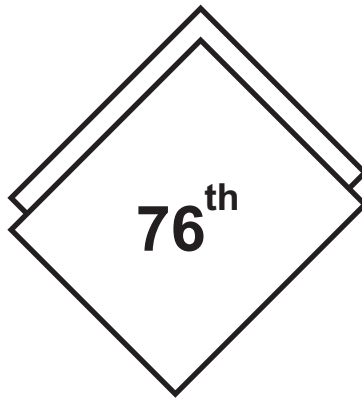




EL FORGE LIMITED



ANNUAL REPORT

2011 - 2012

EL FORGE LIMITED

BOARD OF DIRECTORS

Sri.V.Srikanth, Executive Chairman
Sri.V.Ramachandran
Sri.P.L.Reddy
Sri.K.J.Ramaswamy
Sri Balraj Vasudevan
Sri.K.V.Ramachandran, Vice Chairman & Managing Director
Sri.K. Ajit Kumar – Nominee Director of Export Import Bank of India.

COMPANY SECRETARY

Smt.R.Sowmithri

AUDITORS

P. Rajagopalan & Co.
Chartered Accountants

BANKERS, FINANCIAL INSTITUTIONS AND FACTORS

STATE BANK OF INDIA, Industrial Finance Branch, Chennai 600 002
UNION BANK OF INDIA, Industrial Finance Branch, Chennai 600 034
AXIS BANK LTD. Anna Salai, Chennai 600 002
IDBI Bank Ltd., Greams Road, Chennai 600 006
ROYAL BANK OF SCOTLAND, Harrington Road, Chennai 600 031
KOTAK MAHINDRA BANK LTD., Capitale, Anna Salai, Teynampet, Chennai 600 018
EXPORT IMPORT BANK OF INDIA, Anna Salai, Chennai 600 002
SBI GLOBAL FACTORS LTD., Nandanam, Chennai 600 035
INDUSIND BANK LTD., G.N. Chetty Road, T.Nagar, Chennai 600 017

SHARE TRANSFER AGENTS

M/s.INTEGRATED ENTERPRISES (INDIA) LTD.
No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai 17.

REGISTERED OFFICE

21C, A.R.K. Colony, Eldams Road, Alwarpet, Chennai 600 018
Phone: (044) 42207800 Fax: (044) 42014708
E-mail:elforgeho@elforge.com

FACTORIES

1A, Sriperumbudur High Road (via) Singaperumal Koil
Appur Village, Kattangulathur Onrium, Kancheepuram Dist., PIN 603 204
Ph (044) 47112500, Fax (044) 4711 2523

Denkanikotta Road, P.B.No.11, Hosur 635109
Ph: (04344) 222486, Fax :04344-222841

B-67, SIPCOT Industrial Complex, Gummidipoondi 601201.Ph: 27922845

SUBSIDIARY

Shakespeare Forgings Ltd.
Mc Arthur Road, Cradley Heath, West Midlands B64 5NX, United Kingdom.

EL FORGE LIMITED
NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that 76th Annual General Meeting of EL FORGE LIMITED will be held at "Nagar Hall" South India Hire Purchase Association, Deshbandu Plaza 1st Floor, No.49, Whites Road, Royapettah, Chennai 600 014 on 17th day of December, 2012 at 10.45 am to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the year ended 30th June, 2012, the Auditors Report and the Directors Report thereon.
2. To appoint a Director in place of Mr.V.Ramachandran, who retires by rotation and being eligible offers himself for re-election.
3. To Appoint a Director in place of Mr.K.J.Ramaswamy, who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors of the Company and authorise the Board to fix their remuneration.

"Resolved that M/s.P.Rajagopalan & Co, Chartered Accountants, No.32, 2nd Cross Street, West CIT Nagar, Chennai 600 035 be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting of the Company.

"Resolved Further that the power to determine the remuneration of Auditors be and is hereby delegated to the Board of Directors".

SPECIAL BUSINESS

5. Sale or Development of surplus land

To Consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

"Resolved that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company to mortgage and/or charge/or sell the immovable properties of the Company wheresoever situated either for an outright sale or development agreement with a Builder"

"Resolved Further that the Board of Directors of the Company be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution".

By Order of the Board

Place : Chennai
Date : 15.11.2012

R.SOWMITHRI
COMPANY SECRETARY

EL FORGE LIMITED

Notes :

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy so appointed need not be a member of the Company.**
2. The instrument appointing Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members/Proxies should bring the attendance slips duly filled in for attending the meeting.
4. The Register of Members will be closed from 11th December, 2012 to 17th December, 2012 both days inclusive.
5. As a result of the amendments introduced in Sections 205A to 205C of the Companies Act, 1956, unclaimed dividend for a period of 7 years has been transferred by the company to "Investor Education and Protection Fund" of Central Government.
6. Members are requested to communicate the change of address, if any, quoting their respective folios to the Share Transfer Agents of the Company.
7. As per the provision for nomination in the Companies Act, 1956. Shareholders may nominate persons who shall become entitled to the Shares upon the death of such holders.

The nomination has to be made in the form prescribed without any cost to the shareholders. Shareholders interested, are requested to contact the "Shares Department" El Forge Limited, No.21C, A.R.K.Colony, Eldams Road, Alwarpet, Chennai 600 018.

8. Members, who are holding shares in identical order of names in more than one account, are requested to intimate to the Share Transfer Agents the ledger folio of such accounts together with the share certificates to enable the Company to consolidate all the holdings into one account. The share certificates will be returned to the members after making necessary endorsement in due course.

Demat Details – The Company's shares have been dematerialised with Central Depository Services Limited and National Securities Depository Ltd. The ISIN No. of the Company is INE 158F01017 and INE158F03013.

9. The dividend declared during 2005-06, 2006-07 and 2007-08 unclaimed as of date is in the unpaid dividend account. The shareholders who have not encashed their warrants may lodge the claim along with the warrant to the share department of the Company.
10. Website – Quarterly information on results and other developments are posted on the Company's Website : <http://www.elforge.com>
11. Appointment / Re-appointment of Directors

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange following information are furnished about the Directors proposed to be appointed / re-appointed vide Items No.2 & 3 of the notice dated 15.11.2012.

EL FORGE LIMITED

Name	Mr.V.Ramachandran	Mr.K.J.Ramaswamy
Age	64 Years	66 Years
Qualification	B.E	B.Sc
Experience	Professional exposure of 3 decades in the Auto Component Industry	4 Decades in Shipping and Customs House Agent
Other Directorships	Kar Mobiles Ltd VST Tillers Tractors Ltd The Vellore Electric Corporation Limited	Siddship Pvt Ltd D.A.Logistics & Farming Pvt Ltd
Committee Membership	Audit Committee Remuneration Committee	Audit Committee Remuneration Committee Shareholders Grievance Committee
Shareholding	331720	112500

The information pertaining to the Directors are provided in terms of Clause 49 of the Listing Agreement with the Stock Exchange(s).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

The company needs to scale up the operations and move to profitable levels. In order to achieve this the company requires additional funds for working capital needs. At present the company is highly leveraged and further debt will not help revival. Therefore the focus has to be on reduction of debt and infusion of funds for operations. This objective can be achieved if the company is able to sell the surplus land and use the proceeds for the purpose. In order to enable the company to embark on this exercise the resolution under item 5 has been put forth for your approval as required under section 293 (1)(a) of the companies Act,1956..

The proposal requires approval of the shareholders.

The Board of Directors of your Company recommend this resolution for your approval.

None of the directors of the company are interested in this resolution.

By Order of the Board

**R.SOWMITHRI
COMPANY SECRETARY**

Place : Chennai

Date : 15.11.2012

EL FORGE LIMITED
REPORT OF THE DIRECTORS

The Directors have pleasure in presenting the 76th Annual Report along with the Audited Accounts of the Company for the year ended 30th June, 2012 .

	For the year ended 30.06.2012 (12 Months)	15 months period ended 30.06.2011
	(RS.IN LAKHS)	
Gross Sales	9170.75	11216.38
Other Income	1397.37	352.64
Profit/(Loss) before Depreciation	(31.27)	(59.19)
Profit/(Loss) after Depreciation	(841.98)	(977.63)
Net Profit/(Loss) after tax	(918.12)	(977.63)

Year in Retrospect

The year was good in terms of the order book and customer approvals. During the year Funds were infused into the company thro the rights Issue and sale of land at Hosur to scale up the operations of the company. As the working capital support from bankers to augment the funds happened much later, the funds infused supported the servicing of the dues and scaling up was not possible. This led to the turnover being same as in the previous 12 months. This level is still below break even and hence the losses during the year. The sale of Hosur land resulted in a profit of Rs.13.97 crores which helped the company to mitigate the loss from operations

The manufacturing facility at Appur continues to be favoured by all customers and has been approved by the renowned OEM's like TRW of USA and Germany, GKN of UK and Italy, Bosch –Germany, Wabco etc to name a few. Paucity of working capital funds is the major constraint at present and the company is making all efforts to address the same and move to profitable operations .

Economic Situation

The growth of the Indian economy which was steady in the range of 7% to 8% has been affected by the uncertainty around the Globe. This coupled with the lack of political consensus in our country has compounded the problem which has led to a fall in the GDP to as low as 5.3% in the quarter ending in march 2012.

The global economy is passing through a volatile phase characterized by great uncertainty .Europe continues to be fragile and clarity on the course the Eurozone will move into is uncertain at this stage.

This has affected our Export business which declined from 22.34% in 2010-11 to 11.68% in the year under review.

Subsidiary Company

Shakespeare Forgings Ltd achieved a gross turnover of Rs 2804.58 lakhs for the year ended 30.06.2012 and earned a profit of Rs.321.91 lakhs for the said period. The UK economy has not improved and many manufacturing units have closed shop during the year. However Shakespeare Forgings has been able to survive the crises. Aware of this volatility our company is closely managing the affairs so that it does not depend on the parent for its operations.

Your Company has applied to the Company Law Board under Section 212(8) of the Companies Act, 1956 seeking exemption from attaching a copy of the Balance Sheet, Profit and Loss Account Report of the Board

EL FORGE LIMITED

of Directors and the Report of the Auditors of the subsidiary company along with the financial statements of your company. These documents can be requested for by any member, investor of the company. Further, in line with the Listing Agreement and in accordance with the Accounting Standard 21 (AS 21), Consolidated Financial Statements, prepared by the Company include financial information of its subsidiary.

Research & Development

R&D in El Forge is a continuous process. All efforts in product design and process development are directed at Customer's satisfaction, competitiveness, quality and responsiveness. This includes focus on material wastage reduction by improvement in technology and equipment with major emphasis at the Tool Room for value engineered die design and manufacture. Simultaneous efforts are made at the shop floor to improve manufacturing efficiency to sustain the development efforts.

Industrial Relations

Employees at all levels have contributed to the performance of your Company. Your directors place on record the co-operation of employees during the year under report.

Fixed Deposits

The Company has as on 30th June, 2012 deposits amounting to Rs.127.23 Lakhs. The provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit Rules) 1975 have been complied with in respect of the acceptance of deposits and all deposits that have matured and claimed during the year were paid on the due dates.

Statement pursuant to Section 217(2A) of the Companies Act, 1956

None of the employees come within the purview of Section 217(2A) of the Companies Act, 1956.

Information as per Section 217(1)(e) of the Companies Act, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988

In terms of the above rules, your Board is pleased to give the particulars of the Conservation of energy, Technology absorption and the Foreign Exchange earnings and outgo as prescribed therein, in the Annexure which forms part of the Directors Report.

Listing of Shares

Your Company's share are listed on the following Stock Exchanges namely,

1. Madras Stock Exchange Limited (As per MSE / NSE agreement, your Company's shares are allowed for trading in NSE Platform).
2. Bombay Stock Exchange Limited
3. Ahmedabad Stock Exchange Limited

Corporate Governance

Your Directors are pleased to report that your Company is fully compliant as on June 30, 2011 with the SEBI Guidelines on Corporate Governance as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange.

A detailed report on this subject forms part of this report.

Directors

Mr.V.Ramachandran and Mr.K.J.Ramaswamy, directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

EL FORGE LIMITED

Directors Responsibility Statement under Section 217(2AA) of the Companies Act, 1956

The Directors state that

- a) In the preparation of Annual Accounts the applicable accounting standards had been followed.
- 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 as at 30th June, 2012 and of the Profit or 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 the Companies Act 1956 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.

Auditors

M/s P.Rajagopalan & Co.,Chartered Accountants, Chennai, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The declaration under Section 224(1-B) of the Companies Act, 1956 has been received from them to this effect.

Cost Auditor

Your Company is required to maintain cost accounting records pursuant to the (Cost Accounting Records) Rules 2011 Vide notification dated 3rd June, 2011 and your Company had duly complied with the above requirement for the year ended 30th June, 2012.

Pursuant to order No. 52/26/CAB/2010 dt. 24th January, 2012 issued by Ministry of Corporate Affairs, the appointment of Cost Auditors become mandatory for your Company pursuant to provisions of Sec.23B of the Companies Act, 1956. Your Company has appointed a Cost Auditor for the financial year 2012-13 to conduct cost audit of the accounts and records maintained by the Company.

Acknowledgements

The Company places on record the unstinted co-operation of Corporate Debt Restructure (CDR), IDBI Mumbai and Bankers, State Bank of India, Axis Bank Limited, Union Bank of India, IDBI Bank Ltd, Royal Bank of Scotland (RBS), Export Import Bank of India, IndusInd Bank Ltd, Kotak Mahindra Bank Ltd and SBI Global Factors Ltd. We also thank all our Customers, Suppliers and others connected with the business for their co-operation. We sincerely thank the shareholders for their unstinted support.

By Order of the Board

Place : Chennai
Date : 15.11.2012

V.SRIKANTH
EXECUTIVE CHAIRMAN

EL FORGE LIMITED

ANNEXURE TO DIRECTORS' REPORT

Information in accordance with the Companies

(Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30th June, 2012.

CONSERVATION OF ENERGY

- | | |
|---|---|
| 1. Energy Conservation measures taken | Furnace oil gas and Power consumption are closely monitored to conserve energy. |
| 2. Additional Investments and proposals if any, being implemented for reduction of consumption of energy | — |
| 3. Impact of the measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods | — |

FORM A

(See Rule 2)

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2011-12 (12 Months)	2010-11 (15 Months)
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased		
Units	7331262	8782186
Total Amount (Rs.)	53679604	58219507
Rate / Unit (Rs.)	7.32	6.63
b. Own Generation		
Through Diesel Generator:		
Units	423773	280080
Units / Ltr. of Diesel Oil	2.75	2.70
Cost Per Unit (Rs.)	17.13	15.54
2. FURNACE OIL & L.D.OIL		
Quantity (in Ltrs.)	1197990	1355025
Total Amount (Rs.)	41344294	35044539
Average Rate (Rs.)	34.51	25.87
3. GAS FOR HEAT TREATMENT		
Quantity (in Kgs.)	212924	234740
Total Amount (Rs.)	12589422	10676170
Average Rate (Rs.)	59.13	45.48
B.CONSUMPTION PER UNIT OF PRODUCTION		
Product - Steel Forgings	Standards	Standards
Unit / MT. of Made Steel Forgings	(if any)	(if any)
a. Electricity (Units)	993	992
b. Furnace Oil/L.D. Oil (Ltrs.)	278	246
c. Gas (Kgs.)	63	59

Note: No standards are available for comparison.

EL FORGE LIMITED

FORM B

(See Rule 2)

**FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO
TECHNOLOGY ABSORPTION**

RESEARCH AND DEVELOPMENT (R&D)

- | | |
|---|---|
| 1. Specific areas in which R&D carried out by the Company | Research & Development is an ongoing process to improve the quality of end products |
| 2. Benefits derived as a result of the above R&D | 1) Developing new forgings, to meet specific requirements.
2) Reduction in cost and improvement in quality |
| 3. Future plan of action | Continued improvement in quality and productivity. |
| 4. Expenditure on R & D | |
| (a) Capital | |
| (b) Recurring | Expenditure on R & D is |
| (c) Total | not directly incurred during the period and |
| (d) Total R&D expenditure as percentage of total turnover | hence not ascertainable |

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

- | | |
|---|---|
| 1. Efforts in brief, made towards technology absorption, adoption and innovation | Continuous interaction with Technology Experts to improve quality, die-life, etc. |
| 2. Benefits derived as a result of the above efforts e.g. production improvement, cost reduction, product development, import substitution etc. | Reduction in Rejections and improvement in yield. |

FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|---|
| 1. Activities relating to Exports | Every attempt is made to quote for all Export enquiries. New markets are being explored. |
| 2. Initiatives taken to increase exports and development of new export markets for products and services and export plans. | 1. The company Executives are sent abroad to meet end use customers and agents to ensure customer's satisfaction.
2. Present and prospective buyers are being invited to see our production and inspection facilities.
3. Quality systems are constantly being upgraded to meet international requirements. |
| 3. Total Foreign Exchange | |
| (a) Used (Rs.) | 2147725 |
| (b) Earned (Rs.) | 107082062 |

EL FORGE LIMITED

Management Discussion and Analysis

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements as well as for the various estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

Opportunities & Threats

The state-of-the-Art shop is well equipped and quality certifications are also in place. This is a positive factor and has attracted major global auto manufacturers and Tier one giants like GKN, TRW etc. The order book continues to be encouraging and the factory being in the Auto belt in Chennai has a locational advantage in its potential for new business.

Fluctuating steel prices, rising fuel and power costs and increase in virtually every input costs are a threat to the business. Adequate working capital for operations is the specific need of the company.

Risk Management

The economic slow down in the USA Europe affect the exports of the Company. The volatile currency situation also affects the sales realization and loan outstanding position. The increasing domestic demand helps safeguard the operating volumes. It is anticipated that the Euro Zone's, Currency Strategy will stabilise the European demand. The currency management tools provide us the methods for handling the fluctuation in Dollar / Euro / GBP receivables and payables.

To manage risks, we focus on achieving low debt, zero inventory, (raw material & finished goods), immediate realisation of debtors, highest quality manufactured at lowest cost, entry into each product at the beginning of its life cycle, lateral thinking and application engineering, risk mitigation by cross industry application, energy management and daily review of all these facets with periodic scan of the economy.

This strategy will reduce our vulnerability to the market hostilities and help us have a sustained growth in the future.

Commodity Price Risk

The fluctuating prices of steel and oil is a continuous feature. Material price is made a pass through with Customers. The other increases in cost managed by effective cost control measures and taken up with the Customers at appropriate time.

Foreign Exchange Risk

The Company is exposed to foreign exchange risks on account of its increasing exports. Your Company has formulated a hedging strategy for foreign currency exposures.

Internal control systems and their adequacy

The Company has an internal control system that is geared towards achieving efficiency in operations, optimum utilisation of resources, effective monitoring and compliance with all applicable laws and regulations.

EL FORGE LIMITED

The Company has in place a proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and stated properly and applicable statutes and Corporate policies are duly complied with.

Human Resources

El Forge has always been a people driven Company and its employees remain its most valuable asset. Our employees have always extended full cooperation and support in good as well as difficult times, and have unstintingly helped to deliver on all our commitments.

The Human Resources practices at your Company empower the employees through greater knowledge, opportunity, responsibility, accountability and reward. Emphasis is laid on identifying & nurturing talent. Continuous improvement techniques are followed for betterment of the skills in the organisation by implementing TQM & other training programs and there exists an excellent system of assessment of the employees based on the principles and practices of Balanced Score Card.. There are 529 employees on the rolls of the Company.

Outlook

We believe that global opportunities for Companies like us will accrue due to the cost of manufacture being prohibitive in the West. While we are aware of the risks, we are confident of improving the performance through appropriate marketing programmes. We propose to continue developing capacities and capabilities to cater to the global supply chain.

Cautionary Statement

The information and opinion expressed in this Report may contain certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. The management shall not be liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. Prior written permission of the Company may be obtained for furnishing this information to any person.

EL FORGE LIMITED

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

1. Company's Philosophy on Code of Governance

El Forge was founded in 1934 as a Public Limited Company and has been governed on the principle of "Trusteeship". The philosophy of "Trusteeship" as the core value and basis of management, when translated into action is exhibited as 'transparency', 'responsibility' and 'integrity' and behavior conforming to ethical practices.

This principle inheres through the organization and every employee pledges to abide by them, in order to ensure that highest standards are maintained in the conduct of the organization in its interaction with its stake holders, society and Government.

2. Composition of Board

The Board of Directors has a mix of Executive and Non Executive Directors. The Board is comprised of whole time Directors– Executive Chairman and Vice Chairman & Managing Director. Five Directors are Non-Executive Directors. Accordingly, the composition of the Board is in conformity with the listing agreement.

All the Non Executive Directors are liable to retire by rotation as per the provisions of the Companies Act, 1956.

Details of Composition of the Board of Directors, Directors' Attendance Records and Directorships are given below

Name of the Director	Category	Attendance Particulars			No. of other Directorships and Committee Memberships / Chairman-Ships in other Indian Public Companies		
		Number of Board Meetings			Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended	Last AG M			
Mr.V.Srikanth	Executive	6	6	Yes	2	2	-
Mr.K.V.Ramachandran	Executive	6	6	Yes	2	3	--
Mr.P.L.Reddy	Non-Executive & Independent	6	6	Yes	--	3	2

EL FORGE LIMITED

Mr.V.Ramachandran	Non-Executive & Non Independent	6	5	Yes	3	2	--
Mr.K.J.Ramaswamy	Non-Executive & Independent	6	4	Yes	5	2	1
Mr.Balraj Vasudevan	Non-Executive & Independent	6	3	Yes	6	2	--
Mr.K.Ajit Kumar	Non Executive Nominee	6	3	No	3	--	--

3. Audit Committee

The Audit Committee was constituted in March 2002. The powers and the role of the Audit Committee are in accordance with Clause 49 II (C) and (D) of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee include:

- a) To review financial statements and pre-publication announcements before submission to the Board.
- b) To ensure compliance of internal control systems and action taken on internal audit reports.
- c) To appraise the Board on the impact of accounting policies, accounting standards and legislation.
- d) To hold periodical discussions with statutory auditors and internal auditors on the scope and consent of the audit.
- e) To review the Company's financial and risk management policies.
- f) To make recommendations to the Board on matters relating to the financial management of the Company including Audit Report.

During the financial year 2011-2012, four Audit Committee Meetings were held on 30th August, 2011, 11th November, 2011, 9th February, 2012, and 11th May, 2012.

The Composition of the Audit Committee and details of meetings attended by Directors are given below :

Name of the Directors	Category	Number of Meeting attended during 2011-12	
		Held	Attended
Mr.P.L.Reddy, Chairman of the Committee	Independent Director	4	4
Mr.V.Ramachandran, Member	Non Executive Director	4	4
Mr.K.J.Ramaswamy, Member	Independent Director	4	3
Mr.Balraj Vasudevan	Independent Director	4	2

EL FORGE LIMITED

4. Remuneration of Directors

A remuneration Committee was constituted on 12.06.2004. The broad terms of reference of the Remuneration Committee are as follows:

- a) Review the remuneration of the Executive Chairman and Vice Chairman & Managing Director after considering the Company's performance.
- b) Review and recommend payment of commission to the Chairman, Vice Chairman & Managing Director and Deputy Managing Director.
- c) Recommend to the Board, the remuneration including Salary, Perquisites and Commission to be paid to the Whole time Directors of the Company.

Composition of the Remuneration Committee and the details of the meetings attended.

Name of the Directors	Category	Number of meeting attended during 2011-12	
		Held	Attended
Mr.P.L.Reddy Chairman of the Committee	Independent Director	1	1
Mr.V.Ramachandran Member	Non Executive Director	1	1
Mr.K.J.Ramaswamy Member	Independent Director	1	--
Mr.Balraj Vasudevan Member	Independent Director	1	--

Details of Remuneration paid to Board of Directors

Non-whole time Directors					
Name	Sitting Fees (Rs.)	Name	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr.P.L.Reddy	28000	Mr.V.Srikanth	1590000	1295172	2885172
Mr.V.Ramachandran	25000	Mr.K.V.Ramachandran	1552500	1260781	2813281
Mr.K.J.Ramaswamy	19500				
Mr.Balraj Vasudevan	14000				
Mr.K.Ajit Kumar	12000				
Total	98500		3142500	2555593	5698453

Service Contracts, Severance Fees and Notice Period

Period of Contract of Vice Chairman : 5 Years from 1.4.2009
& Managing Director

Period of Contract of Executive Chairman : 5 Years from 1.7.2009

EL FORGE LIMITED

5. Shareholders Committee

The Committee consists of Mr.V.Srikanth, Mr.P.L.Reddy & Mr.K.J.Ramaswamy, Directors. Mr.P.L.Reddy, heads this committee. The Committee meets at frequent intervals to consider, inter alia share transfers, shareholders' complaints etc.

During the Financial Year 2011-12 four Shareholders / Investors Grievance Committee Meetings were held on 30th August, 2011, 11th November, 2011, 9th February, 2012, and 11th May, 2012.

The Composition of the Investors Grievance Committee and details of the meetings attended by the Directors are given below

Name of Members	Category	No.of Meetings attended During the year 2011-2012
Mr.V.Srikanth	Executive Director	4
Mr.P.L.Reddy	Non Executive & Independent Director	4
Mr.K.J.Ramaswamy	Non Executive & Independent Director	3

Mrs.R.Sowmithri, the Company Secretary is the Compliance Officer and Chief Financial Officer.

Shareholders' complaints are attended, immediately, on receipt of complaint, to the satisfaction of the Shareholders.

6. General Body Meetings.

Location and time where last three Annual General Meetings were held are given below:

Financial Year	Location of the meeting	Date	Time
2008-2009	Narada Gana Sabha Mini Hall, 314, T.T.K.Road, Alwarpet Chennai 600018	Sep 17, 2009	10.30 am
2009-2010	Narada Gana Sabha Mini Hall, 314, T.T.K.Road, Alwarpet Chennai 600018	Aug 19, 2010	10.30 am
2010-2011	Narada Gana Sabha Mini Hall, 314, T.T.K.Road, Alwarpet, Chennai 600018	Nov 30, 2011	10.30 am

No Special Resolution was required to be passed through postal ballot at any of the above General Meetings last year. This year the Company has not proposed any Special Resolutions requiring Postal Ballot.

7. Subsidiary Companies

The accounts of Shakespeare Forgings Ltd, the wholly owned subsidiary are placed before the Board of Directors of the Company and the attention of the Directors is drawn to all significant transactions and arrangements entered into by the Subsidiary Company.

8. Disclosures

Details of related party transactions :

There are no materially significant related party transactions which may have potential conflict with the interests of the Company at large during the year under report.

EL FORGE LIMITED

Pecuniary relationship or transactions of the Non-executive Directors

There is no material transaction with any Non-Executive as well as Independent Directors of the Company that requires separate disclosure.

Details on the use of proceeds from Public Issues, rights issues, Preferential Issues etc.

The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standard.

The Managing Director (CEO) and the Company Secretary also CFO have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO / CFO certification for the financial year ended 30th June 2012.

Details of Information on appointment of new / re-appointment of Directors

A brief resume, nature of expertise in specific financial areas, names of companies in which the person already holds directorship and membership of committees of the Board and the shareholding in the Company forms part of the Notice of General Meeting, annexed to this Annual Report

Details of Non-compliance, penalties, strictness imposed on the Company by Stock Exchange or SEBI or any Statutory Authority or any matter related to Capital markets during the last three years.
None.

9. **Secretarial Audit**

As required under Section 55A of SEBI (Depositories and Participants) Regulations, 1996, Secretarial Audit was carried out by a qualified practicing Company Secretary on a quarterly basis, to reconcile the total admitted capital with both the depositories and the total issued and listed capital. The total number of shares in physical form and the total number of dematerialized shares held with the depositories were in agreement with the total issued, paid up and listed capital.

10. **Means of communication**

The quarterly, half-yearly and full year results are published in Malai Murasu and Financial Express and Business Standard, Mumbai.

The quarterly results are posted on the Web site : <http://www.elforge.com>

11. **Management Discussion and Analysis Report**

– Forms part of the annual report

12. **General Shareholders information**

- a) Annual General Meeting
- | | |
|---------------|--|
| Date and Time | : 17 th December, 2012 at 10.45 AM |
| Venue | : "Nagar Hall" South India Hire Purchase Association
"Desabandhu Plaza, 1 st Floor, 49, Whites Road
Royapettah, Chennai 600 014 |

b) **Financial Calendar**

The Financial Year of the Company from July to June. The results for every quarter beginning from July is declared within 45 days from the end of the quarter the audited results were declared in August as permitted under the listing agreement.

EL FORGE LIMITED

c) **Date of Book Closure**

The Directors decided to close the Register of Members on 11th December, 2012 to 17th December, 2012 both days inclusive.

d) **Listing on Stock Exchanges**

The Company's shares are listed on the following three Stock Exchanges in India.

Madras Stock Exchange Ltd

"Exchange Building"

2nd Line Beach

Chennai 600 001

(As per agreement between Madras Stock Exchange (MSE) & National Stock Exchange (NSE), your Company's shares are allowed to be traded in NSE Platform)

Bombay Stock Exchange Ltd

Phiroze Jee Jee Bhoy Towers

Dalal Street

Mumbai 400 001

Ahmedabad Stock Exchange Ltd

Kamadenu Complex

Opp.Sahjanand College

Panjarapole, Ahmedabad 380 015

e) **Stock Code**

Bombay Stock Exchange Limited

Code No.531144

Ahmedabad Stock Exchange Limited

Code No. 15750

f) **Market Price Data**

The details of monthly highest and lowest closing quotations of the equity shares of the Company at the Stock Exchanges, Mumbai during the financial year 2011-12 are as under:

Month	Quotations at Bombay Stock Exchange (BSE)		Quotations at National Stock Exchange (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
July 2011	12.80	10.18	13.30	11.90
August' 2011	11.35	9.15	9.90	9.75
September' 2011	11.20	9.50	11.15	10.05
October' 2011	11.45	9.50	11.45	9.50
November 2011	10.23	8.22	9.40	8.95
December' 2011	10.20	7.36	8.70	7.75
January 2012	10.25	7.57	10.10	9.75
February 2012	10.10	8.16	9.55	9.50
March 2012	9.38	7.25	8.50	8.50
April' 2012	8.74	6.85	8.74	6.85
May 2012	9.35	6.41	9.35	6.41
June 2012	8.40	6.50	6.85	6.85

EL FORGE LIMITED

g) Registrars and Share Transfer Agents

M/s.Integrated Enterprises (India) Ltd, "Kences Towers", 2nd Floor, No.1, Ramakrishna Street T.Nagar, Chennai 600 017, Phone : 044 – 28140801, Fax : 044 – 28143378, Demat ISIN No. INE 158F01017

h) Share Transfer System

Applications for transfer of shares held in Physical form are received at the Registrars and Share Transfer Agents of the Company. The Power to approve transfer of shares has been delegated by the Board to the Share Transfer Committee.

Physical shares received for dematerialisation are processed and completed within a period of 15 days from date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the Shareholders. For those who opt for dematerialisation of shares, shares are dematerialised and electronic credit given through the registrars.

i Investor Services

Complaint received during the year

Nature of the Complaints	For the Year 2011-12	
	Received	Cleared
Relating to Transfer, Transmissions, Dividend, Demat and Remat and Change of Address etc.	3	3

j) Distribution of Shareholdings as on 30th June, 2012

Sl.No	Category	No.of Holders	% of Holders	No.of Shares	% of Shares
1.	Upto 500	8629	82.95	1109055	5.46
2	501 to 1000	732	7.04	587841	2.89
3.	1001 to 2000	404	3.88	607667	2.99
4.	2001 to 3000	183	1.76	464787	2.29
5.	3001 - 4000	77	0.74	275746	1.36
6.	4001 - 5000	64	0.62	301015	1.48
7.	5001 - 10000	120	1.15	867889	4.27
8.	10001 and above	194	1.86	16110304	79.27
*** Total ***		10403	100.00	20324304	100.00

k) Pattern of Shareholding as on 30th June .2012

Sl.No.	Category	No.of Shares	% of Shareholding
1.	Promoters	8385858	41.26
2.	Corporate Bodies	782965	3.85
3.	Mutual Funds	1605	0.01
4.	Bank's	990	0.00
6.	NRI's/Foreign Nationals	50329	0.25
7.	Public	11102557	54.63
	Total	20324304	100.00

EL FORGE LIMITED

I) Dematerialisation of shares and liquidity

About 95% of the shares have been dematerialised as on June 30, 2012. The Equity shares of the Company are permitted to be traded in dematerialised form.

Demat ISIN No allotted to the Company is INE 158F01017

13. Address for Correspondence :

Plant location :- Given in the first page of Annual Report

To the Company	To the Registrar & Transfer Agent - for Shares Transfers / Transmissions etc.
Mrs.R.Sowmithri Compliance Officer Company Secretary 21C, A.R.K.Colony, Eldams Road, Alwarpet, Chennai 600 018 Ph No. 42207800 - Fax No.42014708 Email : edf@elforge.com	Mr.K.Suresh Babu Vice President Integrated Enterprises (India) Ltd Kences Towers, 1, Ramakrishna Street T.Nagar, Chennai 600 017 Ph : 28140801 / 28140802 Email : corpserv@iepindia.com

14. Insider Trading

Pursuant to the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has adopted a code of conduct for prevention of insider trading and required disclosure practices.

15. Compliance with Non-mandatory Requirements

The status of compliance in respect of non-mandatory requirements of Clause 49 of Listing Agreement.

- i) The Board : No specific tenure has been specified for the Non Executive Directors Mr.P.L.Reddy, Mr.K.J.Ramaswamy, Mr.Balraj Vasudevan and Mr.V.Ramachandran.
- ii) Remuneration Committee : Details are given under the heading Remuneration Committee.
- iii) Shareholder Rights - The financial results are also put up on the Company's website.
- iv) Audit Qualification : During the period under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- v) Mechanism for evaluation of non-executive Board Members –The performance evaluation of non-executive members is done by the Board annually based on criteria of attendance and contributions at Board Committee meetings as also role played / contributions other than at meetings.

EL FORGE LIMITED

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct.

In accordance with Clause 49 sub-clause 1(D) of the Listing Agreement with Stock Exchanges, I hereby confirm that all the Directors of the Company have affirmed compliance to their respective codes of conduct as applicable to them for the 15 month period ended 30th June 2011

Place : Chennai
Date : 15.11.2012

K.V.RAMACHANDRAN
VICE CHAIRMAN&MANAGING DIRECTOR

EL FORGE LIMITED

AUDITORS REPORT ON CORPORATE GOVERNANCE

To

The Members
M/s.El Forge Limited

We have examined the compliance of conditions of Corporate Governance by M/s.El Forge Limited, for the year ended 30th June 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited review to procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that while the Shareholders/Investor Grievance Committee has not maintained records to show the investor grievances pending for a period of one month against the Company, the Registrars of the Company have maintained the records of Investor Grievances and certified that as at 30th June, 2012 there were no Investor Grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P.RAJAGOPALAN & Co.,
CHARTERED ACCOUNTANTS

Place : Chennai
Date : 15.11.2012

R.VENKATESH
PARTNER
(M.No.28368)

EL FORGE LIMITED

The Board of Directors
El Forge Limited
338, Ambujammal Street
Alwarpet
Chennai 600 018

CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We hereby certify that for the year ended 30th June 2012 on the basis of the review of the financial statements and the cash flow statements and the best of our knowledge and belief.

1. These statements do not contain any materially untrue statement or omit to state a material fact or contain statement that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
3. These are to the best of our knowledge and belief, no transactions entered into by the Company during the year 2011-12 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company
5. We further certify that
 - a) There has been no significant changes in internal control over financial reporting during the year.
 - b) There have been no significant changes in accounting policies during the year.
 - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Chennai

Date : 15.11.2012

K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR

R.SOWMITHRI
COMPANY SECRETARY

EL FORGE LIMITED
REPORT OF THE AUDITORS TO THE MEMBERS OF EL FORGE LIMITED

1. We have audited the attached Balance Sheet of EL Forge Limited as at June 30, 2012, the Statement of Profit and Loss for the Year ended on that date and the Cash Flow Statement for the Year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (referred to as "the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and the basis of the such verification of books and records of the company, as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;
 - e. On the basis of written representations received from the directors, as on June 30, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2012 from being appointed as a director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956; and
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with schedules and notes thereon, give the information

EL FORGE LIMITED

required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of the Company's affairs as at 30th June, 2012.
- ii) In the case of the Statement of Profit and Loss, of the Loss of the company for the Year ended on that date; and
- iii) In the case of cash flow statement, of the cash flows for the Year ended on that date.

For P. RAJAGOPALAN & CO
Chartered Accountants
Regn No. of the Firm: 003408S

PLACE: CHENNAI
DATE : 24.08.2012

R. VENKATESH
Partner
(M.No. 28368)

EL FORGE LIMITED
ANNEXURE TO AUDITORS' REPORT
(Referred in paragraph 03 of our report of even date)

To
The Members of EL Forge Limited

01. Fixed Assets: -

- (01) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (02) As explained to us, all the fixed assets have been physically verified by the management at once in a year, which in our opinion is reasonable, having regard to the size of the company and the nature of the fixed assets; material discrepancies were not noticed on such physical verification;
- (03) In our opinion, substantial part of fixed assets have not been disposed off during the year, and the going concern status of the company is not affected;

02. Inventories: -

- (01) As explained to us, the management of the company has conducted physical verification of inventories at reasonable intervals.
- (02) In our opinion and based on the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business; and
- (03) The company has maintained proper records of inventories; and as explained to us, material discrepancies were not noticed on such physical verification;

03. Loan, either granted or taken, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956:-

(01) Loans Granted

- (a) The company has not granted any loan, secured/ unsecured to parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (b) Accordingly, the remaining part of the clause of the Order, namely (01) whether the rate of interest and other terms and conditions of the loan are, *prima facie*, prejudicial to the interest of the company; (02) whether receipt of principal and interest are regular; and (03) whether reasonable steps have been taken by the company, if the overdue amount is more than Rupees one Lakh, is not applicable to the company, for the Year under report;

(02) Loans taken

- (a) The company has taken unsecured loans (Fixed Deposit Accepted) from companies/ firms/ other parties covered in the register maintained under Section 301 of the Companies Act 1956. The details of number of the parties and amount involved, in respect of the aforesaid loan as at end of the financial year under report, are 7 and Rs. 3932000/= respectively.
- (b) In our opinion, the rate of interest and other terms and conditions of the loan are, *prima facie*, not prejudicial to the interest of the company; and
- (c) In our opinion, payment of principal and interest are regular.

EL FORGE LIMITED

04. Internal Control: -

In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and service. Further, on the basis of examination of the books and records, in accordance with auditing standards the generally accepted in India, and according to the information and explanation given to us, we have neither come across nor we have been informed of any instance of major weaknesses in internal control system; hence the question of continuing failure to correct major weakness does not arise.

05. Specified Parties Transactions: -

As per the examination of the books of account and other records, in accordance with the generally accepted auditing standards, in India, and on the basis of the information and explanations given to us, contracts or arrangements referred to Section 301 of the Companies Act, 1956, have not been entered into by the company, during the year under report; except the Fixed deposits which have already been dealt with paragraph 03 above. Accordingly, the remaining part of the clause of the Order, namely, whether such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, is not applicable to the company for the Period under report.

06. Public Deposits: -

In our opinion and according to the information and explanation given to us the company has complied with the directives issued by the Reserve Bank of India, the provision's of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under, with regard to the acceptance of deposits from the public. As explained to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve bank of India or any other Court or any other Tribunal on Company in respect of the aforesaid deposits.

07. Internal Audit System: -

In our opinion, the Internal Audit carried out by a firm of chartered accountants, is commensurate with its size and nature of its business of the company.

08. Cost Records: -

We have broadly reviewed the books of accounts relating to material, labour and other items of cost maintained by the company pursuant to the rules made by central government for the maintenance of cost records under Sec 209(1)(d) of the companies Act, 1956, and we are of opinion that prima face the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.

09. Statutory Dues: -

(01) As per the records examined by us, the company is not regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax etc. with the appropriate authorities. As per the records examined by us, an

EL FORGE LIMITED

amount of Rs. 5015731/- has been outstanding towards statutory dues, as at the last day of the financial Period under report, for a period of more than six months from the date they became payable.

(02) The Details of disputed amount of Income Tax / Sales Tax / Wealth Tax / Service Tax / Custom duty / Excise Duty / Cess, are given below:

Sl.No	Nature of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Period to which the Amount relates	Forum where dispute is pending
1	ESI	ESI Contribution	2.08	Year -2001	Employees Insurance court, Chennai
2	Income Tax	Income Tax Demand	0.03	Assessment Period 2004-05	CIT Appeals Chennai
3	Income Tax	Income Tax Demand	75.57	Assessment Period 2007-08	CIT Appeals Chennai
4	The Service Tax	Service Excise Demand	25.85	2002-03 to 2009-10	Commissioner Appeals of Central Excise & Service Tax, Chennai
5	The Central Excise	Excise Demand	1.47	2003-04 to 2006-07	Commissioner of Central Excise Chennai IV Commissionnerate
6	The Central Excise	Excise Demand	5.06	2007-08	Deputy Commissioner Central Excise Tambaram
7	The Central Excise	Excise Demand	5.13	2001-02 to 2005-06	Customs, Excise & Service Tax Appellate Tribunal
8	The Central Excise	Excise Demand	9.00	2007-08	Assistance Commissioner of Central Excise Div. Hosur
9	The Central Excise	Excise / Interest Demand	7.16	2005-06 to 2010-11	Assistance Commissioner of Central Excise Chennai III
10	The Central Excise	Excise Demand	0.07	2009-10	Assistance Commissioner of Central Excise Hosur
11	The Central Excise	Excise Demand	1.30	2009-10	Assistance Commissioner of Central Excise Tambaram II

EL FORGE LIMITED

10. Net worth: -

The company has accumulated loss amounting to Rs.261699675/- at the end of the financial year under report. The company has incurred cash losses during the financial year under report.

11. Default in certain dues: -

Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has defaulted in repayment of dues to financial institutions / banks amounting to Rs.29703890/- and Rs.14119291 towards principal and interest respectively as on 30.06.2012.

12. Adequacy of Certain Loan Documents: -

The Clause, relating to adequacy of documents and records required to be maintained in cases where the company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and the deficiencies, if any, in this regard, is not applicable to the company for the Year under report, since company has not granted any loans and advances on the basis of such securities.

13. Special Statutes

In our opinion, the company has not engaged in the activities relating to chit fund or nidhi/ mutual benefit fund/ societies, accordingly the clause requiring the matters, namely, (01) the net-owned funds to deposit liability ratio is more than 1:20 as on the date of balance sheet, (02) Compliance with the prudential norms on income recognition and provisioning against sub-standard/ default/ loss assets, (03) adequacy of procedures for appraisal of credit proposals/ requests, assessment of credit needs and repayment capacity of the borrowers, and (04) the repayment schedule of various loans granted by the nidhi is based on the repayment capacity of the borrower and would be conducive to recovery of the loan amount, is not applicable to company for the Year under report.

14. Dealing in securities

As per the records of the company, the company was not dealing/ trading in shares, securities, debentures and other investments. Accordingly, reporting the maintenance of proper records of the transactions and contracts and timely entries therein and holding of the shares, securities, debentures and other securities, in its own name except to the extent of the exemption, if any, granted under section 49 of the Companies Act, 1956, does not arise.

15. Guarantee Given

The company has given a guarantee for loans taken by its subsidiary company (Wholly owned Foreign subsidiary) from a foreign bank and also in respect of loan taken by a domestic company from its banker. In our opinion, the terms and conditions thereof are not prejudicial to the interest of the company.

16. Term Loan Applications

As explained to us, the company has not obtained new term loans (excluding funded interest term loans on account of corporate debts restructure) during the Year under report; and it has been further explained that the term loans (taken in earlier Year) were applied for the purpose for which the loans were obtained.

EL FORGE LIMITED

17. Application of short and long term funds

According to the information and explanation given to us, and an overall examination of the Balance Sheet of the company as at the end of the financial Year under report, in our opinion, the company has not applied short-term fund towards long-term application.

18. Preferential Allotment

The Company has not made any preferential allotment of shares to the parties covered under Sec 301 of Company Act 1956 during the year under report.

19. Securities in respect of debentures issued

The company has not issued any debentures during the financial year under report and accordingly, the question, "Whether securities have been created in respect of debentures issued" does not rise.

20. Public Issue

The Company has raised money by way of right issue to existing share holders is during the year under report.

21. Fraud

Based on the examination of the books of account and on the information and explanations given to us, no fraud on or by the company has been noticed or reported during the Year under report; and remaining part of the clause relating to "the nature and the amount involved is to be indicated" is not applicable to the company for the Year under report.

For P. RAJAGOPALAN & Co
Chartered Accountants
Regn No. of the Firm: 003408S

PLACE: CHENNAI
DATE : 24.08.2012

R. VENKATESH
Partner
(MNo. 28368)

EL FORGE LIMITED

BALANCE SHEET AS AT 30th JUNE 2012

(Rs. In Thousands)

Particulars	Note	AS AT 30 th JUNE 2012	AS AT 30 th JUNE 2011
EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	1	323324	86295
(b) Reserves and Surplus	2	92973	85798
		416297	172093
2. Share Application Money Pending Allotment	3	1032	50000
3. Non-Current Liabilities			
(a) Long-term borrowings	4	807409	1057437
(b) Deferred Tax liabilities (Net)		---	---
(c) Other Long term liabilities		---	---
		807409	1057437
4. Current Liabilities			
(a) Short term borrowings	5	371983	293519
(b) Trade payables	6	241216	208883
(c) Other current liabilities	7	303988	202754
(d) Short term provisions	8	2257	768
		919444	705924
TOTAL		2144182	1985454
II. ASSETS			
Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	9	1110599	1157517
(ii) Intangible assets		---	---
(iii) Capital work-in-progress		35586	30409
(iv) Intangible assets under development			
(b) Non-current investments	10	47105	47105
(c) Deferred tax assets (net)		---	---
(d) Long-term loans and advances	11	83578	79384
(e) Other non-current assets	12	158638	162888
		1435506	1477303
2. Current Assets			
(a) Current investments		---	---
(b) Inventories	13	187380	171628
(c) Stock in trade (Land)	14	120300	---
(d) Trade receivables	15	313944	255156
(e) Cash and Bank Balances	16	19491	18553
(f) Short-term loans and advances	17	29610	25108
(g) Other current assets	18	37951	37706
		708676	508151
TOTAL		2144182	1985454
Notes on Financial Statements	26		

As per our annexed report
For P. RAJAGOPALAN & CO.
Chartered Accountants
Regn No. of the Firm: 003408S
R. VENKATESH
PARTNER
MNo: 28368
Place: Chennai
Date: 24-08-2012

R.SOWMITHRI
COMPANY SECRETARY

On behalf of the board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR

EL FORGE LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30th JUNE 2012

(Rs. In Thousands)

Particulars	Note	2011 – 2012 (12 Months)	2010 – 2011 (15 Months)
I. Revenue from Operations	19	833007	1042051
II. Other Income	20	139737	35264
III. Total Revenue (I+II)		<u>972744</u>	<u>1077315</u>
IV. Expenditure			
a) Cost of Materials Consumed	21	412414	497042
b) Changes in inventories of finished goods, work in progress and Stock-in- trade	22	48380	75676
c) Employee benefits expense	23	121877	131937
d) Finance Costs	24	120379	78835
e) Depreciation and amortization expense		81071	91845
f) Other expense	25	272822	299743
Total Expenditure (a to f)		<u>1056943</u>	<u>1175078</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		<u>(84199)</u>	<u>(97763)</u>
VI. Exceptional Items		---	---
VII Profit before tax (V-VI)		<u>(84199)</u>	<u>(97763)</u>
VIII. Tax Expense:			
(1) Current tax		---	---
(2) Prior period tax provision		7614	---
Total		<u>7614</u>	<u>---</u>
IX. Profit /(Loss) for the year(VII-VIII)		<u>(91813)</u>	<u>(97763)</u>
XII. Earnings per equity share(of Rs.10 each):			
(1) Basic		-5.01	-11.33
(2) Diluted		-5.01	-11.33
Notes on Financial Statements	26		

As per our annexed report
For P. RAJAGOPALAN & CO.
Chartered Accountants
Regn No. of the Firm: 003408S
R. VENKATESH
PARTNER
MNo: 28368
Place: Chennai
Date: 24-08-2012

R.SOWMITHRI
COMPANY SECRETARY

On behalf of the board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
1. Share Capital		
(01) Authorised Share Capital		
(01) Equity Shares Capital		
(A) Number of Equity Shares	26000000	10000000
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of Authorised Equity Share Capital	260000	100000
(b) Preference Share Capital		
(A) Number of Preference Share	1300000	300000
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Authorised Preference Share Capital	130000	30000
(c) Summary Authorised Share Capital		
(A) Equity Share Capital	260000	100000
(B) Preference Share Capital	130000	30000
(C) Total	390000	130000
(02) Issued, subscribed and Fully Paid up		
(a) Equity Share Capital		
(A) Number of Equity Shares	20324304	8629524
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of paid up Equity Share Capital	203243	86295
(b) Preference Share Capital		
(A) Number of Preference Share	1200806	---
(B) Face Value per Preference Share (in Rs.)	100	---
(C) Total Amount of Paid up Preference Share Capital	120081	---
(c) Summary Issued, subscribed & Paid up Capital		
(A) Equity Share Capital	203243	86295
(B) Preference Share Capital	120081	---
(C) Total	323324	86295
(03) Share Reconciliation (Shares in Numbers)		
(a) Equity Share of Rs.10/= each (in No.)		
(A) No. of shares at the beginning	8629524	8629524
(B) No. of shares issued during the year/ period	11694780	---
(C) Sub-Total	20324304	8629524
(D) Less: Adjusted/ Redeemed/ Buyback	---	---
(E) Closing Balance	20324304	8629524
(b) Preference Share of Rs. 100/= Each (in No.)		

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(A) No. of shares at the beginning	---	---
(B) No. of shares issued during the year/ period	1200806	
(C) Sub-Total	1200806	---
(D) Less: Adjusted/ Redeemed/ Buyback	---	---
(E) Closing Balance	1200806	---
(04) Shareholding more than 5% Equity Shares		
(a) Equity Shares		
(A) Chendur Forgings Ltd		
(i) No. Equity Shares	7065006	2287003
(ii) Percentage	34.76%	26.50%
(B) Yogesh Devkumar Agrawal		
(i) No. Equity Shares	1375000	---
(ii) Percentage	6.77%	---
(b) Preference Shares		
(A) State Bank of India (No of shares & Percentage)	545 & 45.46%	---
(B) Axis Bank Ltd (No of shares & Percentage)	307 & 25.28%	---
(C) Union Bank of India (No of shares & Percentage)	108 & 9.01%	---
(D) Export & Import Bank of India (No of shares & %)	209 & 17.47%	---
(E) IDBI Bank Ltd., (No of shares & Percentage)	31 & 2.78%	---
(05) Conversion of Preference shares to Equity Shares		
(a) Purly at the option of the bank		
(b) Extend of option: either fully or partly		
(06) Redemption of Preference shares to Equity Shares		
(a) If the option of conversion is not exercised, redemption		
(A) on 01-04-2016	One Third	Not Applicable
(B) on 01-04-2017	One Third	Not Applicable
(C) on 01-04-2018	One Third	Not Applicable
(07) Other details		
(a) Equity Shares allotted for acquisition of Subsidiary		
(A) Shakespeare Forgings Limited, UK		
(i) Total	1265329	1265329
(ii) For a consideration other than cash	50329	50329
(iii) For a consideration	1215000	1215000
02. Reserves & Surplus:		
(01) Capital Reserves (Share Premium)		
(a) Opening Balance (Since last Balance Sheet)	234381	234381
(b) Add: Additions/ Transfers/ Created	---	---
(c) Sub-Total	234381	234381
(d) Less: Utilized/ Adjusted (Right Issue Expenses)	7983	---
(e) Closing Balance	226398	234381

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(A) No. of shares at the beginning	---	---
(B) No. of shares issued during the year/ period	1200806	
(02) Capital Reserves (Other than Share Premium)		
(a) Opening Balance (Since last Balance Sheet)	21586	21586
(b) Add: Additions/ Transfers/ Created	106689	---
(c) Sub-Total	128275	21586
(d) Less: Transfers/ Utilized/ Adjusted	---	---
(e) Closing Balance	128275	21586
(03) Revaluation of Fixed Assets Reserve:		
(a) Opening Balance (Since last Balance Sheet)	283	599
(b) Add: Additions/ Transfers/ Created	71	---
(c) Sub-Total	354	599
(d) Less: Transfers/ Utilized/ Adjusted	354	882
(e) Closing Balance	---	-283
(04) General Reserves		
(a) Opening Balance (Since last Balance Sheet)	---	120300
(b) Add: Additions/ Transfers/ Created	---	---
(c) Sub-Total	---	120300
(d) Less: Transfers/ Utilized/ Adjusted	---	120300
(e) Closing Balance	---	---
(05) Surplus: Closing Balance of Profit & Loss A/C		
(a) Opening Balance [Surplus/ Defecit (-)]	-169887	-192423
(b) Add: Profit/ Loss (-) [Per Statement of Profit & Loss]	-91813	-97763
(c) Add: Adjustments General Reserve	---	120300
(d) Sub-Total	-261700	-169886
(e) Less: Transfers to general Reserves	---	---
(f) Less: Provisions for Dividend	---	---
(g) Less: Provisions for Dividend Tax	---	---
(h) Closing Balance	-261700	-169886
(06) Summary of Closing Balance		
(a) Capital Reserves (Share Premium)	226398	234381
(b) Capital Reserves (Other then Share Premium)	128275	21586
(c) Revaluation Reserve	---	-283
(d) General Reserve	---	---
(e) Surplus/ Defecit (-)	-261700	-169886
Total	92973	85798
03. Share Application Money Pending Allotments		
(01) Amount Pending Allotment	1032	50000

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
04.Long term Borrowings:		
(01) Term Loans		
(a) From Banks		
(A) Secured	802098	1050061
(B) Unsecured	---	---
(C) Total	802098	1050061
(b) From Others		
(A) Due from Related Parties		
(i) Secured	---	---
(ii) Unsecured	1748	1648
(iii) Sub- Total	1748	1648
(B) Due from Others		
(i) Secured	---	---
(ii) Unsecured	3226	4995
(iii) Sub- Total	3226	4995
(C) Total		
(i) From Related Parties	1748	1648
(ii) From Others	3226	4995
(iii) Total	4974	6643
(c) Summary of Term Loans		
(A) From Banks	802098	1050061
(B) From Others	4974	6643
(C) Total	807072	1056704
(d) Term of repayment of Term Loan		
(A) During the year 2011-12	---	Not Applicable
(B) During the year 2012-13	151316	---
(C) During the year 2013-14	118625	---
(D) During the year 2014-15	138388	---
(E) During the year 2015-16	145671	---
(F) During the year 2016-17	145671	---
(G) During the year 2017-18	102427	---
(e) Default of Repayment of Loans		
(A) First date of default	01-07-2011	Not Applicable
(B) Total Amount of Principal defaulted	29704	---
(C) Total Amount of interest defaulted	14119	---
(D) Default continued	Yes	Not Applicable
(E) Amt defaulted as on the balance sheet date	43823	---
(f) Securies Details		
(A) Term Loan from Indus Ind Bank		

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
Secured by an exclusive charge on the Land at Sulagiri.		
(B) Term Loans from The Royal Bank of Scotland N.V other Banks		
a) All movable fixed assets of the company excluding those movable fixed assets exclusively charged to The Royal Bank of Scotland N.V		
b) All immovable Properties of the Company other than Land at sulagiri.		
c) Pari Passu second charge on the company's entire stock of raw materials, stores and spares, finished goods and book debts that are not factored.		
(C) Term Loans from other Banks		
(i) All movable fixed assets of the company excluding those movable fixed assets exclusively charged to The Royal Bank of Scotland N.V		
(ii) All immovable Properties of the Company other than Land at sulagiri.		
(iii) Pari Passu second charge on the company's entire stock of raw materials, stores and spares, finished goods and book debts (Present and Future) that are not factored.		
(g) All Term Loans are Fully Guaranteed by		
(A) Executive Chairman and Vice Chairman & Managing Director		
(02) Loans and Advances from Related Parties		
(a) Secured	---	---
(b) Unsecured	---	---
Total	---	---
(03) Long Term maturities of Financial Obligations		
(a) Hire Purchase	337	733
(04) Summary of Long Term Borrowings		
(a) Term Loans	807072	1056704
(b) Deposits	---	---
(c) Loans and Advances from Related Parties	---	---
(d) Long Term maturities of Financial Obligations	337	733
Total	807409	1057437

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12**

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
05. Short Term Borrowings		
(01) Loans Payable on Demand		
(a) From Bank		
(A) Secured	329640	272739
(B) Unsecured	4095	3302
Total	333734	276041
(b) From Others		
(A) Secured	---	---
(B) Unsecured	---	---
Total	---	---
(c) Summary of Loan Payable on Demand		
(A) From Bank	333734	276041
(B) From Others	---	---
Total	333734	276041
(02) Loans and Advances from Related Parties		
(a) From Related Parties	2184	2026
(b) From Others	---	---
Total	2184	2026
(03) Deposits		
(A) Secured	---	---
(B) Unsecured	36065	15452
Total	36065	15452
(04) Summary of Short Term Borrowings		
(a) Loan Payable on Demand	333734	276041
(b) Loans and Advances from Related Parties	2184	2026
(c) Deposits	36065	15452
Total	371983	293519
(05) Security (Loans Payable on Demand)		
(a) The cash credit including packing credit accounts are secured by a pari passu first charge on current assets by hypothecation of raw materials, stores and spares,		
(b) finished goods and book debts that are not factored and also secured by a pari passu second charge on immovable and movable properties and in addition,		

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(06) Loans are Guaranteed by		
(a) Secured Loan are Fully Guarantee by the Executive Chairman and Vice Chairman & Managing Director		
06. Trade Payables:		
(01) Dues to MSME*	---	---
(02) Others	241216	208883
Total	241216	208883
*MSME stands for Micro Small and Medium Enterprises		
07. Other Current Liabilities		
(01) Current maturities of Long Term Debts	151315	102831
(02) Unclaimed Dividends	1467	1467
(03) Sundry Creditors for Expenses and others	59440	57176
(04) Bills Acceptances	91766	41280
Total	303988	202754
08. Short Term Provisions		
(01) Provision for Taxation	2257	768
(02) Provision for proposed dividend	---	---
(03) Provision for Tax on proposed dividend	---	---
Total	2257	768
09. Fixed Assets - Tangible		
10. Non-current investments		
(01) Trade investments	---	---
(02) Other investments (At Cost)		
(a) in Equity Instruments (Quoted)	1	1
Indusind Bank Ltd 436 (436) No.of Shares of Rs.10/- each		
Sub-Total	1	1
(b) in Equity Instruments (Unquoted)		
The Vellore Electric Corpn. Ltd 27684 (27684) No.of Shares of Rs.10/- each	1221	1221
Chendur Forgings Ltd 23600 (23600) No.of Shares of Rs.10/- each	6608	6608
Sai Regency power corporation Ltd., 15000 (15000) No.of Shares of Rs.10/- each	1893	1893
Shakesphere Forgings Ltd -UK* 150000 (150000) Nos.	37382	37382
Sub-Total	47104	47104

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12**

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(c) Aggregate amount of Investments		
(A) Aggregate amount of Quoted Investment	1	1
(B) Aggregate amount of Unquoted Investment	47104	47104
(C) Aggregate amount of above	47105	47105
(d) Market value Quotated Investments	149	118
(f) Investments are made in the following type of entity		
(A) Subsidiaries,	37382	37382
11. Long Term Loans and Advances		
(01) Advance paid to subsidiary	76128	76128
(02) Advance against Capital Goods	7450	3256
Total	83578	79384
12. Non-Current Assets		
(01) Advance Income Tax	---	1568
(02) Advance, Deposits, etc.	5083	6690
(03) Deferred Interest	120281	119249
(04) Deferred Revenue Expenditures	33275	35381
Total	158638	162888
13. Inventories		
(01) Raw-Materials / Die Tools Steel	81704	26500
(02) Work-In-Progress	2808	1653
(03) Finished goods	74052	125833
(04) Stores and Spares	21215	15304
(05) Loose Tools	4279	1263
(06) Flash Stock	3322	1075
Total	187380	171628
14. Stock-in-Trade		
(01) Land	120300	---
Total	120300	---
15. Trade Receivables		
(01) Outstanding for a period more than 6 months		
(a) Secured & Considered Good		
(b) Unsecured & Considered Good	45195	56267
(c) Doubtful		
Sub-Total	45195	56267

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12**

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(02) Others		
(a) Secured & Considered Good		
(b) Unsecured & Considered Good	268749	198889
(c) Doubtful		
Sub-Total	268749	198889
(03) Total		
(a) Secured & Considered Good	---	---
(b) Unsecured & Considered Good	313944	255156
(c) Doubtful	---	---
Total	313944	255156
16. Cash and Cash Equivalents		
(01) Balances with banks;		
(a) On Earmarked Accounts	1467	1467
(b) On Margin Money Account		
Against Borrowings	13795	11097
(c) In Current Account	2751	5852
(02) Cash on Hand;		
(a) Free Legal tender	1478	137
(b) With repatriation restrictions	---	---
Total	19491	18553
17. Short Term Loan and advances:		
(01) Advance to Employees	3339	3152
(02) Prepaid Expenses	3551	3005
(03) Balance with Central Excise	22720	18951
Total	29610	25108
18. Other Current Assets		
(01) Tax deducted at source	520	580
(02) Advances for Purchase	3175	3389
(03) Other Advances	6835	4186
(04) Receivables from statutory Authorities	27421	29551
Total	37951	37706

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12**

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
19. Revenue from Operations		
(01) Sale of Products	846334	1030010
(02) Sale of Services	7898	17412
(03) Other Operating Income (sale of Flash)	62842	74216
(04) Sub-Total	917074	1121638
(05) Less: Central Excise	84067	79587
(06) Net Revenue From Operations	833007	1042051
20. Other Income		
(01) Dividend Income	1	70
(02) Sales of Fixed Assets (Exceptional Items)	139701	35194
(03) Other Non-Operating Income	35	---
Total	139737	35264
21. Raw Materials Consumed		
(01) Opening Stock	26500	24994
(02) Add: Purchases	467618	498548
(03) Sub-Total	494118	523542
(04) Less: Sales	---	---
(05) Amount net of Sales	494118	523542
(06) Less: Closing Stock	81704	26500
(07) Raw Materials consumed	412414	497042
22.Changes in inventories*		
(01) Inventories, at the beginning		
(a) Finished Goods	125833	201131
(b) Work-in-Progress	1653	1587
(c) Stock-in-Trade	---	---
(d) Flash Stock	1076	1520
Sub-Total	128562	204238
(02) Inventories, at the End		
(a) Finished Goods	74052	125833
(b) Work-in-Progress	2808	1653
(c) Stock-in-Trade	---	---
(d) Flash Stock	3322	1076
Sub-Total	80182	128562
(03) Change in Inventories	48380	75676

*Inventory means finished goods, work in progress and Stock-in- trade

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12**

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
23. Employee Benefit Expenses		
(01) Salaries & Wages	67249	80975
(02) Contribution to PF, ESI, etc	6895	8168
(03) Welfare Expenses	47733	42794
Total	121877	131937
24. Finance Cost		
(01) Interest Expenses	114595	72505
(02) Other Borrowing Cost	5784	6330
Total	120379	78835
25. Other Expenses:		
(01) Consumption of stores and spare parts	25409	32116
(02) Power and fuel	114876	108294
(03) Job Charges	49575	43418
(04) Repairs to buildings	1738	188
(05) Repairs to machinery	16913	21480
(06) Rent	3221	3402
(07) Insurance	1938	2186
(08) Rates and taxes, excluding, taxes on income	1420	1975
(09) Travelling and Conveyance	9185	8795
(10) Packing and Forwarding	24865	51724
(11) Payment to Auditors:	---	---
(a) As Auditors (Statutory audit Fees)	100	100
(b) For Taxation matters	25	25
(c) For Certificate	---	31
(12) Miscellaneous expenses	23557	26009
Total	272822	299743

Note: No Other details are required for the year under report.

09. Fixed Assets - Tangible
EI Forge Ltd

(Rs. In Thousands)

NAME OF THE FIXED ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance As at 01-07-2011	ADDITIONS During the Year	DELETION S Transfer During the Year	CLOSING Balance as at 30-06-2012	OPENING Balance as at 01-07-2011	Depreciation During the Year	Deduction During the Year	Closing Balance as at 30-06-2012	As on 30.06.2012	As on 30.06.2011
TANGIBLE ASSETS	37133	—	13611	23522	—	—	—	—	23522	37133
LAND										
LAND (LEASEHOLD)	687	—	—	687	—	—	—	—	687	687
BUILDINGS	216886	—	—	216886	31791	7258	354	38695	178191	185095
PLANT & MACHINERY	1218744	46349	1672	1263421	315406	69475	954	383927	879494	903338
FURNITURE & FIXTURES	23247	1762	—	25009	7102	1432	—	8534	16475	16145
VEHICLES	7278	180	562	6896	3511	620	280	3851	3045	3767
OFFICE EQUIPMENTS	29193	230	117	29306	17841	2357	77	20121	9185	11352
TOTAL	1533168	48521	15962	1565727	375651	81142	1665	455128	1110599	1157517
Include the Value in Respective of Assets Revalued	4456	--	--	4456	4739	71	354	4456	---	283

EL FORGE LIMITED

NOTES ON FINANCIAL STATEMENTS AS AT 30TH JUNE 2012

Notes: 26

I. SIGNIFICANT ACCOUNTING POLICIES

01. Financial statements are prepared on Historical Cost and on Accrual basis.
02. Fixed Assets are stated at their original cost (except those fixed assets which have been revalued) including taxes, duties, freight and other incidental expenses related to acquisition and installation. Wherever MODVAT/CENVAT Credit has been availed, Excise element excluded from Original Cost.
Depreciation on fixed assets is calculated on straight-line basis on historical Book cost, commensurate with Section 205 read with Schedule XIV of the Companies Act, 1956. (Double shift rates for Plant & Machinery). The depreciation on the difference between revalued cost and historical cost has also been provided at the rates specified in Schedule XIV of the Companies Act, 1956, and the same has been debited to Revaluation of Fixed Assets Reserve Account. Freehold land is not depreciated.
03. Raw Material, Stores and Spares and Work-in-Progress are valued at cost. Finished Goods are valued at cost or net realisable value, whichever is lower as per Accounting Standard (AS2) prescribed under section 211(3c) of the Companies Act, 1956 & rules made there under.
04. Investments are stated at Cost. Earnings from Investments has been taken into account as accrued or on declaration or receipt basis, wherever appropriate and the tax deducted at source thereon is treated as advance tax.
05. Normal Retirement Benefits as per contract of employment are provided in the books of account and payments are made to the Trustees of the Company's respective Funds on the basis of accrued liability, where appropriate.
06. Research and Development: a) Revenue expenditure is charged to Profit & Loss of the Year during which it is incurred, (b) Capital expenditure is shown as addition to fixed assets or where Capital assets have been taken on lease, the lease rentals will be amortized from profits over the useful economic life of the leased asset.
07. Miscellaneous Expenditure: Miscellaneous Expenditure incurred is amortized from profits over the expected period of future benefit.
08. All transactions in foreign currency are entered in the books of accounts at the rates prevailing on the date of transaction.
09. Deferred Tax Assets / Liability shall be recognized, as required by Accounting Standard (AS-22), prescribed under section 211(3c) of the Companies Act, 1956 & rules made there under. However deferred Tax Assets shall be recognized only where there is a virtual certainty supported by convincing evidence.
10. Use of Estimate:
The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates. Any revisions to financial estimates are recognised prospectively in the financial statements when revised.
11. Revenue Recognition: Income is accounted on accrual basis.

EL FORGE LIMITED

II. Other Notes on Financial Statement

01. Depreciation:

- (a) Depreciation for the year, on all Fixed assets of the company has been calculated on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.
(Double shift rates for Plant & Machinery), on historical book cost and has been charged to Profit & Loss Account.
- (b) The depreciation amounting to Rs.71 Thousands (Previous year Rs.19 Thousands) on the difference between revalued cost and historical cost has also been provided at the rates specified in Schedule XIV of the Companies Act, 1956 and the same has been debited to Revaluation of Fixed Assets Reserve Account.

02. Sundry Debtors, Creditors, Loans and Advances:

The Company has sent letters for Confirmation of Balance as on 30.06.2012, but only some of the parties have responded. In the opinion of the management the current assets and Loans and Advances will be recovered in full, in the normal course of business.

03. Miscellaneous Expenditure:

Due to the Loss during the Year the company has not written off any deferred revenue expense during the Year (Previous year Rs. Nil) and same is to be amortised from profit over the expected period of future benefit.

04. The company has not provided for decline in the market value of investment made in the shares of Companies as the management is of the opinion that the decline in long term investment is only temporary in nature.

05. Excise duty on closing stock of finished goods has been provided in the accounts and corresponding increase in closing stock valuation has been given effect to.

06. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.

07. Interest is shown net of interest receipts - Rs. 3298 Thousands /-(previous year Rs.924/- Thousands).

08. The Retirement Benefit Funds towards gratuity are administered by LIC under Group Gratuity Scheme. There is a short fall of the amounts provided by the Company to Gratuity Scheme.

(Rs. in Thousands)

09. Contingent Liabilities & Commitments	30.06.2012	30.06.2011
(01) Claims against the company not acknowledged as debt;		
(a) E.S.I under Appeal	208	208
(b) Demands raised by SIPCOT for the Leasehold	1301	1301
(c) Demand from Income Tax	7560	7560
(d) Demand from Central Excise & service tax	5504	4424
(02) Guarantees given to;		
(a) Foreign Bank (for credit limits of subsidiary company)	18363	18363
(b) Bank against the loan taken by a Domestic company	65000	65000
(03) Other money for which the company is contingently liable		

EL FORGE LIMITED

(a) For factoring (SBI Global Factors Ltd)	7592	6896
(04) Whether Commitments are classified as:		
(a) Pending contracts (on Account of capital Assets)	10000	10000
(b) Uncalled liability on shares & other investments partly paid		
10. CIF Value of imports in respect of:		
(01) Raw Materials	---	---
(02) Components and spare parts	1866	1135
(03) Capital Good	---	---
11. Expenditure in foreign currency on account of		
(01) Travelling Expenses	485	22
(02) Subscription Books and Periodicals	49	38
(03) Others	414	159
12. Raw Materials Consumed:		
(01) Amount		
(a) Total Raw Materials consumption	412414	497042
(b) Indigenous Raw materials consumption	412414	497042
(c) Imported Raw materials consumption	---	---
(02) In Percentage		
(a) Total Raw Materials consumption	100	100
(b) Indigenous Raw materials consumption	100	100
(c) Imported Raw materials consumption	---	---
13. Spare Parts and Components Consumption		
(01) Amount		
(a) Total Spare Parts and Components	25409	32116
(b) Indigenous Spare Parts and Components	24209	30981
(c) Imported Spare Parts and Components	1200	1135
(02) In Percentage		
(a) Total Spare Parts and Components	100	100
(b) Indigenous Spare Parts and Components	95	96
(c) Imported Spare Parts and Components	5	4
14. Earnings in foreign exchange		
(01) Export Sales (FOB)	107082	250579
15. Earnings per share, as per Accounting Standard (AS) 20		
(01) Surplus / Deficits (-) after tax		
(a) Net Profit/ Loss (-)	-91813	-97763
(b) Adjusted Net Profit/ Loss (-)	-91813	-97963
(02) Weighted Average Number of shares		
(a) For Basic EPS	18311268	8629524
(b) For Dilutated EPS	18311268	8629524
(03) Earnings Per Shares (EPS)		
(a) Basic	-5.01	-11.33
(b) Dilutated	-5.01	-11.33

EL FORGE LIMITED

16. Related Party Disclosure, as per AS-18

(01) Related Parties

(a) Promoters

(b) Subsidiaries (Shakespeare Forgings Ltd, UK)

(c) Associates

(d) Key Managerial Personnel's

Mr. K.R. Srihari Son of Mr.K.V.Ramachandran

(02) Transactions, if any.

(a) On Account of Salaries: Relationship Director	619	773
---	-----	-----

(b) On Account of Interest	451	519
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Shakespeare Forgings Ltd

(a) On Account of Purchases	781	---
-----------------------------	-----	-----

(b) Sales	48661	71928
-----------	-------	-------

17. Disclosure relating to Lease, as per AS-19

◇ Amt due within 12 months

(01) Principal Amount	231	339
-----------------------	-----	-----

(02) Interest/ HP Charges	31	62
---------------------------	----	----

(03) Balance	117	379
--------------	-----	-----

◇ Due after 12 but before 24 months

(01) Principal Amount	112	231
-----------------------	-----	-----

(02) Interest/ HP Charges	5	31
---------------------------	---	----

(03) Balance	---	117
--------------	-----	-----

◇ Due after 24 months

(01) Principal Amount	---	112
-----------------------	-----	-----

(02) Interest/ HP Charges	---	5
---------------------------	-----	---

(03) Balance	---	---
--------------	-----	-----

18. Account of Tax on Income, as required by AS-22	N A	N A
--	-----	-----

19. a) Previous year's figures have been regrouped wherever necessary to conform to current year classification/grouping.

b) All the figures have been rounded off to the nearest thousands.

20. Current Year figures comprise a period of 12(Twelve) Months as against the previous year comprising of 15(Fifteen) Months. Hence, the result of the Current year may not be comparable with that of the previous year.

As per our annexed report For P. RAJAGOPALAN & CO. Chartered Accountants Regn No. of the Firm: 003408S R. VENKATESH PARTNER MNo: 28368 Place: Chennai Date: 24.08-2012	On behalf of the Board V. SRIKANTH EXECUTIVE CHAIRMAN R.SOWMITHRI COMPANY SECRETARY K.V.RAMACHANDRAN VICE CHAIRMAN & MANAGING DIRECTOR
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EL FORGE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2012

(Rs. in Thousands)

Particulars	Year Ended 30-06-2012	Year Ended 30-06-2011
1. Cash Flow From Operations		
(01) Net Profit before tax	(84198)	(97764)
(02) Adjustments for		
a. Depreciation	81071	91845
b. Interest Expenses	120379	79759
c. Other Income	---	---
d. Profit on sale of Fixed Assets	(139701)	(35194)
e. Interest Income	3299	(924)
f. Dividend Received	1	(70)
g. Sales of Investments	---	---
h. Revaluation Reserve	---	(863)
	65049	134553
(03) Operating Profit before Working Capital Changes	(19149)	36789
(04) Adjustments for Increase / Decrease In:		
a. Trade and other Receivables	(63537)	(44353)
b. Inventories	(15751)	75653
c. Sundry Creditors	135055	30209
d. Miscellaneous Expenses / Deferred Revenue Expenditure	---	(2106)
e. Conversation Fixed Assets to Stock	(13611)	42156
	42156	59403
(05) Cash Generated from Operations	23007	96192
(06) Less the Following		
a. Tax Paid/Provided	(7614)	---
b. Extraordinary Items	---	---
c. Misc. Receipts	---	---
d. Deferred sales Tax Liability	---	---
	(7614)	---
(07) Net Cash from Operating Activities	15393	96192
2. CASH FLOW FROM INVESTING ACTIVITIES		
1) Purchase of Sale of Fixed assets	(53697)	(91069)
a. Purchase of Fixed Assets, Including CWIP		
b. Sale Proceeds of Fixed Assets	140797	37203
c. Deduction on accounts of Conversation	13611	---
2) Interest received	(3299)	924
3) Dividend received	(1)	70

EL FORGE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2012

(Rs. in Thousands)

Particulars	Year Ended 30-06-2012	Year Ended 30-06-2011
4) Purchase or Sale of Investments		
a. Purchase	---	---
b. Sales	---	---
5) Purchase or Sale of Goodwill		
a. Additions	---	---
b. Deletion	---	---
6) Net Cash Flow from Investing Activities	97411	(52872)
3. CASH FLOW FROM FINANCING ACTIVITIES		
1) From Term Loan/Deferral Loan		
a. Obtained	---	39294
b. Re-Paid	(250028)	---
2) From Capital		
a. Additions	188060	35000
b. Share Issue Expenses	(7983)	---
3) From Unsecured Loans		
a. Obtained	---	---
b. Re-Paid	---	---
4) From Short (Bank Borrowings)	78464	(38985)
5) Interest Paid	(120379)	(79759)
6) Dividend & Tax Thereon	---	---
7) Minority Interest	---	---
8) Net Cash Flow from Financing Activities	(111866)	(44450)
4. Net Increase / Decrease in Cash & Cash Equivalent (04=01+02+03)	938	(1130)
5. Cash & Cash Equivalent – Opening Balance	18553	19683
6. Cash & Cash Equivalent – Closing Balance	19491	18553
7. Net Increase / Decrease in Balances	938	(1130)

As per our annexed report
For P. RAJAGOPALAN & CO.
Chartered Accountants
Regn No. of the Firm: 003408S

R. VENKATESH
PARTNER (M.No: 28368)
Place: Chennai
Date: 24-08-2012

R.SOWMITHRI
COMPANY SECRETARY

on behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR

EL FORGE LIMITED

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO
SUBSIDIARY COMPANIES**

1.	Name of Subsidiary	Shakespeare Forgings Ltd
2.	Financial Year of Subsidiary Companies ended on	30.06.2012
3.	a) No. of Shares held by El Forge Limited (Holding Co.) with the nominees in the subsidiary at the end of the financial year of the subsidiary	150000 Ordinary Shares of 1 GBP each
	b) Extent of interest of Holding Company at the end of the financial year of subsidiary	100%
4.	The Net aggregate amount of the Subsidiary's Profit(Losses) so far as it concerns the Company and not dealt with in the Holding Company's accounts	
	i) For the financial year ended 30th June, 2012 (Rs.in 000)	32190
	ii) For the previous financial years since it become a subsidiary	(12319)
5.	The net aggregate amount of the Profit/(losses) of Subsidiary which has been dealt with in the accounts of the Holding Company	
	i) For the financial year ended 30th June, 2012	NIL
	ii) For the previous financial years since it become subsidiary	NIL
6.	Material changes between the end of the financial year of the subsidiary and the Holding Company's financial year	Not Applicable

Place: Chennai
Date: 24.08.2012

R. SOWMITHRI
COMPANY SECRETARY

on behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN
K.V.RAMACHANDRAN
VICE CHAIRMAN AND
MANAGING DIRECTOR

EL FORGE LIMITED

**DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO
SECTION 212(8) OF THE COMPANIES ACT, 1956.
Shakespeare Forgings Ltd, UK 30.06.2012**

Sl.No.	Particulars	Rs.in Thousands
1	Capital	11660
2	Reserves	38044
3	Total Assets	99766
4	Total Liabilities	99766
5	Details of Investments	Nil
6	Turnover (Net)	285824
7	Profit / (Loss) before Taxation	32190
8	Provision for Taxation	Nil
9	Profit / (Loss) after Taxation	32190
10	Proposed Dividend	Nil

Place: Chennai
Date: 24.08.2012

R. SOWMITHRI
COMPANY SECRETARY

on behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN
K.V.RAMACHANDRAN
VICE CHAIRMAN AND
MANAGING DIRECTOR

EL FORGE LIMITED

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF EL FORGE LIMITED ON THE
CONSOLIDATED FINANCIAL STATEMENTS EL FORGE LIMITED AND ITS
SUBSIDIARY**

01. We have examined the attached Consolidated Balance Sheet of El Forge Limited (the Company) and its subsidiary (subsidiary) as at June 30, 2012, the Consolidated Statement of Profit and Loss for the Year ended and the consolidated Cash Flow Statement for the Year ended as that date.
02. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India, and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
03. We have not audited the financial statements of the subsidiary, whose financial reflect total the Company's share of assets of Rs. 3.33/- Crores as at June 30, 2012, and Gross Revenue for the Year ended on that date Rs. 28.58/- Crores for the Year ended on that date. These financial statements and other audited information has been audited by other auditors and whose report has been furnished to us, and our opinion is solely based on the report of the other auditors.
04. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

EL FORGE LIMITED

05. On the basis of the information and explanation given to us, and on consideration of the separate audit reports on individual audited financial statements of the company and its subsidiary, we are of the opinion that:

(01) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company and its subsidiary as at June 30, 2012;

(02) the Consolidated Statement of Profit and Loss gives a true and fair view of the consolidated results of operations of the Company and its subsidiary for the Year then ended; and

(03) the Consolidated Cash Flow statement gives a true and fair view of the consolidated results of operations of the Company and its subsidiary for the Year then ended;

FOR P RAJAGOPALAN & CO
CHARTERED ACCOUNTANTS
REGN NO. OF THE FIRM: 003408S
R. VENKATESH (MNO. 28368)
PARTNER

Place: Chennai

Date:24.08.2012

EL FORGE LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30th JUNE 2012

(Rs. In Thousands)

Particulars	Note	AS AT 30 th JUNE 2012	AS AT 30 th JUNE 2011
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	1	323324	86295
(b) Reserves and Surplus	2	131017	91650
		454341	177945
2. Share Application Money Pending Allotment	3	1032	50000
3. Non-Current Liabilities			
(a) Long-term borrowings	4	807409	1059536
(b) Deferred Tax liabilities (Net)		---	---
(c) Other Long term liabilities		---	---
		807409	1059536
4. Current Liabilities			
(a) Short term borrowings	5	422046	347067
(b) Trade payables	6	232974	208268
(c) Other current liabilities	7	303987	202754
(d) Short term provisions	8	2257	768
		961264	758857
TOTAL		2224046	2046338
II. ASSETS			
1. Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	9	1192263	1270297
(ii) Intangible assets		---	---
(iii) Capital work-in-progress		35586	30409
(iv) Intangible assets under development			
(b) Non-current investments	10	9723	9723
(c) Deferred tax assets (net)		---	---
(d) Long-term loans and advances	11	7450	3256
(e) Other non-current assets	12	195661	200850
		1440683	1514535
2. Good Will		32645	9371
3. Current Assets			
(a) Current investments		---	---
(b) Inventories	13	227372	198955
(c) Stock in trade (Land)	14	120300	---
(d) Trade receivables	15	313954	242033
(e) Cash and Bank Balances	16	19531	18630
(f) Short-term loans and advances	17	29610	25108
(g) Other current assets	18	37951	37706
		750718	522432
TOTAL		2224046	2046338
Notes on Financial Statements	26		

As per our annexed report Board
For P. RAJAGOPALAN & CO.
Chartered Accountants
Regn No. of the Firm: 003408S

R. VENKATESH

PARTNER(MNo: 28368)

Place: Chennai

Date: 24-08-2012

R.SOWMITHRI

COMPANY SECRETARY

On behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN

VICE CHAIRMAN &
MANAGING DIRECTOR

EL FORGE LIMITED

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED
30th JUNE 2012**

(Rs. In Thousands)

Particulars	Note	2011- 2012 (12 Months)	2010- 2011 (15 Months)
I. Revenue from Operations	19	1066110	1227863
II. Other Income	20	143798	35264
III. Total Revenue (I+II)		<u>1209908</u>	<u>1263127</u>
IV. Expenditure			
a) Cost of Materials Consumed	21	460490	558791
b) Changes in inventories of finished goods, work in progress and Stock-in- trade	22	36258	66094
c) Employee benefits expense	23	176467	180277
d) Finance Costs	24	126912	86992
e) Depreciation and amortization expense		90187	100872
f) Other expense	25	371602	370040
Total Expenditure (a to f)		<u>1261916</u>	<u>1363066</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		(52008)	(99939)
VI. Exceptional Items		1508	2600
VII Profit before tax (V-VI)		<u>(50500)</u>	<u>(97339)</u>
VIII. Tax Expense:			
(1) Current tax		---	---
(2) Prior period tax provision		7614	---
Total		<u>7614</u>	<u>---</u>
IX. Profit /(Loss) for the year(VII-VIII)		<u>(58114)</u>	<u>(97339)</u>
XII. Earnings per equity share(of Rs.10 each):			
(1) Basic		-3.17	-11.28
(2) Diluted		-3.17	-11.28
Notes on Financial Statements	26		

As per our annexed report Board
For P. RAJAGOPALAN & CO.
Chartered Accountants
Regn No. of the Firm: 003408S

R. VENKATESH

PARTNER(MN: 28368)

Place: Chennai

Date: 24-08-2012

R.SOWMITHRI

COMPANY SECRETARY

On behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN

VICE CHAIRMAN &
MANAGING DIRECTOR

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
1. Share Capital		
(01) Authorised Share Capital		
(01) Equity Shares Capital		
(A) Number of Equity Shares	26000000	10000000
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of Authorised Equity Share Capital	260000	100000
(b) Preference Share Capital		
(A) Number of Preference Share	1300000	300000
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Authorised Preference Share Capital	130000	30000
(c) Summary Authorised Share Capital		
(A) Equity Share Capital	260000	100000
(B) Preference Share Capital	130000	30000
(C) Total	390000	130000
(02) Issued, subscribed and Fully Paid up		
(a) Equity Share Capital		
(A) Number of Equity Shares	20324304	8629524
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of paid up Equity Share Capital	203243	86295
(b) Preference Share Capital		
(A) Number of Preference Share	1200806	---
(B) Face Value per Preference Share (in Rs.)	100	---
(C) Total Amount of Paid up Preference Share Capital	120081	---
(c) Summary Issued, subscribed & Paid up Capital		
(A) Equity Share Capital	203243	86295
(B) Preference Share Capital	120081	---
(C) Total	323324	86295
(03) Share Reconciliation (Shares in Numbers)		
(a) Equity Share of Rs.10/= each (in No.)		
(A) No. of shares at the beginning	8629524	8629524
(B) No. of shares issued during the year/ period	11694780	---
(C) Sub-Total	20324304	8629524
(D) Less: Adjusted/ Redeemed/ Buyback	---	---
(E) Closing Balance	20324304	8629524
(b) Preference Share of Rs. 100/= Each (in No.)		

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(A) No. of shares at the beginning	---	---
(B) No. of shares issued during the year/ period	1200806	
(C) Sub-Total	1200806	---
(D) Less: Adjusted/ Redeemed/ Buyback	---	---
(E) Closing Balance	1200806	---
(04) Shareholding more than 5% Equity Shares		
(a) Equity Shares		
(A) Chendur Forgings Ltd		
(i) No. Equity Shares	7065006	2287003
(ii) Percentage	34.76%	26.50%
(B) Yogesh Devkumar Agrawal		
(i) No. Equity Shares	1375000	---
(ii) Percentage	6.77%	---
(b) Preference Shares		
(A) State Bank of India (No of shares & Percentage)	545 & 45.46%	---
(B) Axis Bank Ltd (No of shares & Percentage)	307 & 25.28%	---
(C) Union Bank of India (No of shares & Percentage)	108 & 9.01%	---
(D) Export & Import Bank of India (No of shares & %)	209 & 17.47%	---
(05) Conversion of Preference shares to Equity Shares		
(a) Purly at the option of the bank		
(b) Extend of option: either fully or partly		
(06) Redemption of Preference shares to Equity Shares		
(a) If the option of conversion is not exercised, redemption		
(A) on 01-04-2016	One Third	Not Applicable
(B) on 01-04-2017	One Third	Not Applicable
(C) on 01-04-2018	One Third	Not Applicable
(07) Other details		
(a) Equity Shares allotted for acquisition of Subsidiary		
(A) Shakespeare Forgings Limited, UK		
(i) Total	1265329	1265329
(ii) For a consideration other than cash	50329	50329
(iii) For a consideration	1215000	1215000
02. Reserves & Surplus:		
(01) Capital Reserves (Share Premium)		
(a) Opening Balance (Since last Balance Sheet)	234381	234381
(b) Add: Additions/ Transfers/ Created	---	---
(c) Sub-Total	234381	234381
(d) Less: Utilized/ Adjusted (Right Issue Expenses)	7983	---
(e) Closing Balance	226398	234381

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(02) Capital Reserves (Other than Share Premium)		
(a) Opening Balance (Since last Balance Sheet)	21586	21586
(b) Add: Additions/ Transfers/ Created	106689	---
(c) Sub-Total	128275	21586
(d) Less: Transfers/ Utilized/ Adjusted	---	---
(e) Closing Balance	128275	21586
(03) Revaluation of Fixed Assets Reserve:		
(a) Opening Balance (Since last Balance Sheet)	17890	5075
(b) Add: Additions/ Transfers/ Created	-71	15434
(c) Sub-Total	17819	20509
(d) Less: Transfers/ Utilized/ Adjusted	1154	2619
(e) Closing Balance	16665	17890
(04) General Reserves		
(a) Opening Balance (Since last Balance Sheet)	---	120300
(b) Add: Additions/ Transfers/ Created	---	---
(c) Sub-Total	---	120300
(d) Less: Transfers/ Utilized/ Adjusted	---	120300
(e) Closing Balance	---	---
(05) Surplus: Closing Balance of Profit & Loss		
(a) Opening Balance [Surplus/ Defecit (-)]	-182207	-205168
(b) Add: Profit/ Loss (-) [Per Statement of Profit & Loss]	-59622	-99939
(c) Add: Adjustments General Reserve	1508	122900
(d) Sub-Total	-240321	-182207
(e) Less: Transfers to general Reserves	---	---
(f) Less: Provisions for Dividend	---	---
(g) Less: Provisions for Dividend Tax	---	---
(h) Closing Balance	-240321	-182207
(06) Summary of Closing Balance		
(a) Capital Reserves (Share Premium)	226398	234381
(b) Capital Reserves (Other then Share Premium)	128275	21586
(c) Revaluation Reserve	16665	17890
(d) General Reserve	---	---
(e) Surplus/ Defecit (-)	-240321	-182207
Total	131017	91650
03. Share Application Money Pending Allotments		
(01) Amount Pending Allotment	1032	50000

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
04.Long term Borrowings:		
(01) Term Loans		
(a) From Banks		
(A) Secured	802098	1050061
(B) Unsecured	---	---
(C) Total	802098	1050061
(b) From Others		
(A) Due from Related Parties		
(i) Secured	---	---
(ii) Unsecured	1748	1648
(iii) Sub- Total	1748	1648
(B) Due from Others		
(i) Secured	---	---
(ii) Unsecured	3226	4995
(iii) Sub- Total	3226	4995
(C) Total		
(i) From Related Parties	1748	1648
(ii) From Others	3226	4995
(iii) Total	4974	6643
(c) Summary of Term Loans		
(A) From Banks	802098	1050061
(B) From Others	4974	6643
(C) Total	807072	1056704
(d) Term of repayment of Term Loan		
(A) During the year 2011-12	---	Not Applicable
(B) During the year 2012-13	151316	---
(C) During the year 2013-14	118625	---
(D) During the year 2014-15	138388	---
(E) During the year 2015-16	145671	---
(F) During the year 2016-17	145671	---
(G) During the year 2017-18	102427	---
(e) Default of Repayment of Loans		
(A) First date of default	01-07-2011	Not Applicable
(B) Total Amount of Principal defaulted	29704	---
(C) Total Amount of interest defaulted	14119	---
(D) Default continued	Yes	Not Applicable
(E) Amt defaulted as on the balance sheet date	43823	---
(f) Securies Details		
(A) Term Loan from Indus Ind Bank		
Secured by an exclusive charge on the Land at Sulagiri.		

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(B) Term Loans from The Royal Bank of Scotland N.V other Banks		
a) All movable fixed assets of the company excluding those movable fixed assets exclusively charged to The Royal Bank of Scotland N.V		
b) All immovable Properties of the Company other than Land at sulagiri.		
c) Pari Passu second charge on the company's entire stock of raw materials, stores and spares, finished goods and book debts that are not factored.		
(C) Term Loans from other Banks		
(i) All movable fixed assets of the company excluding those movable fixed assets exclusively charged to The Royal Bank of Scotland N.V		
(ii) All immovable Properties of the Company other than Land at sulagiri.		
(iii) Pari Passu second charge on the company's entire stock of raw materials, stores and spares, finished goods and book debts (Present and Future) that are not factored.		
(g) All Term Loans are Fully Guaranteed by		
(A) Executive Chairman and Vice Chairman & Managing Director		
(02) Loans and Advances from Related Parties		
(a) Secured	---	---
(b) Unsecured	---	---
Total	---	---
(03) Long Term maturities of Financial Obligations		
(a) Hire Purchase	337	733
(04) Summary of Long Term Borrowings		
(a) Term Loans	807072	1056704
(b) Deposits	---	---
(c) Loans and Advances from Related Parties	---	---
(d) Long Term maturities of Financial Obligations	337	2832
Total	807409	1059536

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
05. Short Term Borrowings		
(01) Loans Payable on Demand		
(a) From Bank		
(A) Secured	379702	326287
(B) Unsecured	4095	3302
Total	383797	329589
(b) From Others		
(A) Secured	---	---
(B) Unsecured	---	---
Total	---	---
(c) Summary of Loan Payable on Demand		
(A) From Bank	383797	329589
(B) From Others	---	---
Total	383797	329589
(02) Loans and Advances from Related Parties		
(a) From Related Parties	2184	2026
(b) From Others	---	---
Total	2184	2026
(03) Deposits		
(A) Secured	---	---
(B) Unsecured	36065	15452
Total	36065	15452
(04) Summary of Short Term Borrowings		
(a) Loan Payable on Demand	383797	329589
(b) Loans and Advances from Related Parties	2184	2026
(c) Deposits	36065	15452
Total	422046	347067
(05) Security (Loans Payable on Demand)		
(a) The cash credit including packing credit accounts are secured by a paripassu first charge on current assets by hypothecation of raw materials, stores and spares,		
(b) finished goods and book debts that are not factored and also secured by a pari passu second charge on immovable and movable properties and in addition,		

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(06) Loans are Guaranteed by		
(a) Secured Loan are Fully Guarantee by the Executive Chairman and Vice Chairman & Managing Director		
06. Trade Payables:		
(01) Dues to MSME*	---	---
(02) Others	232974	208268
Total	232974	208268
*MSME stands for Micro Small and Medium Enterprises		
07. Other Current Liabilities		
(01) Current maturities of Long Term Debts	151315	102831
(02) Unclaimed Dividends	1467	1467
(03) Sundry Creditors for Expenses and others	59440	57176
(04) Bills Acceptances	91766	41280
Total	303988	202754
08. Short Term Provisions		
(01) Provision for Taxation	2257	768
(02) Provision for proposed dividend	---	---
(03) Provision for Tax on proposed dividend	---	---
Total	2257	768
09. Fixed Assets - Tangible		
10. Non-current investments		
(01) Trade investments	---	---
(02) Other investments (At Cost)		
(a) in Equity Instruments (Quoted)	1	1
Indusind Bank Ltd 436 (436) No.of Shares of Rs.10/- each		
Sub-Total	1	1
(b) in Equity Instruments (Unquoted)		
The Vellore Electric Corpn. Ltd 27684 (27684) No.of Shares of Rs.10/- each	1221	1221
Chendur Forgings Ltd 23600 (23600) No.of Shares of Rs.10/- each	6608	6608
Sai Regency power corporation Ltd., 15000 (15000) No.of Shares of Rs.10/- each	1893	1893
Shakesphere Forgings Ltd -UK* 150000 (150000) Nos.	---	---
Sub-Total	9722	9722

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(c) Aggregate amount of Investments		
(A) Aggregate amount of Quoted Investment	1	1
(B) Aggregate amount of Unquoted Investment	9722	9722
(C) Aggregate amount of above	9723	9723
(D) Market value Quotated Investments	149	118
(f) Investments are made in the following type of entity		
(A) Subsidiaries	---	---
11. Long Term Loans and Advances		
(01) Advance paid to subsidiary	---	---
(02) Advance against Capital Goods	7450	3256
Total	7450	3256
12. Non-Current Assets		
(01) Advance Income Tax	---	1568
(02) Advance, Deposits, etc.	5083	6690
(03) Deferred Interest	120281	119249
(04) Deferred Revenue Expenditures	70297	73343
Total	195661	200850
13. Inventories		
(01) Raw-Materials / Die Tools Steel	87528	31780
(02) Work-In-Progress	36976	23699
(03) Finished goods	74052	125834
(04) Stores and Spares	21215	15304
(05) Loose Tools	4279	1263
(06) Flash Stock	3322	1075
Total	227372	198955
14. Stock-in-Trade		
(01) Land	120300	---
Total	120300	---
15. Trade Receivables		
(01) Outstanding for a period more than 6 months		
(a) Secured & Considered Good		
(b) Unsecured & Considered Good	45195	56267
(c) Doubtful		
Sub-Total	45195	56267

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12**

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
(02) Others		
(a) Secured & Considered Good		
(b) Unsecured & Considered Good	270759	185766
(c) Doubtful		
Sub-Total	270759	185766
(03) Total		
(a) Secured & Considered Good	---	---
(b) Unsecured & Considered Good	315954	242033
(c) Doubtful	---	---
Total	315954	242033
16. Cash and Cash Equivalents		
(01) Balances with banks;		
(a) On Earmarked Accounts	1467	1467
(b) On Margin Money Account		
Against Borrowings	13795	11097
(c) In Current Account	2751	5852
(02) Cash on Hand;		
(a) Free Legal tender	1518	214
(b) With repatriation restrictions	---	---
Total	19531	18630
17. Short Term Loan and advances:		
(01) Advance to Employees	3339	3152
(02) Prepaid Expenses	3551	3005
(03) Balance with Central Excise	22720	18951
Total	29610	25108
18. Other Current Assets		
(01) Tax deducted at source	519	580
(02) Advances for Purchase	3175	3389
(03) Other Advances	6836	4186
(04) Receivables from statutory Authorities	27421	29551
Total	37951	37706

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12**

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
19. Revenue from Operations		
(01) Sale of Products	1126792	1258581
(02) Sale of Services	7898	17412
(03) Other Operating Income (sale of Flash)	62842	74216
(04) Sub-Total	1197532	1350209
(05) Less: Central Excise	131422	122346
(06) Net Revenue From Operations	1066110	1227863
20. Other Income		
(01) Dividend Income	1	70
(02) Sales of Fixed Assets (Exceptional Items)	143797	35194
Total	143798	35264
21. Raw Materials Consumed		
(01) Opening Stock- MS Steels	31780	26963
(02) Add: Purchases - MS Steels	516238	563608
(03) Sub-Total	548018	590571
(04) Less: Sales- MS Steels	---	---
(05) Amount net of Sales	548018	590571
(06) Less: Closing Stock : MS Steels	87528	31780
(07) Raw Materials consumed MS Steels	460490	558791
22.Changes in inventories*		
(01) Inventories, at the beginning		
(a) Finished Goods	125833	201131
(b) Work-in-Progress	23699	14051
(c) Stock-in-Trade	---	---
(d) Flash Stock	1076	1520
Sub-Total	150608	216702
(02) Inventories, at the End		
(a) Finished Goods	74052	125833
(b) Work-in-Progress	36976	23699
(c) Stock-in-Trade	---	---
(d) Flash Stock	3322	1076
Sub-Total	114350	150608
(03) Change in Inventories	36258	66094

*Inventory means finished goods, work in progress and Stock-in- trade

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2011-12**

(Rs. In Thousands)

Particulars	As at 30.06.2012	As at 30.06.2011
23. Employee Benefit Expenses		
(01) Salaries & Wages	120878	128089
(02) Contribution to PF, ESI, etc	6895	8168
(03) Welfare Expenses	48694	44020
Total	176467	180277
24. Finance Cost		
(01) Interest Expenses	119358	79090
(02) Other Borrowing Cost	7554	7902
Total	126912	86992
25. Other Expenses:		
(01) Consumption of stores and spare parts	43653	42461
(02) Power and fuel	131255	122149
(03) Job Charges	64954	54867
(04) Repairs to buildings	1738	188
(05) Repairs to machinery	19529	23605
(06) Rent	5407	5816
(07) Insurance	12835	10984
(08) Rates and taxes, excluding, taxes on income	4956	5212
(09) Travelling and Conveyance	10089	9131
(10) Packing and Forwarding	25212	52079
(11) Payment to Auditors:	---	---
(a) As Auditors (Statutory audit Fees)	792	525
(b) For Taxation matters	25	25
(c) For Certificate	---	31
(12) Miscellaneous expenses	51157	42967
Total	371602	370040

Note: No Other details are required for the year under report.

09. Consolidated - Fixed Assets - Tangible
EI Forge Ltd

(Rs. In Thousands)

NAME OF THE FIXED ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Opening Balance As at 01-07-2011	ADDITIONS During the Year	DELETIONS Transfer During the Year	CLOSING Balance as at 30-06-2012	OPENING Balance as at 01-07-2011	Depreciation During the Year	Deduction During the Year	Closing Balance as at 30-06-2012	As on 30.06.2011 As on 30.06.2012
TANGIBLE ASSETS	62252	—	38731	23521	—	—	—	—	62252
LAND									
LAND (LEASEHOLD)	687	—	—	687	—	—	—	—	687
BUILDINGS	219511	—	—	219511	31803	7442	354	38891	180620
PLANT & MACHINERY	1330037	50981	4911	1376107	344436	77732	2547	419621	956486
FURNITURE & FIXTURES	33804	1896	—	35700	14874	2107	—	16981	18719
VEHICLES	7278	180	562	6896	3511	620	280	3851	3045
OFFICE EQUIPMENTS	29193	230	117	29306	17841	2357	77	20121	9185
TOTAL	1682762	53287	44321	1691728	412465	90258	3258	499465	1192263
Include the Value in Respective of Assets Revalued	4456	—	—	4456	4739	71	354	4456	—
									283

EL FORGE LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENT AS AT 30TH JUNE 2012

Notes: 26

I. SIGNIFICANT ACCOUNTING POLICIES

01. Financial statements are prepared on Historical Cost and on Accrual basis.
02. Fixed Assets are stated at their original cost (except those fixed assets which have been revalued) including taxes, duties, freight and other incidental expenses related to acquisition and installation. Wherever MODVAT/CENVAT Credit has been availed, Excise element excluded from Original Cost.

Depreciation on fixed assets is calculated on straight-line basis on historical Book cost, commensurate with Section 205 read with Schedule XIV of the Companies Act, 1956. (Double shift rates for Plant & Machinery). The depreciation on the difference between revalued cost and historical cost has also been provided at the rates specified in Schedule XIV of the Companies Act, 1956, and the same has been debited to Revaluation of Fixed Assets Reserve Account. Freehold land is not depreciated.
03. Raw Material, Stores and Spares and Work-in-Progress are valued at cost. Finished Goods are valued at cost or net realisable value, whichever is lower as per Accounting Standard (AS2) prescribed under section 211(3c) of the Companies Act, 1956 & rules made there under.
04. Investments are stated at Cost. Earnings from Investments has been taken into account as accrued or on declaration or receipt basis, wherever appropriate and the tax deducted at source thereon is treated as advance tax.
05. Normal Retirement Benefits as per contract of employment are provided in the books of account and payments are made to the Trustees of the Company's respective Funds on the basis of accrued liability, where appropriate.
06. Research and Development: a) Revenue expenditure is charged to Profit & Loss Account of the Period during which it is incurred, (b) Capital expenditure is shown as addition to fixed assets or where Capital assets have been taken on lease, the lease rentals will be amortized from profits over the useful economic life of the leased asset.
07. Miscellaneous Expenditure: Miscellaneous Expenditure incurred is amortized from profits over the expected period of future benefit.
08. All transactions in foreign currency are entered in the books of accounts at the rates prevailing on the date of transaction.
09. Deferred Tax Assets / Liability shall be recognized, as required by Accounting Standard (AS-22), prescribed under section 211(3c) of the Companies Act, 1956 & rules made there under. However deferred Tax Assets shall be recognized only where there is a virtual certainty supported by convincing evidence.
10. Use of Estimate:

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates. Any revisions to financial estimates are recognised prospectively in the financial statements when revised.
11. Revenue Recognition: Income is accounted on accrual basis.

EL FORGE LIMITED

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AS AT 30.06.2012

Note: 26

II. Other Notes on Financial Statement

01. Principles of Consolidation:

The Consolidated financial statements relate to El Forge Limited (the Company or Parent Company), its wholly subsidiary (there is no Joint Venture companies and Associate Companies). The consolidated financial statements have been prepared on the following basis:

- (01) The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets liabilities, income and expenses, after eliminating the intra-group balances, intra-group transactions and unrealized profits or losses in accordance with Accounting Standard (AS-21) on Consolidated Financial Statements, as specified under section 211(3c) of the Companies Act, 1956 and rules made there under (Companies (Accounting Standards) Rules, 2006).
- (02) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements. The excess/shortfall of cost of Investments in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary, is recognized in the financial statements of the Parent Company as goodwill/capital reserve respectively
- (03) The Subsidiary company considered consolidated financial statements is:

S.No.	Name of the Company	Country	2011-12	2010-11
01	Shakespeare Forgings Ltd	United Kingdom	100%	100%

In the aforesaid paragraph,

- (a) "Country" means the name of the country in which the subsidiary company has been incorporated; and
- (b) "Interest" means the proportion of the Ownership Interest of the Company in the Subsidiary.

02. Depreciation:

- (01) Depreciation for the Period on all Fixed assets of the company has been calculated on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 (Double shift rates for Plant & Machinery), on historical book cost and has been charged to Profit & Loss Account.
- (02) The depreciation amounting to Rs.71 Thousands (Previous year Rs.19 Thousands) on the difference between revalued cost and historical cost has also been provided at the rates specified in Schedule XIV of the Companies Act, 1956 and the same has been debited to Revaluation of Fixed Assets Reserve Account.
- (03) Depreciation charged to Profit & Loss account excludes Rs. 71 Thousands, relating to revaluation reserve adjustments.

03. Sundry Debtors, Creditors, Loans and Advances:

The Company has sent letters for Confirmation of Balance as on 30.06.2012, but only some of the parties have responded. In the opinion of the management the current assets and Loans and Advances will be recovered in full, in the normal course of business.

04. Miscellaneous Expenditure:

Due to the Loss during the Period the company has not written off any deferred revenue expense during the Period (Previous year Rs. Nil) and same is to be amortised from profit over the expected period of future benefit.

05. The Retirement Benefit Funds towards gratuity are administered by LIC under Group Gratuity Scheme there is a short fall of the amount provided by the company to Gratuity Scheme.

EL FORGE LIMITED

06. Segment Reporting

The Company has only one business segment (Primary Segment) of manufacture and sale of steel forgings.
(Rs. in Thousands)

07. Contingent Liabilities & Commitments	30.06.2012	30.06.2011
(01) Claims against the company not acknowledged as debt;		
(a) E.S.I under Appeal	208	208
(b) Demands raised by SIPCOT for the Leasehold	1301	1301
(c) Demand from Income Tax	7560	7560
(d) Demand from Central Excise & service tax	5504	4424
(02) Guarantees given to;		
(a) Foreign Bank (for credit limits of subsidiary company)	18363	18363
(b) Bank against the loan taken by a company	65000	65000
(03) Other money for which the company is contingently liable		
(a) For factoring (SBI Global Factors Ltd)	7592	6896
(04) Whether Commitments are classified as:		
(a) Pending contracts (on Account of capital Assets)	10000	10000
(b) Uncalled liability on shares & other investments partly paid	---	---
08. Earnings per share, as per Accounting Standard (AS) 20		
(01) Surplus / Deficits (-) after tax		
(a) Net Profit/ Loss (-)	-58114	-97339
(b) Adjusted Net Profit/ Loss (-)	-58114	-97339
(02) Weighted Average Number of shares		
(a) For Basic EPS	18311268	8629524
(b) For Dilutated EPS	18311268	8629524
(03) Earnings Per Shares (EPS)		
(a) Basic	-3.17	-11.28
(b) Dilutated	-3.17	-11.28
09. Related Party Disclosure, as per AS-18		
(01) Related Parties		
(a) Promoters		
(b) Subsidiaries (Shakespeare Forgings Ltd, UK)		
(c) Associates		
(d) Key Managerial Personnel's		
Mr. K.R. Srihari Son of Mr.K.V.Ramachandran		
(02) Transactions, if any.		
(a) On Account of Salaries: Relationship Director	619	773
(b) On Account of Interest	451	519
Shakespeare Forgings Ltd		
(a) On Account of Purchases	781	---
(b) Sales	48661	71928

EL FORGE LIMITED

10. Disclosure relating to Lease, as per AS-19

◇ Amt due within 12 months		
(01) Principal Amount	231	339
(02) Interest/ HP Charges	31	62
(03) Balance	117	379
◇ Due after 12 but before 24 months		
(01) Principal Amount	112399	231171
(02) Interest/ HP Charges	4798	30609
(03) Balance	---	117197
◇ Due after 24 months		
(01) Principal Amount	---	112399
(02) Interest/ HP Charges	---	4798
(03) Balance	---	---

11. Account of Tax on Income, as required by AS-22

Not	Not
Applicable	Applicable

11. a) Previous year's figures have been regrouped wherever necessary to conform to current year classification/grouping.

b) All the figures have been rounded off to the nearest thousands.

12. Current Year figures comprise a period of 12(Twelve) Months as against the previous year comprising of 15(Fifteen) Months. Hence, the result of the Current year may not be comparable with that of the previous year.

As per our annexed report
For P. RAJAGOPALAN & CO.
Chartered Accountants
Regn No. of the Firm: 003408S

on behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN

R. VENKATESH

PARTNER
MNo: 28368
Place: Chennai
Date: 24.08-2012

R.SOWMITHRI
COMPANY SECRETARY

K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR

EL FORGE LIMITED

Consolidated Fund Flow Statement For The Year Ended 30th June 2012

(Rs. in Thousands)

Particulars	Year Ended 30-06-2012		Year Ended 30-06-2011	
1. Cash Flow From Operations	Rs.	Rs.	Rs.	Rs.
(01) Net Profit before tax		(52007)		(99939)
(02) Adjustments for				
a. Depreciation	90187		100872	
b. Interest Expenses	126913		86992	
c. Other Income	---		---	
d. Profit on sale of Fixed Assets	(143762)		(35194)	
e. Interest Income	3299		---	
f. Dividend Received	(1)		(70)	
g. Sales of Investments	---		---	
h. Revaluation Reserve	1508		15434	
		71546		168034
(03) Operating Profit before Working Capital Changes		19539		68095
(04) Adjustments for Increase / Decrease In:				
a. Trade and other Receivables	(78667)		(31233)	
b. Inventories	(28417)		62759	
c. Sundry Creditors	127428		66326	
d. Miscellaneous Expenses / Deferred Revenue Expenditure	---		(4056)	
e. Conversation Fixed Assets to Stock	(13611)	6733	---	93796
(05) Cash Generated from Operations		26272		161891
(06) Less the Following				
a. Tax Paid/Provided	(7614)		---	
b. Extraordinary Items	---		---	
c. Misc. Receipts	---		---	
d. Deferred sales Tax Liability	---		---	
		(7614)		---
(07) Net Cash from Operating Activities		18658		161891
2. CASH FLOW FROM INVESTING ACTIVITIES				
1) Purchase of Sale of Fixed assets				
a. Purchase of Fixed Assets, Including CWIP	(58463)		(115056)	
b. Sale Proceeds of Fixed Assets	171054		37503	
c. Deduction on accounts of conversation	13611		---	
2) Interest received	3299		---	
3) Dividend received	1		70	

EL FORGE LIMITED

Consolidated Fund Flow Statement For The Year Ended 30th June 2012

(Rs. in Thousands)

Particulars	Year Ended 30-06-2012	Year Ended 30-06-2011
4) Purchase or Sale of Investments		
a. Purchase	---	---
b. Sales	---	---
5) Purchase or Sale of Goodwill		
a. Additions	(23274)	(4768)
b. Deletion	---	---
6) Net Cash Flow from Investing Activities	106228	(82251)
3. CASH FLOW FROM FINANCING ACTIVITIES		
1) From Term Loan/Deferral Loan		
a. Obtained	---	35438
b. Re-Paid	(252127)	---
2) From Capital		
a. Additions	188060	35000
b. Withdrawn	(7983)	---
3) From Unsecured Loans		
a. Obtained	---	---
b. Re-Paid	---	---
4) From Short (Bank Borrowings)	74978	(64242)
5) Interest Paid	(126913)	(86993)
6) Dividend & Tax Thereon	---	---
7) Minority Interest	---	---
8) Net Cash Flow from Investing Activities	(123985)	(80797)
4. Net Increase / Decrease in Cash & Cash Equivalent (04=01+02+03)	901	(1157)
5. Cash & Cash Equivalent – Opening Balance	18630	19787
6. Cash & Cash Equivalent – Closing Balance	19531	18630
7. Net Increase / Decrease in Balances	901	(1157)

As per our annexed report
For P. RAJAGOPALAN & CO.
Chartered Accountants
Reg No. of the Firm: 003408S

R. VENKATESH

PARTNER (M.No: 28368)

Place: Chennai

Date: 24-08-2012

R.SOWMITHRI

COMPANY SECRETARY

on behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN

VICE CHAIRMAN &
MANAGING DIRECTOR