
Raw Materials	820.38	526.86
Finished Goods	828.97	575.14
Stock-in-Trade	6.68	4.43
Store and Spares	28.76	16.54
	1,684.79	1,122.97

Notes:

1. Cost of inventory recognised as expense during the current period ₹ 13,169.34 Lakhs (Previous year ₹ 9,875.80 Lakhs).

**10 Trade Receivables**

Particulars	As at 31 March, 2022	As at 31 March, 2021
(Unsecured, considered good)		
- Trade Receivables Considered Good Unsecured	1,024.16	1,041.63
- Trade Receivable which have significant increase in credit risk	-	35.98
	1,024.16	1,077.61

Trade Receivables Ageing schedule as on 31st March, 2022

(Amount in ₹ Lakhs)

Particulars	Outstanding for the following periods from date of transaction*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	1,024.11	0.05	-	-	-	1,024.16
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	1,024.11	0.05	-	-	-	1,024.16

For GARG FURNACE LTD.

*[Signature]*  
Director

For GARG FURNACE LTD.

*[Signature]*  
Director



Garg Furnace Limited  
Notes to the financial statements for the period ended 31 March, 2022  
(All amounts in ₹ in Lakhs, unless otherwise stated)

Trade Receivables Ageing schedule as on 31st March, 2021

(Amount in ₹ Lakhs)

Particulars	Outstanding for the following periods from date of transaction*					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 Years	
(i) Undisputed Trade receivables – considered good	1,041.20	36.41	-	-	-	1,077.61
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Total</b>	<b>1,041.20</b>	<b>36.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,077.61</b>

\* There are no specific due date of payment specified in respect of trade receivables, as such the trade receivables ageing schedule is prepared on the basis of date of transaction.

11 Cash and Cash equivalents

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balances with banks		
- In current accounts	187.19	109.47
Cash on hand	1.90	2.08
Cheques on hand	14.28	12.64
	<b>203.37</b>	<b>124.19</b>

12 Other Bank Balances

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balances with banks in earmarked accounts to the extent held as margin money against borrowings and other commitments		
Fixed deposits with original maturity of more than three months but less than twelve months	32.41	13.45
Fixed deposits with original maturity of more than twelve months but remaining maturity of less than twelve months	-	14.46
	<b>32.41</b>	<b>27.91</b>

13 Other Financial Assets- Current

Particulars	As at 31 March, 2022	As at 31 March, 2021
Interest Receivable	29.14	15.60
	<b>29.14</b>	<b>15.60</b>

14 Current Tax Assets (net)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Advance income tax/TDS/TCS	19.17	4.03
	<b>19.17</b>	<b>4.03</b>

15 Other current assets

Particulars	As at 31 March, 2022	As at 31 March, 2021
(Considered good - Unsecured)		
Capital Advances	5.03	5.03
Advances to suppliers	7.43	26.77
Advances to employees	0.37	0.35
Balances with statutory authorities	21.77	19.77
Prepaid expenses	1.64	1.91
Other receivables	1.67	2.41
	<b>37.91</b>	<b>56.24</b>

For GARG FURNACE LTD.

*[Signature]*  
Director

For GARG FURNACE LTD.

*[Signature]*  
Director





**Garg Furnace Limited**
**Notes to the financial statements for the year ended 31 March, 2022**
*(All amounts in ₹ in Lakhs, unless otherwise stated)*
**16 Equity Share Capital**

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised</b>				
Equity shares of ₹ 10/- each (par value)	10000000	1,000.00	10000000	1,000.00
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹ 10/- each (par value)	4008700	400.87	4008700	400.87

**a) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number	Amount in ₹	Number	Amount in ₹
<b>Issued, subscribed and paid-up equity shares</b>				
Shares and share capital outstanding at the beginning of the period	4008700	400.87	4008700	400.87
Shares and share capital issued during the period	-	-	-	-
Shares and share capital outstanding at the end of the period	4008700	400.87	4008700	400.87

**b) Rights, Preferences and restrictions attached to shares**

Equity shares: The Company has one class of equity shares having a par value of ₹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.

**Rights attached to preference shares**

The company has not issued preference shares during the current and previous year.

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

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	No of shares held	% holding	No of shares held	% holding
Shiv Narayan Investment Pvt Ltd	5,35,000	13.35%	5,35,000	13.35%
Devinder Garg	10,54,290	26.30%	10,54,290	26.30%
Toshak Garg	2,16,950	5.41%	2,16,950	5.41%
Vaneera Garg	10,67,510	26.63%	10,67,510	26.63%
Daksh Garg	2,10,550	5.25%	2,10,550	5.25%

**d) There are no shares issued without payment being received in cash during the last five years.**
**e) There are no buy back of equity shares during the last five years.**
**f) There are no bonus shares issued during the last five years.**
**g) There is no holding / ultimate holding company of the company.**
**h) Shareholding of Promoter**

Sr No	Promoter Name	Shareholding of Promoter as on 31.03.2022			Shareholding of Promoter as on 31.03.2021		
		No. of Shares	% of total shares	% Change during the period	No. of Shares	% of total shares	% Change during the period
1	Sh. Devinder Garg	10,54,290	26.30%	No change during the year	10,54,290	26.30%	No change during the year
2	Smt Vaneera Garg	10,67,510	26.63%		10,67,510	26.63%	
3	Toshak Garg	2,16,950	5.41%		2,16,950	5.41%	
4	Daksh Garg	2,10,550	5.25%		2,10,550	5.25%	
5	Davinder Garg & Sons	20,000	0.50%		20,000	0.50%	
6	Davinder Garg Karta of	3,600	0.09%		3,600	0.09%	
7	Subhash Chandra Gupta	1,000	0.02%		1,000	0.02%	
8	Amarpreet Singh Thukral	1,000	0.02%		1,000	0.02%	
<b>Total shares held by Promoters</b>		<b>25,74,900</b>	<b>64.23%</b>		<b>25,74,900</b>	<b>64.23%</b>	

**For GARG FURNACE LTD.**

*Devinder Garg*  
Director

**For GARG FURNACE LTD.**

*Vaneera Garg*  
Director



17 Other Equity

Particulars	As at 31 March 2022	As at 31 March 2021
<b>a. Capital Reserves</b>		
Opening balance	23.50	23.50
Add : Additions during the year	-	-
Closing balance	23.50	23.50
<b>b. Securities Premium Reserve</b>		
Opening balance	565.31	565.31
Add: Securities premium on allotment of equity shares	565.31	565.31
Closing balance		
<b>c. General Reserve</b>		
Opening balance	1,899.24	1,899.24
Add: Transferred from surplus in statement of profit and loss	-	-
Closing balance	1,899.24	1,899.24
<b>d. Retained Earnings</b>		
Opening balance	(2,065.23)	(1,594.73)
Add: Profit for the year	632.27	(470.50)
Closing balance	(1,432.96)	(2,065.23)
<b>e. Items of other comprehensive income:</b>		
(i) Remeasurements of defined benefit obligation (refer note no. 36)		
Opening balance	(0.11)	2.15
Add: Other comprehensive income/(expense) net of tax impact	0.90	(2.26)
Closing balance	0.79	(0.11)
(ii) (Loss)/gain on fair valuation of equity investments through other		
Opening balance	24.21	25.44
Add: Other comprehensive income/(expense) net of tax impact	(7.69)	(1.23)
Closing balance	16.52	24.21
<b>Total</b>	<b>1,072.40</b>	<b>446.92</b>

**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 as part of dividend.

**Other comprehensive income:**

**-Remeasurements of defined benefit obligation:** Remeasurements of defined benefit obligation comprises actuarial gains and losses and such gains and losses will never be classified to statement of profit and loss.

**-(Loss)/gain on fair valuation of equity investments through other comprehensive income** The cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of taxes and such gains and losses will never be classified to statement of profit and loss.

(This space has been left blank intentionally)

For GARG FURNACE LTD.

*[Signature]*  
Director

For GARG FURNACE LTD.

*[Signature]*  
Director



**Garg Furnace Limited**  
**Notes to the financial statements for the year ended 31 March, 2022**  
*(All amounts in ₹ in Lakhs, unless otherwise stated)*

**18 Borrowings- Non Current**

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Term Loans- Secured</b>		
From financial institution*	53.36	177.07
<b>Other Loans- Unsecured</b>		
From others	92.50	104.99
From related parties	758.29	384.81
	<b>904.15</b>	<b>666.87</b>

\* The term loan from HDB Financial Services Ltd is secured against residential properties/plots in the name of Executive Directors and their relatives.

Terms of Repayment	Repayment details of loan outstanding as at March 31, 2022 (including current maturities)
Term loan (secured): 16 monthly installments of ₹ 11.15 Lakhs each and 1 monthly installment of ₹ 9.95 Lakhs	176.07
Other loans (unsecured): Repayable on demand	850.79

Terms of Repayment	Repayment details of loan outstanding as at March 31, 2021 (including current maturities)
Term loan (secured): 29 monthly installments of ₹ 11.16 Lakhs each and 1 monthly installment of ₹ 1.06 Lakhs	287.19
Other loans (unsecured): Repayable on demand	489.90

**19 Provisions- Non Current**

Particulars	As at 31 March, 2022	As at 31 March, 2021
Provision for Employee Benefits (refer note no.36)	16.08	21.77
	<b>16.08</b>	<b>21.77</b>

**20 Borrowings- Current**

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Secured</b>		
Current maturities of long-term borrowings (Lap)	122.71	110.12
	<b>122.71</b>	<b>110.12</b>

**21 Trade payables- Current**

Particulars	As at 31 March, 2022	As at 31 March, 2021
Outstanding dues of micro enterprises and small enterprises	-	-
Outstanding dues of creditors other than micro enterprises and small enterprises	732.19	693.35
	<b>732.19</b>	<b>693.35</b>

Particulars	Outstanding for following periods from due date of transaction*				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	724.59	0.02	7.58	-	732.19
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – others	-	-	-	-	-
<b>Total</b>	<b>724.59</b>	<b>0.02</b>	<b>7.58</b>	<b>-</b>	<b>732.19</b>

Particulars	Outstanding for following periods from due date of transaction*				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	656.00	23.49	13.86	-	693.35
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – others	-	-	-	-	-
<b>Total</b>	<b>656.00</b>	<b>23.49</b>	<b>13.86</b>	<b>-</b>	<b>693.35</b>

\* There are no specific due date of payment specified in respect of trade payables, as such the trade payables ageing schedule is prepared on the basis of date of transaction

**For GARG FURNACE LTD.**

*[Signature]*  
**Director**

**For GARG FURNACE LTD.**

*[Signature]*  
**Director**





22 Other financial liabilities

Particulars	As at 31 March, 2022	As at 31 March, 2021
Interest Accrued but not due	1.18	2.08
	1.18	2.08

23 Other current liabilities

Particulars	As at 31 March, 2022	As at 31 March, 2021
Statutory dues payables	41.45	83.67
Advance from customers	1,599.85	1,890.94
Expenses Payable	49.31	51.44
Cheque issued but not presented	9.55	0.24
Employee Related Payables	30.31	16.33
	1,730.47	2,042.62

24 Provisions

Particulars	As at 31 March, 2022	As at 31 March, 2021
Provision for Employee Benefits	3.75	5.19
	3.75	5.19

For GARG FURNACE LTD.

*[Signature]*  
Director

For GARG FURNACE LTD.

*[Signature]*  
Director

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**Garg Furnace Limited**  
**Notes to the financial statements for the year ended 31 Mar, 2022**  
*(All amounts in ₹ in Lakhs, unless otherwise stated)*

**25 Revenue from Operations**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products (Net of GST)	15,462.24	11,679.29
Sale of Stock in Trade	2,397.50	255.79
	<b>17,859.74</b>	<b>11,935.08</b>

**Disaggregated revenue information**

The table below presents disaggregated revenues from contracts with customers by sale of products for the year ended 31-Mar-2022 and 31-Mar-2021 respectively. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Details of product Sold</b>		
Non Alloy Steel round	10,044.36	6,972.49
Scrap/End Cutting	443.66	2,220.00
Wire rod	3,737.22	1,345.03
Unmached Casting	-	1,189.49
Billets	1,408.83	195.44
Others	2,225.67	12.63
	<b>17,859.74</b>	<b>11,935.08</b>

**26 Other Income**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income	16.23	17.09
<b>Other non-operating income:</b>		
Profit on Sale of Fixed Assets	-	0.51
Rental Income	1.80	1.80
Sundry Balances Written Back	6.12	3.18
Commission & Brokrage	15.50	-
Misc Income	2.36	1.50
	<b>42.01</b>	<b>24.08</b>

**27 Cost of materials consumed**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock	526.86	291.92
Add : Purchases (Net)	13,462.86	9,835.28
Less: Closing Stock	820.38	526.86
	<b>13,169.34</b>	<b>9,600.34</b>

**28 Change in inventories of finished goods, stock in trade and work -in-progress**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening stock		
Finished Goods / Stock in Trade	579.57	742.52
Less: Closing Stock		
Finished Goods / Stock in Trade	835.66	579.57
	<b>(256.09)</b>	<b>162.95</b>

**29 Employee Benefits Expenses**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salary, Wages and other Allowances	108.96	88.79
Contribution to Provident and other funds	5.78	5.81
Staff Welfare Expenses	0.80	1.62
	<b>115.54</b>	<b>96.22</b>

**For GARG FURNACE LTD.**

*[Signature]*  
**Director**

**For GARG FURNACE LTD.**

*[Signature]*  
**Director**



30 Finance cost

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest Expense	21.60	34.48
Other Borrowings Cost	0.86	0.44
	22.46	34.92

31 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment (refer note 3)	133.72	147.71
	133.72	147.71

32 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Power and Fuel	1,612.90	1,248.58
Consumption of Stores, consumables & spare parts	299.88	275.46
Repairs and Maintenance		
- Plant and Machinery	14.91	41.85
- Building	19.16	3.10
- Vehicle	18.18	9.73
- Others	0.83	2.46
Bad Debts	8.32	83.90
Provision for doubtful advances	-	73.62
Allowances for expected credit loss and doubtful receivables	-	28.21
Reversal of Sundry Balances Written Back Earlier	-	19.79
Auditor's Remuneration (refer note no.48)	4.75	4.75
Rates & Taxes	2.57	2.33
Insurance	2.83	3.08
Legal & Professional Expenses	3.03	6.28
Interest on Late Payment	0.24	3.80
Sundry Balances Written Off	-	2.60
Charity & Donation	0.21	-
Miscellaneous Expenses	14.26	18.89
	2,002.07	1,828.43

33 Exceptional Items

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Loss on De Recognition of PPE	-	315.13
	-	315.13

During the previous year, the company has derecognised carrying amount of property, plant and equipment amounting to NIL (₹ 315.13 Lakhs Previous year) as there are no future economic benefits which are expected from its use or disposal in accordance with the Ind AS 16 on 'Property, Plant and Equipment.

34 Earnings per share (EPS) (Ind AS 33)

The Company's Earnings Per Share ('EPS') is determined based on the net profit/(loss) 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.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Earnings Per Share has been computed as under:		
Profit for the year attributable to the Equity holders of the Company	A 632.27	(470.50)
Weighted-average number of equity shares (number)	B 4008700	4008700
Weighted average number of equity shares in computing diluted earning per share (number)	C 4008700	4008700
Basic earnings per share (₹)	A/B 15.77	(11.74)
Diluted earnings per share (₹)	A/C 15.77	(11.74)
Face value per equity share (₹)	10.00	10.00

Proposed dividend on equity shares is subject to the approval of the shareholders of the Company at the Annual General Meeting.

For GARG FURNACE LTD.

Director

For GARG FURNACE LTD.

Director





**Garg Furnace Limited**  
**Notes to the financial statements for the year ended 31 March 2022**  
*(All amounts in ₹ in Lakhs, unless otherwise stated)*

**35 Contingent Liabilities** *(To the extent not provided for)*

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Claims against the Company not acknowledged as debt*	259.78	259.78
(b) Bank Guarantees in favour of suppliers and others.	22.39	22.39
	<b>282.17</b>	<b>282.17</b>

\*The company has received the demand notice from Punjab State Power Corporation Limited charging the interest to the tune of ₹ 259.78 Lakhs on surcharge of ₹ 723.06 Lakhs which was fixed and paid in pursuance of the judgement passed by the Hon'ble Supreme Court. The company has filed Civil Writ Petition in the High Court of Punjab and Haryana, Chandigarh against such demand and has received stay order from the court. Company based on the data available and internal assessment, believes that the demand will be quashed and hence, disclosed the demand as contingent liability.

**36 Employee benefits**

**A. Defined benefit plan: Gratuity (unfunded)**

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.

**(i) Changes in the present value of the obligation**

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligation as at the beginning of the year	12.50	7.40
Interest cost	0.84	0.49
Current service cost	3.05	2.66
Benefits paid	-	(0.31)
Remeasurement - actuarial (gain) / loss	(0.90)	2.26
<b>Present value of obligation as at the end of the year</b>	<b>15.49</b>	<b>12.50</b>

**(ii) Amount recognised in the Balance Sheet**

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of the defined benefit obligation as at the end of the year	15.49	12.50
Fair value of plan assets as at the end of the year	-	-
<b>Net asset/(liability) recognised in the Balance Sheet</b>	<b>15.49</b>	<b>12.50</b>

**(iii) Expense recognised in the statement of profit and loss**

Particulars	As at 31 March 2022	As at 31 March 2021
Current service cost	3.05	2.66
Net Interest cost	0.84	0.49
<b>(Income)/Expense recognised in the statement of profit and loss</b>	<b>3.89</b>	<b>3.15</b>

**(iv) Re-measurement of the net defined benefit liability / (asset)**

Particulars	As at 31 March 2022	As at 31 March 2021
Actuarial (gain)/loss for the year on projected benefit obligation (PBO)	(0.90)	2.26
Actuarial (gain)/loss for the year on plan assets	-	-
<b>Total Actuarial (gain)/loss at the end of the year</b>	<b>(0.90)</b>	<b>2.26</b>

**(v) Bifurcation of Projected Benefit Obligation (PBO) at the end of the year in current and non current**

Particulars	As at 31 March 2022	As at 31 March 2021
Current liability (amount due within one year)	2.34	1.42
Non current Liability (amount due over one year)	13.14	11.07
<b>Total PBO at the end of the year</b>	<b>15.48</b>	<b>12.49</b>

**For GARG FURNACE LTD.**  
  
**Director**

**For GARG FURNACE LTD.**  
  
**Director**



**Garg Furnace Limited**  
**Notes to the financial statements for the year ended 31 March 2022**  
*(All amounts in ₹ in Lakhs, unless otherwise stated)*

**(vi) Bifurcation of actuarial (gain) / loss**

Particulars	As at 31 March 2022	As at 31 March 2021
Actuarial (Gain) / loss on arising from change in demographic assumption	(0.22)	(0.01)
Actuarial (Gain) / loss on arising from change in financial assumption	(0.68)	2.27
Actuarial (Gain) / loss on arising from change in experience assumption	(0.90)	2.26

**(vii) Principal actuarial assumptions at the Balance Sheet date**

Particulars	As at 31 March 2022	As at 31 March 2021
	IAL 2012-14 Ultimate	IAL 2012-14 Ultimate
Mortality Table		20.00%
Attrition rate	20.00%	20.00%
Inputed Rate of return/ Discount rate (per annum)	7.24%	6.76%
Rate of increase in compensation levels (per annum)	8.00%	8.00%
Average remaining working lives of employees (years)	19.75	19.07
Method used	Projected unit credit	Projected unit credit

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.

**(viii) Actuarial risks exposures and Sensitivity cum Scenario Testing**

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:

**a) Salary increases** - Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

**b) Imputed Rate of Return (IROR)** - Reduction in discount rate in subsequent valuations can increase the plan's liability.

**c) Mortality** - Actual deaths proving lower or higher than assumed in the valuation can impact liabilities

**d) Withdrawals** - Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawals rates at subsequent valuations can impact Plan's liability.

**SENSITIVITY CUM SCENARIO TESTING TABLE (GRATUITY)**

The table reflects change in liabilities that will result from change in assumption in respect of salary rise, imputed rate of return and attrition rates. Deviation in expected mortality is of less significance and thus not included in analysis

SR	IROI	AR	AVGL(RS.)	Difference over base
-1.00	-1.00	-1.00	15,57,735.00	10,163.00
-1.00	0.00	-1.00	15,10,831.00	(36,741.00)
-1.00	1.00	-1.00	14,67,033.00	(80,539.00)
-1.00	-1.00	0.00	15,47,896.00	324.00
-1.00	0.00	0.00	15,02,667.00	(44,905.00)
-1.00	1.00	0.00	14,60,349.00	(87,223.00)
-1.00	-1.00	1.00	15,38,381.00	(9,191.00)
-1.00	0.00	1.00	14,94,699.00	(52,873.00)
-1.00	1.00	1.00	14,53,766.00	(93,806.00)
0.00	-1.00	-1.00	16,07,248.00	59,676.00
0.00	0.00	-1.00	15,57,398.00	9,826.00
0.00	1.00	-1.00	15,10,935.00	(36,637.00)
0.00	-1.00	0.00	15,95,538.00	47,966.00
0.00	0.00	0.00	15,47,572.00	-
0.00	1.00	0.00	15,02,766.00	(44,806.00)
0.00	-1.00	1.00	15,84,304.00	36,732.00
0.00	0.00	1.00	15,38,059.00	(9,513.00)
0.00	1.00	1.00	14,94,797.00	(52,775.00)
1.00	-1.00	-1.00	16,59,466.00	1,11,894.00
1.00	0.00	-1.00	16,06,412.00	58,840.00
1.00	1.00	-1.00	15,57,058.00	9,486.00
1.00	-1.00	0.00	16,45,675.00	98,103.00
1.00	0.00	0.00	15,94,735.00	47,163.00
1.00	1.00	0.00	15,47,246.00	(326.00)
1.00	-1.00	1.00	16,32,535.00	84,963.00
1.00	0.00	1.00	15,83,529.00	35,957.00
1.00	1.00	1.00	15,37,747.00	(9,825.00)

**B. Contribution to Provident Fund**

The company has recognized an expense of ₹ 1.87 Lakhs ( Previous year ₹ 1.36 Lakhs) in respect of contribution to Provident Fund.

**For GARG FURNACE LTD.**

*[Signature]*  
**Director**

**For GARG FURNACE LTD.**

*[Signature]*  
**Director**





**Garg Furnace Limited****Notes to the Financial Statements for the year ended 31 March 2022***(All amounts in ₹ in Lakhs, unless otherwise stated)***37 Segment Reporting**

The Company is engaged in the business of manufacturing of Iron and Steel Products such as M.S. Round, Ingot, Wire Rod etc. In the context of Ind AS 108 on 'Segment Reporting', the results are considered to constitute a single reportable entity/ business segment for which the operating results are regularly reviewed by the company's Chief Operating Decision Maker.

Revenue for the Current and Previous Year from Domestic & Export Sale is as below :

Particulars	As at 31 March 2022	As at 31 March 2021
Revenue from Domestic Sales	17,859.74	11,935.08
<b>Total Revenue</b>	<b>17,859.74</b>	<b>11,935.08</b>

The following are the details of the revenues generated from the top 1 customer of the Company

Particulars	As at 31 March 2022	As at 31 March 2021
Revenue from Top 1 Customer (Amount)	1,347.12	1,146.71
Revenue from Top 1 Customer (Percentage)	7.54%	9.61%
Revenue from Other Customers (Amount)	16,512.62	10,788.37
Revenue from Other Customers (Percentage)	92.46%	90.39%
<b>Total Revenue</b>	<b>17,859.74</b>	<b>11,935.08</b>

**38 Dues to Micro, Small and Medium Enterprises (MSME)**

The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the Company are as under:

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting period	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSME Act, along with the amount of payment made to the suppliers beyond the appointed day during each accounting year	-	-
(iv) The amount of interest paid along with the amount of payment made to the suppliers beyond the appointed day	-	-
(v) The amount of interest paid along with the amount of payment made to the suppliers beyond the appointed day	-	-
(vi) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vii) The amount of further interest due and payable even in succeeding year, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23	-	-

**39 Disclosure pursuant to Ind AS-116 Leases****Company as a Lessor**

The rental income on assets given on operating lease to the M/s Vaneera Industries Limited was ₹ 1,80,000/- for the year ended 31-Mar-2022 (Previous year ₹ 1,80,000/-).

40 The Code on Social Security, 2020 ('SS Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The SS Code has been published in the Gazette of India. However, the date on which the SS Code will come into effect has not been notified. The Company will assess the impact of the SS Code when it comes into effect and will record any related impact in the period when the SS Code becomes effective.

**For GARG FURNACE LTD.**

*[Signature]*  
Director

**For GARG FURNACE LTD.**

*[Signature]*  
Director





**Garg Furnace Limited**  
**Notes to the financial statements for the year ended 31 March 2022**  
*(All amounts in ₹ Lakhs, unless otherwise stated)*

**41 Related party disclosure as per Ind AS 24**

In accordance with the requirements of IND AS 24, on Related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:

**a) Related party and their relationship:-**

Nature of relationship	Name of related party/ KMP
(i) Enterprises over which Key Management Personnel (KMP) and relative of such personnel is able to exercise significant influence or control	Vaneera Industries Limited Avtar Exports Private Limited Devinder Garg & Sons HUF
(ii) Key management personnel (KMP)	Devinder Garg (Managing Director) Vaneera Garg (Executive Director) Dharam Chand (Independent Director) Manjeet Singh (Independent Director) Gurmeet Singh Battu (Chief Financial Officer) Chandni Jain (Company Secretary)
(iii) Relatives of Key Management Personnel	Toshak Garg (Son of Director) Daksh Garg (Son of Director) Nivedita Garg (Daughter in law of Director) Ridhima Goyal (Daughter in law of Director)

**(b) Details of transactions entered into with related parties during the year as required by Ind AS 24 on "Related Party Disclosures" of Companies (Indian Accounting Standards) Rules 2015.**

(i) Enterprises over which Key Management Personnel (KMP) and relative of such personnel is able to exercise significant influence or control		
Particulars	As at 31 March 2022	As at 31 March 2021
Purchase of goods -From Vaneera Industries Limited	354.61	427.16
Sales of Goods -To Vaneera Industries Limited	801.08	1,146.71
Rent received -From Vaneera Industries Limited	1.80	1.80
Electricity Charges received -From Vaneera Industries Limited	0.60	1.20
(ii) Key management personnel (KMP)		
Managerial Remuneration*	15.55	12.63
Unsecured Loan received -From Vaneera Garg -From Devinder Garg	66.50 554.20	4.00 372.40
Unsecured Loan Repaid -To Devinder Garg -To Vaneera Garg	440.25 55.46	383.97 20.97
(iii) Relatives of Key Management Personnel		
Unsecured Loan received -From Daksh Garg -From Nivedita Garg -From Toshak Garg -From Ridhima Goyal	592.00 - 68.70 48.00	486.00 0.12 - -
Unsecured Loan Repaid -To Daksh Garg -To Nivedita Garg -To Toshak Garg	440.71 10.53 8.95	466.25 18.10 3.98

**(c) Details of balances outstanding as at year end**

Particulars	As at 31 March 2022	As at 31 March 2021
Advance against Sale of Goods (Payable) -From Vaneera Industries Limited	1,595.84	1,886.23
Closing Balance of Loans (Payable) -To Daksh Garg -To Devinder Garg -To Nivedita Garg -To Vaneera Garg -To Toshak Garg -To Ridhima Goyal	291.72 182.56 30.49 145.77 59.75 48.00	140.43 68.61 41.03 134.74 - -
Managerial Remuneration (Payable)*	14.70	5.22

(i) The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

\*(ii) Long-term employee benefits for Key Management Personnel:

The managerial personnel are covered by Company's gratuity policy and are eligible for compensated absences along with other employees of the Company. The proportionate amount of gratuity and compensated absences cost pertaining to managerial remuneration have not been included in aforementioned disclosures as these are not determined on individual basis.

**For GARG FURNACE LTD.**  
  
**Director**

**For GARG FURNACE LTD.**  
  
**Director**



**GARG FURNACE LIMITED**

Notes to the financial statements for the year ended 31 March, 2022

(All amounts ₹ in Lakhs, unless otherwise stated)

**42 Disclosures of Financial instruments**

(a) The carrying value and fair value of financial instruments by categories at the end of each reporting period is pending at the end as follows:

As at 31-March-2022

in ₹ lakhs

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial Assets:</b>							
Non-current Investments				37.71		37.71	37.71
Other financial non-current assets	209.12					209.12	209.12
Trade receivables	1,143.37					1,143.37	1,143.37
Loans	75.00					75.00	75.00
Cash and cash equivalents	203.37					203.37	203.37
Other Bank Balances	32.41					32.41	32.41
Other financial current assets	29.14					29.14	29.14
<b>Total</b>	<b>1,692.41</b>	<b>-</b>	<b>-</b>	<b>37.71</b>	<b>-</b>	<b>1,730.12</b>	<b>1,730.12</b>
<b>Financial Liabilities:</b>							
Long Term Borrowings	904.15					904.15	904.15
Short Term Borrowings	122.71					122.71	122.71
Trade Payables	732.19					732.19	732.19
Other financial current liabilities	1.18					1.18	1.18
<b>Total</b>	<b>1,760.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,760.23</b>	<b>1,760.23</b>

As at 31-March-2021

in ₹ lakhs

Particulars	Amortized cost	At fair value through profit or loss		At fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
<b>Financial Assets:</b>							
Non-current Investments				45.41		45.41	45.41
Other financial non-current assets	212.11					212.11	212.11
Trade receivables	1,237.46					1,237.46	1,237.46
Loans	75.00					75.00	75.00
Cash and cash equivalents	124.19					124.19	124.19
Other Bank Balances	27.91					27.91	27.91
Other financial current assets	15.60					15.60	15.60
<b>Total</b>	<b>1,692.27</b>	<b>-</b>	<b>-</b>	<b>45.41</b>	<b>-</b>	<b>1,692.27</b>	<b>1,692.27</b>
<b>Financial Liabilities:</b>							
Long Term Borrowings	666.87					666.87	666.87
Short Term Borrowings	110.12					110.12	110.12
Trade Payables	693.35					693.35	693.35
Other financial current liabilities	2.08					2.08	2.08
<b>Total</b>	<b>1,472.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,472.42</b>	<b>1,472.42</b>

(b) Basis of Fair value of Financial assets and liabilities

(i) Fair Value hierarchy

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:

As at 31-March-2022

Particulars	Fair Value	Fair Value measurement using			Valuation technique(s) and key input(s)
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Non-current investments at fair value through profit & loss	37.71		37.71		Book value as per the previously audited financial statements
<b>Total</b>	<b>37.71</b>	<b>-</b>	<b>37.71</b>	<b>-</b>	


As at 31-March-2021

Particulars	Fair Value	Fair Value measurement using			Valuation technique(s) and key input(s)
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Non-current investments at fair value through profit & loss	45.41		45.41		Book value as per the previously audited financial statements
<b>Total</b>	<b>45.41</b>	<b>-</b>	<b>45.41</b>	<b>-</b>	

For GARG FURNACE LTD.

  
 Director

For GARG FURNACE LTD.

  
 Director




**GARG FURNACE LIMITED**Notes to the financial statements for the year ended 31 March, 2022  
(All amounts ₹ in Lakhs, unless otherwise stated)**43 Financial Risk Management**

The financial assets of the company include investments, loans, trade and other receivables, and cash and bank balances that derive directly from its operations. The financial liabilities of the company include loans and borrowings, trade payables, and other payables, and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The company is mainly exposed to the following risks that arise from financial instruments:

- (i) Market risk
- (ii) Liquidity risk
- (iii) Credit risk

The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

**(i) 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 prices comprise two types of risk: foreign currency risk and interest rate risk.

**(a) Foreign currency risk**

The company during the year is not exposed to any foreign currency risk as there is no dealings in foreign exchange.

**(b) 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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company's total long-term debt obligations (including current maturities) as at March 31, 2022 is ₹ 1026.86 Lakhs (previous year ₹ 776.99 Lakhs) out of which are borrowings amounting to ₹ 176.07 Lakhs (previous year ₹ 287.19 Lakhs) is interest bearing and with variable rate of interest. The balance borrowings amounting to ₹ 850.79 Lakhs (previous year ₹ 489.80 Lakhs) is interest free loan repayable on demand.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument is at its fair value:

Variable rate instruments	Carrying amount	
	Financial Year	Financial Year
	2021-22	2020-21
Long term borrowings		
Current maturities of long term debt	53.36	177.07
Short term borrowings	122.71	110.12
	-	-

**Cash flow sensitivity analysis for variable rate instruments**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Variable rate instruments	Financial Year	Financial Year
	2021-22	2020-21
Increase/ (decrease) in 100 basis point	1.76	2.87

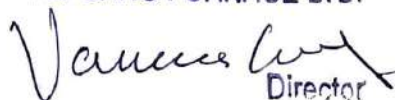
**(ii) Liquidity Risk**

The financial liabilities of the company include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash to meet the obligations as and when falls due.

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

Particulars	Financial Year	Financial Year
	2021-22	2020-21
<b>Borrowings including current maturities</b>		
Less than 1 year	176.07	287.19
1-2 year	122.71	110.12
2-5 year	53.36	121.65
5-10 year	-	55.42
Later	-	-
<b>Short term borrowings</b>		
Less than 1 year	-	-
1-2 year	-	-
2-5 year	-	-
5-10 year	-	-
Later	-	-
<b>Trade Payables</b>		
Less than 1 year	732.19	693.35
1-2 year	732.19	693.35
2-5 year	-	-
5-10 year	-	-
Later	-	-
<b>Other Financial liabilities</b>		
Less than 1 year	1.18	112.20
1-2 year	1.18	112.20
2-5 year	-	-
5-10 year	-	-
Later	-	-

**For GARG FURNACE LTD.**
  
**Director**
**For GARG FURNACE LTD.**
  
**Director**


**GARG FURNACE LIMITED**

Notes to the financial statements for the year ended 31 March, 2022

(All amounts ₹ in Lakhs, unless otherwise stated)

**(iii) Credit Risk**

Credit risk refers to the risk of default on its contractual terms or obligations by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

The company assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment.

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The company has not considered an allowance for doubtful debts in case of Trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

The following table gives details in respect of percentage of revenues generated from top one customer and other customers:

Particulars	Financial Year	Financial Year
	2021-22	2020-21
Top 1 Customer (%)	7.54%	9.61%
Other Customer (%)	92.46%	90.39%

**Credit Risk Exposure**

The Company has used a practical expedient by computing the expected loss allowance for trade receivables based on historical credit loss experience and adjustments for forward looking information.

Particulars	Financial Year	Financial Year
	2021-22	2020-21
Less than one year	1024.16	1077.61
More than one year	144.80	188.06

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2022 was ₹ 25.59 Lakhs (previous year ₹ 28.21 Lakhs).

**Write off policy**

The financial assets are written off in case there is no reasonable expectation of recovering from the financial asset.

**44 Capital Management**

The 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 maintain optimum capital structure to reduce cost of capital and to maximize 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 which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's gearing ratio was as follows:

Particulars	Financial Year	Financial Year
	2021-22	2020-21
Borrowings including current maturities and interest accrued but not due	1,026.86	776.99
Less: Cash & cash equivalent and other bank balances	(235.78)	(152.10)
Net debt (A)	791.08	624.89
Total equity (B)	1,473.27	847.79
Gearing ratio (A/B)	53.70%	73.71%

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31-Mar-2022 and 31-Mar-2021.

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**For GARG FURNACE LTD.**

**Director**

**For GARG FURNACE LTD.**

**Director**





**GARG FURNACE LIMITED**
**Notes to the financial statements for the year ended 31 March, 2022**
*(All amounts ₹ in Lakhs, unless otherwise stated)*
**45 Reconciliation of Cash flow from financing Activities**

In pursuant to amendment in the companies (Indian Accounting Standards) Rules, 2017 via MCA notification G.S.R 258(E) dated 17-Mar-2017 Para 44A to Para 44E has been inserted after Para 44 in Indian accounting Standard-7 "Statement of Cash Flows" for the period beginning on 1-April-2017

Particulars	Current borrowing	Non-current borrowing including current maturities
Opening balance of Financial liabilities as on 01-April-2021 coming under the financing activities of Cash Flow Statement	(0.00)	776.99
a) Changes from financing cash flow	12.59	237.28
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
c) The effect of changes in foreign exchanges rates- (Gain)/Loss	-	-
d) Changes in fair value	-	-
Closing balance of Financial liabilities as on 31-March-2022 coming under the financing activities of Cash Flow Statement	12.59	1,014.27

Particulars	Current borrowing	Non-current borrowing including current maturities
Opening balance of Financial liabilities as on 01-April-2020 coming under the financing activities of Cash Flow Statement	21.37	904.78
a) Changes from financing cash flow	(21.37)	(127.79)
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-
c) The effect of changes in foreign exchanges rates- (Gain)/Loss	-	-
d) Changes in fair value	-	-
Closing balance of Financial liabilities as on 31-March-2021 coming under the financing activities of Cash Flow Statement	(0.00)	776.99

**46 Disclosure as per Section 186(4) of the Companies Act, 2013**

Name of the Entity	Purpose for which the Loan/Guarantee is proposed to be utilised by the recipient	As at 31 March 2022	As at 31 March 2021
3A Exports	Loan given for business purpose	50.00	50.00
Shiv Narayan Investment Pvt Ltd	Loan given for business purpose	25.00	25.00
Total		75.00	75.00

**47 Change in Accounting Estimates in accordance with Ind AS 8 on 'Accounting Policies, Changes in Accounting Estimates and Errors.'**

During the previous year, the company has revised the useful life of Property, Plant and Equipment which is a change in accounting estimates in accordance with the Ind AS 8 on 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Particulars	0 to 5 years	6 to 10 years	11 to 15 years
Increase/ (Decrease) in Depreciation	180.52	69.12	3.36

**48 Auditor's Remunerations**

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory Audit Fee	3.45	3.45
Tax audit fee	0.80	0.80
GST Audit Fee	-	0.50
Other fees	0.50	-
	4.75	4.75

49 The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories, property, plant and equipment and intangible assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions, the Company has, as at the date of approval of these financial results, used internal and external sources of information, including economic forecasts and estimates from market sources, on the expected future performance of the Company. On the basis of evaluation and current indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets and does not anticipate any impairment to these financial and non-financial assets. However, the impact assessment of COVID-19 is a continuing process, given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

50 Figures in bracket indicate deductions.

**For GARG FURNACE LTD.**

*[Signature]*  
Director

**For GARG FURNACE LTD.**

*[Signature]*  
Director



**GARG FURNACE LIMITED**

Notes to the financial statements for the year ended 31 March, 2022

(All amounts ₹ in Lakhs, unless otherwise stated)

**51 Deferred Tax Assets (net) pursuant to Ind AS 12 Income taxes****a) Amount recognised in Financial Statement**

Particulars	As at		For the year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>(i) Deferred Tax Liabilities</b>				
Related to Property, Plant and Equipment	-	179.81	-	(89.05)
Related to fair value of investment	-	6.29	-	(0.32)
<b>Sub-total (i)</b>	-	186.10	-	(89.37)
<b>(ii) Deferred Tax (Assets)</b>				
Related to carried forward loss and unabsorbed depreciation	-	(1,117.49)	-	(2.35)
Related to Granuity	-	(3.25)	-	(1.33)
Related to Leave Encashment	-	(3.76)	-	(0.28)
Related to Bonus	-	(0.56)	-	0.55
Related to Expected credit loss	-	(7.33)	-	(7.33)
Related to Provisions for doubtful advances	-	(19.14)	-	(19.14)
<b>Sub-total (ii)</b>	-	(1,151.53)	-	(29.88)
<b>(iii) MAT Credit Entitlement</b>				
Considered to be deferred tax asset*	-	-	-	5.75
<b>Sub-total (iii)</b>	-	-	-	5.75
<b>Net Deferred Tax Liability/ (Asset)</b>	-	(965.43)	-	-
<b>Deferred Tax (Credit) ((i)+(ii)+(iii))</b>	-	-	-	(113.50)
<b>Restricted to and consequent impact</b>	-	-	-	5.75
Due to uncertainty of future taxable profits, as a matter of prudence, the company has decided not to recognise the deferred tax asset (net) in books of accounts.				
*Accordingly the company has reversed the MAT credit entitlement owing to the virtual uncertainty of the future taxable profits.				

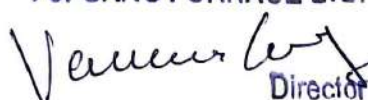
**b) Amounts recognised in Statement of Profit and Loss**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Current Tax	-	-
(ii) Taxes related to earlier years	-	0.49
(iii) Deferred tax asset, reversal	-	5.75
<b>Tax expense/(credit) for the year</b>	-	6.24
<b>c) Amounts recognised in other comprehensive income</b>	-	-

**d) Reconciliation of Tax Expenses**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit/ (Loss) before Tax	-	(464.26)
Applicable Tax Rate	-	26.00%
<b>Computed Tax Expenses (i)</b>	-	(120.71)
<b>Add/ (Less):</b>		
Deferred tax not recognised for the year on carry forward of losses/ unabsorbed depreciation	-	2.35
Tax on expenses / (receipts) not allowable / (offered) for tax purpose	-	109.96
Reversal of Deferred Tax Asset/ MAT	-	5.75
Taxes related to earlier years	-	0.49
Others	-	8.40
<b>Sub total (ii)</b>	-	126.95
<b>Income Tax Expenses charge/ (credit) to Statement of Profit and Loss (i+ii)</b>	-	6.24
There is no taxable income during the year and the Company has not recognised Deferred Tax Assets (DTA) in absence of reasonable certainty.		

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**For GARG FURNACE LTD.**
  
**Director**
**For GARG FURNACE LTD.**
  
**Director**




**GARG FURNACE LIMITED**

Notes to the financial statements for the year ended 31 March, 2022

**52. Additional Regulatory Information**

Sr. No	Additional Regulatory Information	Remarks
1	Title deeds of Immovable Property not held in the name of the Company	The company has no such immovable properties whose title deeds are not held in the name of the company and no such immovable property is jointly held with others.
2	Fair valuation of investment property	Not Applicable
3	Revaluation of Property, Plant and Equipment and Right-of-Use Assets	The Company has not revalued its Property, Plant & Equipment during the year.
4	Revaluation of Intangible assets	Not Applicable
5	Loans or advances to specified persons	There are no loans and advances granted to promoters, directors and KMP's during the year.
6	Capital-Work-in-Progress (CWIP)	Not Applicable
7	Intangible assets under development	Not Applicable
8	Details of Benami Property held	There is no Benami Property held by the company
9	Borrowings secured against current assets	The company has no borrowings from banks on the basis of security of current assets.
10	Willful Defaulter	The Company is not declared as wilful defaulter by any bank or financial Institution or other lender during the year.
11	Relationship with Struck off Companies	As per management, there is no relationship of the company with struck off companies
12	Registration of charges or satisfaction with Registrar of Companies (ROC)	There are no charges or satisfaction of charges yet to be registered with ROC beyond the statutory time period.
13	Compliance with number of layers of companies	Not Applicable
14	Compliance with approved Scheme(s) of Arrangements	Not Applicable
15	Utilisation of Borrowed funds and share premium	Not Applicable
16	Undisclosed Income	There is no undisclosed income during the year.
17	Crypto currency or virtual currency	The company has not traded or invested in crypto currency or virtual currency during the year.

**18 Analytical Ratios**

S.No	Particulars	Numerator	Denominator	31/03/2022	31/03/2021	Variance (in %age)	Reasons
1	Current Ratio	Current Assets	Current Liabilities	1.17	0.85	37.48	Due to increase in current assets and decrease in current liabilities
2	Debt-Equity Ratio	Total debt	Total Equity	0.70	0.92	(23.95)	Due to increase in profit during the year
3	Debt Services coverage Ratio	Earnings available for debt service	Gross Interest+Repayment of HDB loan, unsecured loan	70.08%	-27.09%	358.69	Due to increase in profit during the year
4	Return on equity ratio (ROE)	Net profit after Tax	Average Shareholders Equity	54.48%	-42.80%	227.30	Due to increase in net profit during the year
5	Inventory Turnover Ratio (in days)	Revenue from Operations	Average Inventory	12.72	10.97	15.98	Due to increase in revenue from operations during the year
6	Trade receivable turnover ratio (in days)	Credit Sales	Average Trade Receivables	15.00	9.75	53.91	Due to increase in revenue from operations during the year
7	Trade payable turnover ratio (in days)	Credit Purchases	Average Trade Payables	21.81	14.71	48.31	Due to increase in purchases during the year
8	Net capital turnover ratio	Turnover	Working capital	40.53	(28.09)	244.26	Due to increase in revenue during the year
9	Net profit ratio	Net profit after Tax	Turnover	3.54%	-3.94%	189.80	Due to increase in net profit during the year
10	Return on capital employed (ROCE)	EBIT	Tangible Net Worth Total debt+Deferred Tax Liabilities	26.15%	-28.37%	192.17	Due to increase in net profit during the year
11	Return on Investment	Return on investments	Investments	-	-	-	There is no return on investments.

53 Previous year figures have been regrouped/recasted/rearranged wherever necessary to conform to its classification of the current year.

As per our report of even date attached

For Ashwani & Associates

Chartered Accountants

Firm Registered in India

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For GARG FURNACE LTD.

Devinder Garg  
Managing Director  
DIN: 01665456

Chandni Jain  
Company Secretary

For GARG FURNACE LTD.

Vaneera Garg  
Director  
DIN: 01283990

Gurmeet Singh Bhattu  
Chief Financial Officer

Place : Ludhiana

Date : May 30th, 2022