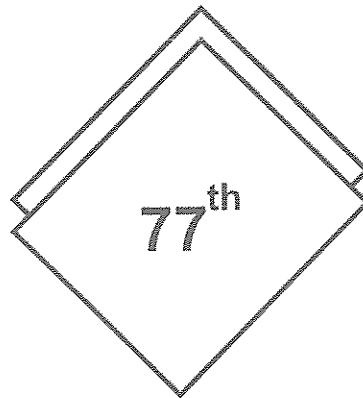


EL FORGE LIMITED



ANNUAL REPORT

2012 - 2013

EL FORGE LIMITED

BOARD OF DIRECTORS

Sri.V.Srikanth, Executive Chairman
Sri.V.Ramachandran
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 600 108
AXIS BANK LTD. Anna Salai, Chennai 600 002
IDBI Bank Ltd., Greams Road, Chennai 600 006
EXPORT IMPORT BANK OF INDIA, Anna Salai, Chennai 600 002
ROYAL BANK OF SCOTLAND, Harrington Road, Chennai 600 031
KOTAK MAHINDRA BANK LTD., Capitale, Anna Salai, Teynampet, Chennai 600 018

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.
Macarthur Road, Cradley Heath, West Midlands B64 5NX, United Kingdom.

EL FORGE LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that 77th Annual General Meeting of EL FORGE LIMITED will be held at "Nahar Hall" South India Hire Purchase Association, Deshbandu Plaza 1st Floor, No.49, Whites Road, Royapettah, Chennai 600 014 on Monday the 30th day of December, 2013 at 10.30 am to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts for the year ended 30th June, 2013, the Auditors Report and the Directors Report thereon.
2. 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".

By Order of the Board

Place : Chennai
Date :29.11.2013

**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 23rd December, 2013 to 30th December, 2013 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.
8. 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.
9. 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.
10. 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.
11. The dividend declared during 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.
12. Website – Quarterly information on results and other developments are posted on the Company's Website :<http://www.elforge.com>

EL FORGE LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting the 77th Annual Report along with the Audited Accounts of the Company for the year ended 30th June, 2013.

	For the year ended 30.06.2013	For the year ended 30.06.2012
	(RS.IN LAKHS)	
Gross Sales	8298.07	9170.75
Other Income	103.98	1397.37
Profit/(Loss) before Depreciation	(2595.67)	(31.27)
Profit/(Loss) after Depreciation	(3382.03)	(841.98)
Net Profit/(Loss) after tax	(3382.03)	(918.12)

Year in Retrospect

The past year was very tough for the operations of the company. The company's efforts to infuse long term funds by sale of non core assets could not be achieved as the value for these assets could not be unlocked due to the economic situation. The restructure of debts were conditional on the funds raised and, since this could not be done the restructure proposal was not be taken up. The consequent non availability of funds and reduced operations resulted in loss during 2012-13.

The company is continuing the efforts to achieve profitable levels by looking at all possible solutions available in this situation.

Subsidiary Company

Shakespeare Forgings Ltd achieved a gross turnover of Rs 4266.20 lakhs for the year ended 30.06.2013 and incurred a marginal loss of Rs.27.34 lakhs for the said period. The UK economy is recovering and Shakespeare Forgings has been able to stabilize its manufacturing operations and will be in a position to carry on its operations on its own.

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 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.

Directors

During the year Mr.P.L.Reddy our director for 32 years expired on 28.02.2013. The directors wish to place on record his valuable contribution to the company. This has left a casual vacancy in the Board.

During the year Mr.K.J.Ramasamy resigned form the Board on 30.08.2013 and Mr.BalrajVasudevan resigned from the directorship on 10.09.2013 due to personal preoccupation. The directors thank them for their support and guidance during their term with the company.

EL FORGE LIMITED

Management Discussion and Analysis

Management Discussion and Analysis report for the year under review as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

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, 2013 deposits amounting to Rs.137.26 Lakh. 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.

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

Delisting of Shares with Ahmedabad Stock Exchange

It has been observed that there have been no transactions in our scrip for the last few years in Ahmedabad Stock Exchange. The board in their meeting on 29th November 2013 decided to delist the shares from the Ahmedabad stock exchange without exit opportunity in accordance with The Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003.

The Company's equity shares are one of the scrips which the Securities and Exchange Board of India has specified for settlement only in dematerialized form by all investors. With the extensive networking of BSE, Investors have access to on-line trading in equity shares of the Company across the Country.

The proposed delisting of the Company's Equity Shares from the said Stock Exchange, as and when takes place, will not affect the Investors adversely. The Company's equity shares will continue to be listed on the Bombay Stock Exchange Ltd. The delisting will take effect after receiving the consent from Ahmedabad Stock Exchange.

EL FORGE LIMITED

Corporate Governance

Your Directors are pleased to report that your Company is fully compliant as on June 30, 2013 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 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, 2013 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

S.Sundar& Associates, Cost Accountants,Chennai, Cost auditor of the company under section 233 of the Companies Act,1956 has been reappointed as the company's Cost Auditor for the Financial year 2013-14.

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.

Addendum to Directors' Report

In response to the Audit Emphasis matters and qualification the directors state the following:

Statutory Dues

The Company is facing funds constraint, due to this the Company has not been able to make regular payments for statutory dues. The Management is taking steps to clear the dues.

Gratuity Fund

The contribution to the gratuity fund is pending due to funds constraint. The Management is taking steps to comply with the requirement and regularize the fund.

Going Concern

The Management has prepared the accounts on a going concern as there has been no stoppage in the manufacturing operations or sale of our products. The world class plant attracts the auto majors and others

EL FORGE LIMITED

with no let up in the orders. Due to working capital inadequacies, we are not able to service all the orders on hand. The forgings are known for their quality and the fact that customer returns are negligible, confirms the quality.

Our Company is in forging business from 1964 and this is the fiftieth year of operations and endured many business cycles. The management is taking steps to address the financial requirements and is confident of addressing the same and move to profitable levels. The current assets position will be strengthened once the company generate profits from operations. The management is confident of resolving the issues and hence prepared the financial statements on going concern basis.

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 and Kotak Mahindra Bank 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 :29.11.2013

**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, 2013.
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

	2012-13 (12 Months)	2011-12 (12 Months)
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased		
Units	6353272	7331262
Total Amount (Rs.)	63495544	53679604
Rate / Unit (Rs.)	9.99	7.32
b. Own Generation		
Units	486850	423773
Units / Ltr. of Diesel Oil	2.74	2.75
Cost Per Unit (Rs.)	18.75	17.13
2. FURNACE OIL & L.D.OIL		
Quantity (in Ltrs.)	859380	1197990
Total Amount (Rs.)	31029991	41344294
Average Rate (Rs.)	36.11	34.51
3. GAS FOR HEAT TREATMENT		
Quantity (in Kgs.)	176124	212924
Total Amount (Rs.)	13093453	12589422
Average Rate (Rs.)	74.34	59.13
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product - Steel Forgings	Standards	Standards
Unit / MT. of Made Steel Forgings	(if any)	(if any)
a. Electricity (Units)	1114	993
b. Furnace Oil/L.D. Oil (Ltrs.)	290	278
c. Gas (Kgs.)	64	63

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, ADOPTATION 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.) | 573675 |
| (b) Earned (Rs.) | 161402756 |

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.

Economic Situation

The world economy continued to struggle in 2012-13 which reflected in a slow down in developing nations. There was a sharp decline in the demand from US and Europe. As per the published data, there was a decline in overall global growth for the year 2012-13.

India faced its own share of problems of decline in industrial activity and overall slowdown in all sectors. As per the RBI sources the quarter ending December' 2012 registered a GDP growth of 4.7% which is a nine year low in GDP.

The Indian automobile industry faced significant decline owing to the high interest rates, rising energy prices and spiraling inflation. However your Company's order book is steady, thanks to the manufacturing facility and quality certifications.

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. Restructuring the borrowing and augmentation of working capital are to be addressed at the earliest.

Risk Management

The economic slow down in India and abroad specially the USA & Europe affect the turnover of the Company. The volatile currency situation also affects the sales realization and loan outstanding position. 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. Our Company has both an export market and a domestic market. Our domestic customers in turn sell to their overseas customers

EL FORGE LIMITED

in Europe, America and China. The wide market reach acts as an insulator from the local vagaries, which will otherwise make it dependent on the economies of a single country.

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 forward cover strategy for foreign currency exposures.

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.

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.

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 empowers 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

EL FORGE LIMITED

system of assessment of the employees based on the sound HR practices. There are 380 employees on the rolls of the Company.

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

EL FORGE LIMITED

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 2012-2013, 4 Audit Committee Meetings were held on 24.08.2012, 15.11.2012, 15.02.2013 AND 10.05.2013.

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 2012-13	
		Held	Attended
Mr.P.L.Reddy Chairman of the Committee	Independent Director	4	3
Mr.V.Ramachandran Member	Non Executive Director	4	2
Mr.K.J.Ramaswamy Member	Independent Director	4	2
Mr.Balraj Vasudevan	Independent Director	4	3

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.

Recommend to the Board, the remuneration including Salary, Perquisites and Commission to be paid to the Wholetime 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 2012-13	
		Held	Attended
Mr.P.L.Reddy Chairman of the Committee	Independent Director	Nil	Nil
Mr.V.Ramachandran Member	Non Executive Director	Nil	Nil
Mr.K.J.Ramaswamy Member	Independent Director	Nil	Nil
Mr.Balraj Vasudevan Member	Independent Director	Nil	Nil

Details of Remuneration paid to Board of Directors

Non-whole time Directors		Name	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Name	Sitting Fees (Rs.)				
Mr.P.L.Reddy	22500	Mr.V.Srikanth	1680000	1319669	2999669
Mr.V.Ramachandran	14000	Mr.K.V.Ramachandran	1642500	1361706	3004206
Mr.K.J.Ramaswamy	19500				
Mr.Balraj Vasudevan	8500				
Mr.K.Ajit Kumar	15000				
Total	79500		3322500	2681375	6003875*

*Out of the above remuneration to Mr. V. Srikanth and Mr. K.V. Ramachandran – Rs.17,13,355/- remains unpaid.

EL FORGE LIMITED

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

5. Shareholders Committee

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

During the Financial Year 2012-13 four Shareholders / Investors Grievance Committee were held on 24.08.2012, 15.11.2012, 15.02.2013 and 10.05.2013.

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 2012-2013
Mr.V.Srikanth	Executive Director	4
Mr.P.L. Reddy	Non Executive & Independent Director	3
Mr.V.Ramachandran	Non Executive & Independent Director	3
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
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
2011-2012	Nahar Hall, South India Hire Purchase Association, Deshbandu Plaza, 1 st Floor, No.49, Whites Road, Royapettah, Chennai 600 014	Dec 17, 2012	10.45 am

EL FORGE LIMITED

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.

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.

During the year there has been no fresh issue of capital.

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

During the year there is no proposal for appointment /reappointment of directors.

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.

EL FORGE LIMITED

10. Means of communication

The quarterly, half-yearly and full year results are published in Newstoday and Malai Chudar

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 : 30th December, 2013 at 10.30 AM
Venue : "Nahar Hall", South India Hire Purchase Association,
1st Floor, Deshbandhu Plaza, No.49, Whites Road,
Royapettah, Chennai 600 014

b) Financial Calendar

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

c) Date of Book Closure

The Directors decided to close the Register of Members on 23rd December, 2013 to 30th December, 2013 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

EL FORGE LIMITED

Ahmedabad Stock Exchange Ltd
Kamadenu Complex
Opp.Sahjanand College
Panjarapole, Ahmedabad 380 015

e). Stock Code

Bombay Stock Exchange Limited
Ahmedabad Stock Exchange Limited

Code No.531144
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 2012-13 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 2012	8.20	6.21	7.95	6.05
August' 2012	8.30	6.55	8.30	6.55
September' 2012	9.00	6.45	8.00	6.70
October' 2012	8.65	6.85	9.65	6.35
November 2012	8.55	6.32	8.90	6.50
December' 2012	8.00	6.51	8.25	6.35
January 2013	8.40	6.50	8.05	6.30
February 2013	7.25	5.67	7.75	5.25
March 2013	6.64	3.71	6.75	4.50
April' 2013	5.95	4.10	5.85	3.75
May 2013	7.25	3.95	6.00	4.05
June 2013	5.85	3.36	4.75	3.00

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.

EL FORGE LIMITED

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 2012-13	
	Received	Cleared
Relating to Transfer, Transmissions, Dividend, Demat and Remat and Change of Address etc.	4	4

j) Distribution of Shareholdings as on 30th June, 2013

Sl.No	Category	No.of Holders	% of Holders	No.of Shares	% of Shares
1.	Upto 500	8038	79.45	866095	4.26
2.	501 to 1000	1066	10.54	739392	3.64
3.	1001 to 2000	390	3.85	588077	2.89
4.	2001 to 3000	171	1.69	436099	2.15
5.	3001 - 4000	78	0.77	277780	1.37
6.	4001 - 5000	65	0.64	304493	1.50
7.	5001 - 10000	124	1.23	909508	4.47
8.	10001 and above	185	1.83	16202860	79.72
*** Total ***		10117	100.00	20324304	100.00

k) Pattern of Shareholding as on 30th June .2013

Sl.No.	Category	No.of Shares	% of Shareholding
1.	Promoters	8385858	41.26
2.	Corporate Bodies	2136115	10.51
3.	Mutual Funds	1605	0.01
4.	Bank's	990	0.01
6.	NRI's/Foreign Nationals	50329	0.25
7.	Public	9749407	47.96
	Total	20324304	100.00

l), Dematerialisation of shares and liquidity

About 96% of the shares have been dematerialised as on June 30, 2013. The Equity shares of the Company are permitted to be traded in dematerialised form.

Demat ISIN No allotted to the Company is INE 158F01017

EL FORGE LIMITED

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.

- The Board : No specific tenure has been specified for the Non Executive Director, Mr.V.Ramachandran.
- Remuneration Committee : Details are given under the heading Remuneration Committee.
- Shareholder Rights - The financial results are also put up on the Company's website.
- 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.
- 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.

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 year ended 30th June 2013.

Place: Chennai
Date: 29/11/2013

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 2013 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, 2013 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
Reg. No. of the Firm 0034085

Place : Chennai
Date : 29.11.2013

R.VENKATESH
PARTNER
(M.No.28368)

EL FORGE LIMITED

The Board of Directors
El Forge Limited
21 C, ARK Colony
Eldams Road
Chennai 600018.

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

We hereby certify that for the year ended 30th June 2013 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 2012-13 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: 29/11/2013

K.V. Ramachandran
Vice Chairman & Managing Director

R. Sowmithri
Company Secretary

EL FORGE LIMITED

Independent Auditor's Report on the Financial Statement

To the Members of El Forge Limited

01. Financial Statements, their period, etc.,

We have audited the accompanying financial statements of El Forge Limited ('the Company') which comprise the Balance Sheet as at 30th June 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

02. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

03. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. In those circumstances where the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as, evaluating the overall presentation of the financial statements.

We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our audit opinion.

04. Emphasis Matters

Without qualifying our opinion, we draw the attention to the following

EL FORGE LIMITED

- (01) Item No II-21 in Note 26 on Financial Statements, Interest & penalty leviable, if any, for non-remittance of statutory dues, on account of delay / short remittance of statutory dues is not ascertainable at present.
- (02) Item No.II-20 in Note 26 on Financial Statements, Non-Payment of contribution to Employees Gratuity Plan agreed upon with Life Insurance Corporation of India, amounting to Rs. 78.42 Lakh. Accordingly, the disclosure under AS-15 Employees' benefit has not been made.

05. Basis for Qualification of Opinion

- (01) The Company's operating results has been materially affected due to various factors during the financial year ended 30th June 2013, under report, and the Company has accumulated losses as on the aforesaid date, which has eroded entire net worth of the company. Accordingly, the appropriateness of the going concern assumption is dependent on the Company's ability to establish consistent profitable operations as well as raising, obtaining or infusing adequate/ required fund to meet its short term and long term obligations.
- (02) At the end of the financial Year 2012-13, net worth of the company has been totally eroded and become negative of an amount of minus Rs. 2027.06 [after excluding amount of Rs. 1219.03 Lakh shown under capital Reserve (other than share premium) in the Notes 02 on Financial Statements and Rs.1535.56 Lakh, relating to Deferred Interest and Deferred Revenue Expenses, Note 12 on Financial Statements], due to the accumulated loss of the Company amounting to Rs.5999.03 Lakh (which includes Current year loss) as on the Balance Sheet date.
- (03) Further, the Company's Current Liabilities (as at 30th June 2013) have also exceeded its Current Assets by an amount of Rs. 6259.80 Lakh. These factors raise doubts about the ability of the Company to continue as a going concern.
- (04) In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities which are not ascertainable.

06. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (01) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2013;
- (02) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

EL FORGE LIMITED

- (03) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

07. Report on other Legal and Regulatory Requirements

- (01) As required by the Companies (Auditors Report) Order, 2003('the Order'), as amended, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- (02) As required by Section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) Except for the matter described in Emphasis matters and the Basis for Qualified Opinion paragraph above, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section(3C) of Section 211 of the Companies Act, 1956; and
 - (e) On the basis of written representations received from the Directors, as on 30th June 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 30th June 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Place: Chennai
Date: 30.08.2013

R.VENKATESH
Partner
MNo:28368

EL FORGE LIMITED

ANNEXURE TO INDEPENDENT AUDITORS' REPORT
(Referred in paragraph 05(1) 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 3 and Rs. 2808000/= 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. 1,95,85,136/- 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	24.76	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	4.96	2007-08	Deputy Commissioner Central Excise Tambaram II
7	The Central Excise	Excise Demand	1.72	2001-02 to 2005-06	Customs, Excise & Service Tax Appellate Tribunal
8	The Central Excise	Excise Demand	3.60	2008-09 to 2011-12	Assistance Commissioner of Central Excise Div. Chennai III
9	The Central Excise	Excise / Demand	8.49	2007-08	Assistance Commissioner of Central Excise Chennai III
10	The Central Excise	Excise Demand Refund	1.03	2011-12	Commissioner of Central Excise (Appeals)

EL FORGE LIMITED

10. Net worth: -

The company has accumulated loss amounting to Rs.599903429/- at the end of the financial year under report. The company has incurred cash losses during the financial year under report and not incurred cash loss in the immediately preceding the financial year.

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.81177375/- and Rs.42597322 towards principal and interest respectively as on 30.06.2013.

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 arise.

20. Public Issue

The Company has raised money by way of right issue to existing share holders is during the year. Hence repeating, "Whether the management has discloser on the end use of money raised by the public issue and the same has been verified", does not arise.

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 : 30-08-2013

R. VENKATESH
Partner
(MNo. 28368)

EL FORGE LIMITED

BALANCE SHEET AS AT 30th JUNE 2013

(Rs. In Thousands)

Particulars	Note	AS AT 30 th JUNE 2013	AS AT 30 th JUNE 2012
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	1	324355	323324
(b) Reserves and Surplus	2	<u>-251601</u>	<u>92973</u>
		72754	416297
2. Share Application Money Pending Allotment	3	---	1032
3. Non-Current Liabilities			
(a) Long-term borrowings	4	655829	807409
(b) Deferred Tax liabilities (Net)		---	---
(c) Other Long term liabilities		<u>---</u>	<u>---</u>
		655829	807409
4. Current Liabilities			
(a) Short term borrowings	5	481098	371983
(b) Trade payables	6	356763	241215
(c) Other current liabilities	7	353546	303989
(d) Short term provisions	8	<u>2257</u>	<u>2257</u>
		1193664	919444
TOTAL		<u>1922247</u>	<u>2144182</u>
II. ASSETS			
5. Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	9	1037593	1110597
(ii) Intangible assets		---	---
(iii) Capital work-in-progress		30410	35586
(iv) Intangible assets under development		---	---
(b) Non-current investments	10	47105	47105
(c) Deferred tax assets (net)		---	---
(d) Long-term loans and advances	11	79888	83579
(e) Other non-current assets	12	<u>159565</u>	<u>158639</u>
		1354561	1435506
6. Current Assets			
(a) Current investments		---	---
(b) Inventories	13	161690	187380
(c) Stock in trade (Land)	14	113116	120300
(d) Trade receivables	15	235872	313944
(e) Cash and Bank Balances	16	9854	19491
(f) Short-term loans and advances	17	23712	29610
(g) Other current assets	18	<u>23442</u>	<u>37951</u>
		567686	708676
TOTAL		<u>1922247</u>	<u>2144182</u>

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: 30-08-2013

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 2013

(Rs. in Thousands)

Particulars	Note	2012-2013	2011-2012
I. Revenue from Operations	19	753329	833007
II. Other Income	20	10398	139737
III. Total Revenue (I+II)		<u>763727</u>	<u>972744</u>
IV. Expenditure			
a) Cost of Materials Consumed	21	442850	412414
b) Changes in inventories of finished goods, work in progress and Stock-in- trade	22	17831	48380
c) Employee benefits expense	23	132114	121877
d) Finance Costs	24	142847	120379
e) Depreciation and amortization expense		78636	81071
f) Other expense	25	287652	272822
Total Expenditure (a to f)		<u>1101930</u>	<u>1056943</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		<u>(338203)</u>	<u>(84199)</u>
VI. Exceptional Items		---	---
VII Profit before tax (V-VI)		<u>(338203)</u>	<u>(84199)</u>
VIII. Tax Expense:			
(1) Current tax		---	---
(2) Prior period tax provision		---	7614
Total		<u>---</u>	<u>7614</u>
IX. Profit /(Loss) for the year(VII-VIII)		<u>(338203)</u>	<u>(91813)</u>
X. Earnings per equity share(of Rs.10 each):			
(1) Basic		-16.64	-5.01
(2) Diluted		-16.64	-5.01
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: 30-08-2013

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 2012-13**

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
1. Share Capital		
(01) Authorised Share Capital		
(01) Equity Shares Capital		
(A) Number of Equity Shares	26000000	26000000
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of Authorised Equity Share Capital	260000	260000
(b) Preference Share Capital		
(A) Number of Preference Share	1300000	1300000
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Authorised Preference Share Capital	130000	130000
(c) Summary Authorised Share Capital		
(A) Equity Share Capital	260000	260000
(B) Preference Share Capital	130000	130000
(C) Total	390000	390000
(02) Issued, subscribed and Fully Paid up		
(a) Equity Share Capital		
(A) Number of Equity Shares	20324304	20324304
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of paid up Equity Share Capital	203243	203243
(b) Preference Share Capital		
(A) Number of Preference Share	1211123	1200806
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Paid up Preference Share Capital	121112	120081
(c) Summary Issued, subscribed & Paid up Capital		
(A) Equity Share Capital	203243	203243
(B) Preference Share Capital	121112	120081
(C) Total	324355	323324
(03) Share Reconciliation (Shares in Numbers)		
(a) Equity Share of Rs.10/= each (in No.)		
(A) No. of shares at the beginning	20324304	8629524
(B) No. of shares issued during the year/ period	---	11694780
(C) Sub-Total	20324304	20324304
(D) Less: Adjusted/ Redeemed/ Buyback	---	---
(E) Closing Balance	20324304	20324304

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(b) Preference Share of Rs. 100/= Each (in No.)		
(A) No. of shares at the beginning	1200806	1200806
(B) No. of shares issued during the year/ period	10317	---
(C) Sub-Total	1211123	1200806
(D) Less: Adjusted/ Redeemed/ Buyback	---	---
(E) Closing Balance	1211123	1200806
(04) Shareholding more than 5% Equity Shares		
(a) Equity Shares		
(A) Chendur Forgings Ltd		
(i) No. Equity Shares	7065006	7065006
(ii) Percentage	34.76%	34.76%
(b) Preference Shares		
(A) State Bank of India (No of shares & %)	545931 & 45.08%	545931 & 45.46%
(B) Axis Bank Ltd (No of shares & %)	307206 & 25.37%	307206 & 25.28%
(C) Union Bank of India (No of shares & %)	108202 & 8.93%	108202 & 9.01%
(D) Export & Import Bank of India (No of shares & %)	209817 & 17.32%	209817 & 17.47%
(E) IDBI Bank (No of shares & %)	39967 & 3.30%	29650 & 2.47%
(05) Conversion of Preference shares to Equity Shares		
(a) Absolutely 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 exercised, redemption shall be as follows:		
(A) on 01-04-2016	One Third	One Third
(B) on 01-04-2017	One Third	One Third
(C) on 01-04-2018	One Third	One Third
(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)	226398	234381
(b) Add: Additions/ Transfers/ Created	---	---
(c) Sub-Total	226398	234381

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(d) Less: Utilized/ Adjusted (Right Issue Expenses)	---	7983
(e) Closing Balance	226398	226398
(02) Capital Reserves (Other than Share Premium)		
(a) Opening Balance (Since last Balance Sheet)	128275	21586
(b) Add: Additions/ Transfers/ Created	---	106689
(c) Sub-Total	128275	128275
(d) Less: Transfers/ Utilized/ Adjusted	6371	---
(e) Closing Balance	121904	128275
(03) Revaluation of Fixed Assets Reserve:		
(a) Opening Balance (Since last Balance Sheet)	---	283
(b) Add: Additions/ Transfers/ Created	---	71
(c) Sub-Total	---	354
(d) Less: Transfers/ Utilized/ Adjusted	---	354
(e) Closing Balance	---	---
(04) Surplus: Closing Balance of Profit & Loss A/C		
(a) Opening Balance [Surplus/ Deficit (-)]	-261700	-169887
(b) Add: Profit/ Loss (-) [Per Statement of Profit & Loss]	-338203	-91813
(c) Add: Adjustments General Reserve	---	---
(d) Sub-Total	-599903	-261700
(e) Less: Transfers to general Reserves	---	---
(f) Less: Provisions for Dividend	---	---
(g) Less: Provisions for Dividend Tax	---	---
(h) Closing Balance	-599903	-261700
(05) Summary of Closing Balance		
(a) Capital Reserves (Share Premium)	226398	226398
(b) Capital Reserves (Other then Share Premium)	121904	128275
(c) Revaluation Reserve	---	---
(d) Surplus / Deficit (-)	-599903	-261700
Total	-251601	92973
03. Share Application Money Pending Allotments		
(01) Amount Pending Allotment	---	1032
04. Long term Borrowings:		
(01) Term Loans		
(a) From Banks		
(A) Secured	652337	802098
(B) Unsecured	---	---
(C) Total	652337	802098
(b) From Others		

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(A) Due from Related Parties		
(i) Secured	---	---
(ii) Unsecured	---	---
(iii) Sub- Total	---	---
(B) Due from Others		
(i) Secured	---	---
(ii) Unsecured	3394	4974
(iii) Sub- Total	3394	4974
(C) Total		
(i) From Related Parties	---	---
(ii) From Others	3394	4974
(iii) Total	3394	4974
(c) Summary of Term Loans		
(A) From Banks	652337	802098
(B) From Others	3394	4974
(C) Total	655731	807072
(d) Term of repayment of Term Loan		
(A) During the year 2011-12	---	---
(B) During the year 2012-13*	81177	182452
(C) During the year 2013-14	118625	118625
(D) During the year 2014-15	121393	121393
(E) During the year 2015-16	138388	138388
(F) During the year 2016-17	145671	145671
(G) During the year 2017-18	145671	145671
(H) During the year 2018-19	101213	101213
* Not paid, hence disclosed (for the year 2012-13)		
(e) Default of Repayment of Loans		
(A) First date of default	01-07-2011	01-07-2011
(B) Total Amount of Principal defaulted	81177	29704
(C) Total Amount of interest defaulted	42597	14119
(D) Default continued	Yes	Yes
(E) Amt defaulted as on the balance sheet date	123775	43823
(f) Security Details		
(A) Term Loan from Indus Ind Bank		
Secured by an exclusive charge on the Land at Sulagiri and receivables from Bosch.		
(B) Term Loans from other Banks		
a) Pari Passu first charge on all immovable Properties of the Company other than Land at Sulagiri.		
b) Pari Passu first charge on all movable fixed assets of the Company excluding those moveable fixed assets exclusively charged to The Royal Bank of Scotland N.V.		
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.		

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(C) All Term Loans are fully guaranteed by the Executive Chairman & 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	98	337
(04) Summary of Long Term Borrowings		
(a) Term Loans	655731	807072
(b) Deposits	---	---
(c) Loans and Advances from Related Parties	---	---
(d) Long Term maturities of Financial Obligations	98	337
Total	655829	807409
05. Short Term Borrowings		
(01) Loans Payable on Demand		
(a) From Bank		
(A) Secured	413470	329639
(B) Unsecured	796	4095
Total	414266	333734
(b) From Others		
(A) Secured	---	---
(B) Unsecured	---	---
Total	---	---
(c) Summary of Loan Payable on Demand		
(A) From Bank	414266	333734
(B) From Others	---	---
Total	414266	333734
(02) Loans and Advances from Related Parties		
(a) From Related Parties	2808	2184
(b) From Others	---	---
Total	2808	2184

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(03) Deposits		
(A) Secured	---	---
(B) Unsecured	64024	36065
Total	64024	36065
(04) Summary of Short Term Borrowings		
(a) Loan Payable on Demand	414266	333734
(b) Loans and Advances from Related Parties	2808	2184
(c) Deposits	64024	36065
Total	481098	371983
(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,		
(06) Guarantee given		
(a) Secured Loan are Fully Guarantee by the Executive Chairman and Vice Chairman & Managing Director		
06. Trade Payables:		
(01) Dues to MSME*	---	---
(02) Others	356763	241215
Total	356763	241215
*MSME stands for Micro Small and Medium Enterprises		
07. Other Current Liabilities		
(01) Current maturities of Long Term Debts	199802	151316
(02) Unclaimed Dividends	1250	1467
(03) Sundry Creditors for Expenses and others	115927	59440
(04) Bills Acceptances	36567	91766
Total	353546	303989
08. Short Term Provisions		
(01) Provision for Taxation	2257	2257
(02) Provision for proposed dividend	---	---
(03) Provision for Tax on proposed dividend	---	---
Total	2257	2257

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
09. Fixed Assets - Tangible		
Net Block*	1037593	1110597
<i>*Details Sheet Attached</i>		
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
Shakespeare Forgings Ltd -UK* 150000 (150000) Nos. of GBP1	37382	37382
Sub-Total	47104	47104
(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 Quoted Investments	118	149
(e) Aggregate provision for diminution in value of investments	---	---
(f) Investments are made in 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	3760	7451
Total	79888	83579

EL FORGE LIMITED**Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13**

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
12. Non-Current Assets		
(01) Advance Income Tax	---	---
(02) Advance, Deposits, etc.	6009	5083
(03) Deferred Interest	120281	120281
(04) Deferred Revenue Expenditures	33275	33275
Total	159565	158639
13. Inventories		
(01) Raw-Materials / Die Tools Steel	72758	81704
(02) Work-In-Progress	1956	2808
(03) Finished goods	57829	74052
(04) Stores and Spares	23729	21215
(05) Loose Tools	2852	4279
(06) Flash Stock	2566	3322
Total	161690	187380
14. Stock-in-Trade		
(01) Land	113116	120300
Total	113116	120300
15. Trade Receivables		
(01) Outstanding for a period more than 6 months		
(a) Secured & Considered Good	---	---
(b) Unsecured & Considered Good	26089	45195
(c) Doubtful	---	---
Sub-Total	26089	45195
(02) Others		
(a) Secured & Considered Good	---	---
(b) Unsecured & Considered Good	209783	268749
(c) Doubtful	---	---
Sub-Total	209783	268749
(03) Total		
(a) Secured & Considered Good	---	---
(b) Unsecured & Considered Good	235872	313944
(c) Doubtful	---	---
Total	235872	313944

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
16. Cash and Cash Equivalents		
(01) Balances with banks;		
(a) On Earmarked Accounts	1251	1467
(b) On Margin Money Account Against Borrowings	5489	13795
(c) In Current Account	2789	2751
(02) Cash on Hand;		
(a) Free Legal tender	325	1478
(b) With repatriation restrictions	---	---
Total	9854	19491
17. Short Term Loan and advances		
(01) Advance to Employees	3383	3339
(02) Prepaid Expenses	1879	3551
(03) Balance with Central Excise	18450	22720
Total	23712	29610
18. Other Current Assets		
(01) Tax deducted at source	1427	520
(02) Advances for Purchase	3425	3175
(03) Other Advances	6819	6835
(04) Receivables from statutory Authorities	11771	27421
Total	23442	37951

EL FORGE LIMITED

Notes on Financial Statements (Part I) Relating to the Financial Year 2012-13

(Rs. In Thousands)

Particulars	For the Year 2012-13	For the Year 2011-12
19. Revenue from Operations		
(01) Sale of Products	771092	846334
(02) Sale of Services	1525	7898
(03) Other Operating Income (sale of Flash)	57190	62842
(04) Sub-Total	829807	917074
(05) Less: Central Excise	76478	84067
(06) Net Revenue From Operations	753329	833007
20. Other Income		
(01) Dividend Income	71	1
(02) Sales of Fixed Assets (Exceptional Items)	2273	139701
(03) Other Non-Operating Income	8054	35
Total	10398	139737
21. Raw Materials Consumed		
(01) Opening Stock	81704	26500
(02) Add: Purchases	433904	467618
(03) Sub-Total	515608	494118
(04) Less: Sales	---	---
(05) Amount net of Sales	515608	494118
(06) Less: Closing Stock	72758	81704
(07) Raw Materials consumed	442850	412414
22. Changes in inventories*		
(01) Inventories, at the beginning		
(a) Finished Goods	74052	125833
(b) Work-in-Progress	2808	1653
(c) Stock-in-Trade	---	---
(d) Flash Stock	3322	1076
Sub-Total	80182	128562
(02) Inventories, at the End		
(a) Finished Goods	57829	74052
(b) Work-in-Progress	1956	2808
(c) Stock-in-Trade	---	---
(d) Flash Stock	2566	3322
Sub-Total	62351	80182
(03) Change in Inventories	17831	48380

*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 2012-13

(Rs. In Thousands)

Particulars	For the Year 2012-13	For the Year 2011-12
23. Employee Benefit Expenses		
(01) Salaries & Wages	68549	67249
(02) Contribution to PF, ESI, etc	7532	6895
(03) Welfare Expenses	56033	47733
Total	132114	121877
24. Finance Cost		
(01) Interest Expenses	139797	114595
(02) Other Borrowing Cost	3050	5784
Total	142847	120379
25. Other Expenses:		
(01) Consumption of stores and spare parts	20266	25409
(02) Power and fuel	116752	114876
(03) Job Charges	45467	49575
(04) Repairs to buildings	253	1738
(05) Repairs to machinery	14067	16913
(06) Rent	4098	3221
(07) Insurance	2344	1938
(08) Rates and taxes, excluding, taxes on income	1760	1420
(09) Travelling and Conveyance	8674	9185
(10) Packing and Forwarding	51756	24865
(11) Payment to Auditors:	---	---
(a) As Auditors (Statutory audit Fees)	100	100
(b) For Taxation matters	25	25
(c) For Certificate	---	---
(12) Miscellaneous expenses	22090	23557
Total	287652	272822

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

09. Fixed Assets - Tangible
El Forge Ltd

(Rs. In Thousands)

NAME OF THE FIXED ASSET	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Opening Balance As at 01-07-2012	ADDITIONS During the Year	DELETIONS Transfer During the Year	CLOSING Balance as at 30-06-2013	OPENING Balance as at 01-07-2012	Depreciation During the Year	Deduction During the Year	Closing Balance as at 30-06-2013	As on 30.06.2013 As on 30.06.2012
LAND	23521	—	—	23522	—	—	—	—	23521
LAND (LEASEHOLD)	688	—	—	688	—	—	—	—	688
BUILDINGS	216888	—	—	216888	38692	7529	—	46221	178196
PLANT & MACHINERY	1263421	7923	14205	1257139	333332	67338	11802	439488	879489
FURNITURE & FIXTURES	25008	—	—	25008	8534	1574	—	10108	16474
VEHICLES	6896	—	1971	4925	3850	644	1442	3052	3046
OFFICE EQUIPMENTS	29304	641	—	29945	20121	1551	—	21672	9193
TOTAL	1565726	8564	16176	1558114	455129	78636	13244	520521	1037593
	—	—	—	—	—	—	—	—	—

EL FORGE LIMITED

NOTES ON FINANCIAL STATEMENTS AS AT 30TH JUNE 2013

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.Nil Thousands (Previous Period Rs.71 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 30.06.2013, 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 expenses is shown net of interest (income) receipts - Rs. 567 Thousands /-(previous year Rs.3299/- 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	30.06.2013	30.06.2012
(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	4603	5504
(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		
(a) For factoring (SBI Global Factors Ltd)	Nil	7592
(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	---	---
(05) Air freight under negotiation	33858	---
10. CIF Value of imports in respect of:		
(01) Raw Materials	---	---
(02) Components and spare parts	1242	1866

EL FORGE LIMITED

(03) Capital Good	---	---
11. Expenditure in foreign currency on account of		
(01) Travelling Expenses	40	485
(02) Subscription Books and Periodicals	65	49
(03) Others	468	414
12. Raw Materials Consumed:		
(01) Amount		
(a) Total Raw Materials consumption	442850	412414
(b) Indigenous Raw materials consumption	442850	412414
(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	20266	25409
(b) Indigenous Spare Parts and Components	18442	24209
(c) Imported Spare Parts and Components	1824	1200
(02) In Percentage		
(a) Total Spare Parts and Components	100	100
(b) Indigenous Spare Parts and Components	91	95
(c) Imported Spare Parts and Components	9	5
14. Earnings in foreign exchange		
(01) Export Sales (FOB)	161403	107082
15. Earnings per share, as per Accounting Standard (AS) 20		
(01) Surplus / Deficits (-) after tax		
(a) Net Profit/ Loss (-)	-338204	-91813
(b) Adjusted Net Profit/ Loss (-)	-338204	-91813
(02) Weighted Average Number of shares		
(a) For Basic EPS	20324304	18311268
(b) For Diluted EPS	20324304	18311268
(03) Earnings Per Shares (EPS)		
(a) Basic	-16.64	-5.01
(b) Diluted	-16.64	-5.01
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	869	619
(b) On Account of Interest	433	451
Shakespeare Forgings Ltd		
(a) On Account of Purchases	---	781
(b) Sales	116165	48661
17. Disclosure relating to Lease, as per AS-19		
Amt due within 12 months		
(01) Principal Amount	106	231
(02) Interest/ HP Charges	5	31

EL FORGE LIMITED

(03) Balance	---	117
Due after 12 but before 24 months		
(01) Principal Amount	---	106
(02) Interest/ HP Charges	---	5
(03) Balance	Nil	Nil
Due after 24 months		
(01) Principal Amount	Nil	Nil
(02) Interest/ HP Charges	Nil	Nil
(03) Balance	Nil	Nil

18. Segment Reporting

The Company has two business segment

- (1) Manufacture and sale of steel forgings
- (2) Sales of Land "Other Operating Income".

Segmentwise Revenue Results

Particulars	Year Ended 30-06-2013	Previous Year Ended 30-06-2012
Segment Revenue		
Forgings	753329	833007
Land Income	372	---
Total Revenue	757049	833007
Segment Results		
Loss in forgings	(205756)	(103557)
Land Income	372	---
Net Profit / Loss before Interest	(202036)	(103557)
Add Interest Cost	142846	120379
Other Income	6678	139737
Previous Year Tax Paid / Provision	---	(7614)
Net Profit / Loss	(338204)	(91813)

19. Account of Tax on Income, as required by AS-22
- | | |
|----------------|----------------|
| Not Applicable | Not Applicable |
|----------------|----------------|

20. Non-Disclosure of the details under Employees Benefits, AS-15 (Revised)

The company has opened a Gratuity Scheme with Life Insurance Corporation of India (LIC), for settling any amount due on account of Gratuity. Under the aforesaid Scheme, the company has to contribute annual premium, based on the amount arrived by LIC. Due to continuous operating loss during the earlier years, the Company has not made the payment of Gratuity premium to Life Insurance Corporation of India (LIC). However, required provision on this account has been made in the books of account, in consistent with mercantile method of accounting followed by the company. The management is of the view that liability provided for in the books of account up to the year end is sufficient. An amount of Rs.7842Thousands has been outstanding as on 30-06-2013, as per the books of the company. Due to non-payment of annual premium on account of gratuity, the estimated return from the fund or scheme may not be ascertained or determined. Accordingly, no disclosure has been made, in terms of AS-15. The Company is taking sincere steps to make the payment of the amount due and is in the process of adopting AS-15 (Revised), any implications arising there from including the valuation of future liability on actuarial basis and determination of plan assets will be done in due course.

EL FORGE LIMITED

21. Penalty and Interest

As said earlier, due to huge operating loss, the company has not been in a position to pay the statutory dues, in time and further statutory dues are still outstanding. Non-payment or delayed payment of such due shall attract interest and penalty. The management is of the view that the amount could not be ascertained. The same has not been provided in the books of account. The same shall be accounted, as and when the payment is made.

22. 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.

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: 30-08-2013

R.SOWMITHRI
COMPANY SECRETARY

On behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR

EL FORGE LIMITED

FUND FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2013

(Rs. in Thousands)

Particulars	For the Year 2012-13	For the Year 2011-12
1. Cash Flow From Operations		
(01) Net Profit / Loss [-] before tax	(338204)	(84198)
(02) Adjustments for		
a. Depreciation	78636	81071
b. Interest Expenses	142846	120379
c. Other Income	---	---
d. Profit on sale of Fixed Assets	(2273)	(139701)
e. Interest Income	567	3299
f. Dividend Received	71	1
g. Sales of Investments	---	---
h. Revaluation Reserve	---	---
	<u>219847</u>	<u>65049</u>
(03) Operating Profit before Working Capital Changes	(118357)	(19149)
(04) Adjustments for Increase / Decrease In:		
a. Trade and other Receivables	98481	(63537)
b. Inventories	25690	(15751)
c. Sundry Creditors	165105	135055
d. Miscellaneous Expenses / Deferred Revenue Expenditure	---	---
e. Conversation Fixed Assets to Stock	---	(13611)
	<u>289276</u>	<u>42156</u>
(05) Cash Generated from Operations	170919	23007
(06) Less the Following		
a. Tax Paid/Provided	---	(7614)
b. Extraordinary Items	---	---
c. Misc. Receipts	---	---
d. Deferred sales Tax Liability	---	---
	<u>---</u>	<u>(7614)</u>
(07) Net Cash from Operating Activities	170919	15393
2. CASH FLOW FROM INVESTING ACTIVITIES		
1) Purchase of Sale of Fixed assets		
a. Purchase of Fixed Assets, Including CWIP	(3387)	(53697)
b. Sale Proceeds of Fixed Assets	6017	140797
c. Deduction on accounts of Conversation	---	13611
2) Interest received	(567)	(3299)
3) Dividend received	(71)	(1)

EL FORGE LIMITED

FUND FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2013

(Rs. in Thousands)

Particulars	For the Year 2012-13	For the Year 2011-12
4) Purchase or Sale of Investments		
a. Purchase	---	---
b. Sales	---	---
5) Advance & Non-Current Assets		
a. Paid	---	---
b. Realised	2763	---
6) Purchase or Sale of Goodwill		
a. Additions	---	---
b. Deletion	---	---
6) Net Cash Flow from Investing Activities	4755	97411
3. CASH FLOW FROM FINANCING ACTIVITIES		
1) From Term Loan/Deferral Loan		
a. Obtained	---	---
b. Re-Paid	(151580)	(250028)
2) From Capital		
a. Additions	---	188060
b. Withdrawal	---	(7983)
3) From Unsecured Loans		
a. Obtained	---	---
b. Re-Paid	---	---
4) From Short (Bank Borrowings)	109114	78464
5) Interest Paid	(142846)	(120379)
6) Dividend & Tax Thereon	---	---
7) Net Cash Flow from Financing Activities	(185311)	(111865)
4. Net Increase / Decrease in Cash & Cash Equivalent (04=01+02+03)	(9637)	939
5. Cash & Cash Equivalent – Opening Balance	19491	18552
6. Cash & Cash Equivalent – Closing Balance	9854	19491
7. Net Increase / Decrease in Balances	(9637)	939

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: 30-08-2013

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	30.06.2013
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, 2013 (Rs.in 000)	NIL
	ii) For the previous financial years since it become a subsidiary	NIL
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, 2013	(2734)
	ii) For the previous financial years since it become subsidiary	21379
6.	Material changes between the end of the financial year of the subsidiary and the Holding Company's financial year	Not Applicable
		on behalf of the Board
		V. SRIKANTH
		EXECUTIVE CHAIRMAN
		K.V.RAMACHANDRAN
		VICE CHAIRMAN AND
		MANAGING DIRECTOR
Place: Chennai		
Date: 30.08.2013		
R. SOWMITHRI		
COMPANY SECRETARY		

EL FORGE LIMITED

**DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO
SECTION 212(8) OF THE COMPANIES ACT, 1956.**

SHAKESPEARE FORGINGS LTD., UK

As on
30-06-2013

PARTICULARS		Rs. in Thousands
1.	Capital	11660
2.	Reserves	35310
3.	Total Assets	46970
4.	Total Liabilities	46970
5.	Details of Investments	NIL
6.	Turnover (net)	402630
7.	Profit / (Loss) before Taxation	(2734)
8.	Provision for Taxation	NIL
9.	Profit / (Loss) after Taxation	(2734)
10.	Proposed Dividend	NIL

Place: Chennai
Date: 30.08.2013

R. SOWMITHRI
COMPANY SECRETARY

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

EL FORGE LIMITED

Independent Auditors' Report on the Consolidated Financial Statements

To the Board of Directors of El Forge Limited

01. Consolidated Financial Statements, Period, etc.

We have audited the accompanying consolidated financial statements of El Forge Limited ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise the consolidated Balance Sheet as at 30th June 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

02. Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

03. Auditors' Responsibility

- (01) Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
- (02) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

EL FORGE LIMITED

- (03) We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our audit opinion.

04. Emphasis Matters

Without qualifying our opinion, we draw the attention to the following

- (01) Item No.II-12 in Note 26 on Consolidated Financial Statements, Interest & penalty, if any, for non-remittance of statutory dues, on account of delay / short remittance of statutory dues by the parent company is not ascertainable at present.
- (02) Item No.II-11 in Note 26 on Consolidated Financial Statements, Non-Payment of contribution to Employees Gratuity Plan agreed upon with Life Insurance Corporation of India, amounting to Rs. 78.42 Lakh by the parent company . Accordingly, the disclosure under AS-15 has not been made

05. Basis for Qualification of Opinion

- (01) The Parent Company's (i.e., the Holding Company) operating results has been materially affected due to various factors during the financial year ended 30th June 2013, under report, and the parent Company has accumulated losses as on the aforesaid date, which has eroded entire net worth of the Parent company. Accordingly, the appropriateness of the going concern assumption is dependent on the parent Company's ability to establish consistent profitable operations as well as raising, obtaining or infusing adequate/ required fund to meet its short term and long term obligations.
- (02) At the end of the financial Year 2012-13 (i.e., ended on 30th June 2013), net worth of the Parent company has been totally eroded and become negative of an amount of minus Rs. 2027.06 [after excluding amount of Rs. 1219.03 Lakh shown under capital Reserve (other than share premium of the Standalone Financial Statements and 1535.56 Lakh, relating to Deferred Interest and Deferred Revenue Expenses, on Standalone Financial Statements, as reported by us in our Audit report of on the Standalone Financial Statements of the Patent Company] , due to the accumulated loss of the Parent Company amounting to Rs.5999.03 Lakh (which includes Current year loss of the Parent) as on the Balance Sheet date (i.e., as at 30th June 2013) .
- (03) Further, the Parent Company's Current Liabilities (as at 30th June 2013) have also exceeded its Current Assets by an amount of Rs. 6259.80 Lakh. These factors raise doubts about the ability of the Company to continue as a going concern.
- (04) In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities of the parent company which are not ascertainable.

EL FORGE LIMITED

- (05) Our audit opinion on the standalone financial statements for the year ended 30th June 2013 was also qualified in respect of this matter.

06. Qualified Opinion

- (01) We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, relating to Consolidated Financial Statements, notified under Section 211(3C) of the Companies Act, 1956.
- (02) Based on our audit and on consideration of reports of other auditors and to the best of our information and according to the explanations given to us, except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraph in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 30th June 2013;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

07. Other Matters

We did not audit the financial statements and other financial information of wholly owned foreign subsidiary, in United Kingdom, included in the consolidated financial statements, which constitute total assets of Rs. 3.72 Crores as at 30th June 2013 and Gross Revenue for the year ended on that date Rs.40.26 Crores and Net Loss of Rs.0.27Crores for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

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

Place: Chennai
Date: 30.08.2013

R.VENKATESH
Partner
MNo:28368

EL FORGE LIMITED
CONSOLIDATED BALANCE SHEET AS AT 30th JUNE 2013

(Rs. In Thousands)

Particulars	Note	AS AT 30 th JUNE 2013	AS AT 30 th JUNE 2012
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
(a) Share Capital	1	324355	323324
(b) Reserves and Surplus	2	(216292)	131017
		108063	454341
2. Share Application Money Pending Allotment	3	---	1032
3. Non-Current Liabilities			
(a) Long-term borrowings	4	655829	807409
(b) Deferred Tax liabilities (Net)		---	---
(c) Other Long term liabilities		---	---
		655829	807409
4. Current Liabilities			
(a) Short term borrowings	5	481098	422046
(b) Trade payables	6	429684	232974
(c) Other current liabilities	7	353546	303987
(d) Short term provisions	8	2257	2257
		1266585	961264
TOTAL		2030477	2224046
II. ASSETS			
5. Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	9	1112907	1192263
(ii) Intangible assets		---	---
(iii) Capital work-in-progress		30410	35586
(iv) Intangible assets under development		---	---
(b) Non-current investments	10	9723	9723
(c) Deferred tax assets (net)		---	---
(d) Long-term loans and advances	11	3760	7450
(e) Other non-current assets	12	188330	195661
		1345130	1440683
6. Good Will		35480	32645
7. Current Assets			
(a) Current investments		---	---
(b) Inventories	13	191363	227372
(c) Stock in trade (Land)	14	113116	120300
(d) Trade receivables	15	284399	315954
(e) Cash and Bank Balances	16	13835	19531
(f) Short-term loans and advances	17	23712	29610
(g) Other current assets	18	23442	37951
		649867	750718
TOTAL		2030477	2224046

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: 30-08-2013

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 CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED
30th JUNE 2013**

		(Rs. in Thousands)	
Particulars	Note	2012- 2013	2011- 2012
I. Revenue from Operations	19	1039636	1066110
II. Other Income	20	10556	143798
III. Total Revenue (I+II)		1050192	1209908
IV. Expenditure			
a) Cost of Materials Consumed	21	544643	460490
b) Changes in inventories of finished goods, work in progress and Stock-in- trade	22	28060	36258
c) Employee benefits expense	23	191473	176467
d) Finance Costs	24	147758	126912
e) Depreciation and amortization expense		88204	90187
f) Other expense	25	390993	371602
Total Expenditure (a to f)		1391131	1261916
V. Profit before exceptional and extraordinary items and tax (III- IV)		(340939)	(52008)
VI. Exceptional Items		---	---
VII. Profit before tax (V-VI)		(340939)	(52008)
VIII. Tax Expense:			
(1) Current tax		---	---
(2) Prior period tax provision		---	7614
Total		---	7614
IX. Profit /(Loss) for the year(VII-VIII)		(340939)	(59622)
X. Earnings per equity share(of Rs.10 each):			
(1) Basic		-16.77	-3.17
(2) Diluted		-16.77	-3.17
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: 30-08-2013

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 Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13** (Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
1. Share Capital		
(01) Authorised Share Capital		
(01) Equity Shares Capital		
(A) Number of Equity Shares	26000000	26000000
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of Authorised Equity Share Capital	260000	260000
(b) Preference Share Capital		
(A) Number of Preference Share	1300000	1300000
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Authorised Preference Share Capital	130000	130000
(c) Summary Authorised Share Capital		
(A) Equity Share Capital	260000	260000
(B) Preference Share Capital	130000	130000
(C) Total	390000	390000
(02) Issued, subscribed and Fully Paid up		
(a) Equity Share Capital		
(A) Number of Equity Shares	20324304	20324304
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of paid up Equity Share Capital	203243	203243
(b) Preference Share Capital		
(A) Number of Preference Share	1211123	1200806
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Paid up Preference Share Capital	121112	120081
(c) Summary Issued, subscribed & Paid up Capital		
(A) Equity Share Capital	203243	203243
(B) Preference Share Capital	121112	120081
(C) Total	324355	323324
(03) Share Reconciliation (Shares in Numbers)		
(a) Equity Share of Rs.10/= each (in No.)		
(A) No. of shares at the beginning	20324304	8629524
(B) No. of shares issued during the year/ period	---	11694780
(C) Sub-Total	20324304	20324304
(D) Less: Adjusted/ Redeemed/ Buyback	---	---
(E) Closing Balance	20324304	20324304

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13** (Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(b) Preference Share of Rs. 100/= Each (in No.)		
(A) No. of shares at the beginning	1200806	---
(B) No. of shares issued during the year/ period	10317	1200806
(C) Sub-Total	1211123	1200806
(D) Less: Adjusted/ Redeemed/ Buyback	---	---
(E) Closing Balance	1211123	1200806
(04) Shareholding more than 5% Equity Shares		
(a) Equity Shares		
(A) Chendur Forgings Ltd		
(i) No. Equity Shares	7065006	7065006
(ii) Percentage	34.76%	34.76%
(b) Preference Shares		
(A) State Bank of India (No of shares & %)	545931 & 45.08%	545931 & 45.46%
(B) Axis Bank Ltd (No of shares & %)	307206 & 25.37%	307206 & 25.28%
(C) Union Bank of India (No of shares & %)	108202 & 8.93%	108202 & 9.01%
(D) Export & Import Bank of India (No of shares & %)	209817 & 17.32%	209817 & 17.47%
(E) IDBI (No. of Shares & %)	39967 & 3.30%	29650 & 2.47%
(05) Conversion of Preference shares to Equity Shares		
(a) Absolutely 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 shall be as follows:		
(A) on 01-04-2016	One Third	One Third
(B) on 01-04-2017	One Third	One Third
(C) on 01-04-2018	One Third	One Third
(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

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13**

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
02. Reserves & Surplus:		
(01) Capital Reserves (Share Premium)		
(a) Opening Balance (Since last Balance Sheet)	226398	234381
(b) Add: Additions/ Transfers/ Created	---	---
(c) Sub-Total	226398	234381
(d) Less: Utilized/ Adjusted (Right Issue Expenses)	---	7983
(e) Closing Balance	226398	226398
(02) Capital Reserves (Other than Share Premium)		
(a) Opening Balance (Since last Balance Sheet)	128275	21586
(b) Add: Additions/ Transfers/ Created	---	106689
(c) Sub-Total	128275	128275
(d) Less: Transfers/ Utilized/ Adjusted	6371	---
(e) Closing Balance	121904	128275
(03) Revaluation of Fixed Assets Reserve:		
(a) Opening Balance (Since last Balance Sheet)	16665	17890
(b) Add: Additions/ Transfers/ Created	---	-71
(c) Sub-Total	16665	17819
(d) Less: Transfers/ Utilized/ Adjusted	---	1154
(e) Closing Balance	16665	16665
(04) General Reserves		
(a) Opening Balance (Since last Balance Sheet)	---	---
(b) Add: Additions/ Transfers/ Created	---	---
(c) Sub-Total	---	---
(d) Less: Transfers/ Utilized/ Adjusted	---	---
(e) Closing Balance	---	---
(05) Surplus: Closing Balance of Profit & Loss		
(a) Opening Balance [Surplus/ Deficit (-)]	-240321	-182207
(b) Add: Profit/ Loss (-) [Per Statement of Profit & Loss]	-340938	-59622
(c) Add: Adjustments General Reserve	---	1508
(d) Sub-Total	-581259	-240321
(e) Less: Transfers to general Reserves	---	---
(f) Less: Provisions for Dividend	---	---
(g) Less: Provisions for Dividend Tax	---	---
(h) Closing Balance	-581259	-240321
(06) Summary of Closing Balance		
(a) Capital Reserves (Share Premium)	226398	226398
(b) Capital Reserves (Other than Share Premium)	121904	128275
(c) Revaluation Reserve	16665	16665

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13**

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(d) General Reserve	---	---
(e) Surplus/ Deficit (-)	-581259	-240321
Total	-216292	131017
03. Share Application Money Pending Allotments		
(01) Amount Pending Allotment	---	1032
04. Long term Borrowings:		
(01) Term Loans		
(a) From Banks		
(A) Secured	652337	802098
(B) Unsecured	---	---
(C) Total	652337	802098
(b) From Others		
(A) Due from Related Parties		
(i) Secured	---	---
(ii) Unsecured	---	---
(iii) Sub- Total		
(B) Due from Others		
(i) Secured	---	---
(ii) Unsecured	3394	4974
(iii) Sub- Total	3394	4974
(C) Total		
(i) From Related Parties	---	---
(ii) From Others	3394	4974
(iii) Total	3394	4974
(c) Summary of Term Loans		
(A) From Banks	652337	802098
(B) From Others	3394	4974
(C) Total	655731	807072
(d) Term of repayment of Term Loan		
(A) During the year 2011-12	---	---
(B) During the year 2012-13*	81177	182452
(C) During the year 2013-14	118625	118625
(D) During the year 2014-15	121393	121393
(E) During the year 2015-16	138388	138388
(F) During the year 2016-17	145671	145671
(G) During the year 2017-18	145671	145671
(H) During the year 2018-19	101213	101213

* Not paid, hence disclosed for the current year 2012-13

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13**

(Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(e) Default of Repayment of Loans		
(A) First date of default	01-07-2011	01-07-2011
(B) Total Amount of Principal defaulted	81177	29704
(C) Total Amount of interest defaulted	42597	14119
(D) Default continued	Yes	Yes
(E) Amount defaulted as on the balance sheet date	123775	43823
(f) Security Details		
(A) Term Loan from Indus Ind Bank		
Secured by an exclusive charge on the Land at Sulagiri and receivables from Bosch.		
(B) Term Loans from other Banks		
a) Pari Passu first charge on all immovable Properties of the Company other than Land at Sulagiri.		
b) Pari Passu first charge on all movable fixed assets of the Company excluding those moveable fixed assets exclusively charged to The Royal Bank of Scotland N.V.		
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) All Term Loans are fully guaranteed by the Executive Chairman & 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	98	337
(04) Summary of Long Term Borrowings		
(a) Term Loans	655731	807072
(b) Deposits	---	---
(c) Loans and Advances from Related Parties	---	---
(d) Long Term maturities of Financial Obligations	98	337
Total	655829	807409
05. Short Term Borrowings		
(01) Loans Payable on Demand		
(a) From Bank		
(A) Secured	413470	379702
(B) Unsecured	796	4095
Total	414266	383797

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13** (Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(b) From Others		
(A) Secured	---	---
(B) Unsecured	---	---
Total	---	---
(c) Summary of Loan Payable on Demand		
(A) From Bank	414266	383797
(B) From Others	---	---
Total	414266	383797
(02) Loans and Advances from Related Parties		
(a) From Related Parties	2808	2184
(b) From Others	---	---
Total	2808	2184
(03) Deposits		
(A) Secured	---	---
(B) Unsecured	64024	36065
Total	64024	36065
(04) Summary of Short Term Borrowings		
(a) Loan Payable on Demand	414266	383797
(b) Loans and Advances from Related Parties	2808	2184
(c) Deposits	64024	36065
Total	481098	422046
(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,		
(06) Guarantee given		
(a) Secured Loan are Fully Guarantee by the Executive Chairman and Vice Chairman & Managing Director		
06. Trade Payables:		
(01) Dues to MSME*	---	---
(02) Others	429684	232974
Total	429684	232974

*MSME stands for Micro Small and Medium Enterprises

EL FORGE LIMITED
Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13 (Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
07. Other Current Liabilities		
(01) Current maturities of Long Term Debts	199802	151315
(02) Unclaimed Dividends	1250	1467
(03) Sundry Creditors for Expenses and others	115927	59439
(04) Bills Acceptances	36567	91766
Total	353546	303987
08. Short Term Provisions		
(01) Provision for Taxation	2257	2257
(02) Provision for proposed dividend	---	---
(03) Provision for Tax on proposed dividend	---	---
Total	2257	2257
09. Fixed Assets - Tangible	1112907	1192263
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
Sub-Total	9722	9722
(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 Quoted Investments	118	149

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13** (Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
11. Long Term Loans and Advances		
(01) Advance paid to subsidiary	---	---
(02) Advance against Capital Goods	3760	7450
Total	3760	7450
12. Non-Current Assets		
(01) Advance Income Tax	---	---
(02) Advance, Deposits, etc.	6009	5083
(03) Deferred Interest	120281	120281
(04) Deferred Revenue Expenditures	62040	70297
Total	188330	195661
13. Inventories		
(01) Raw-Materials / Die Tools Steel	78493	87528
(02) Work-In-Progress	25895	36976
(03) Finished goods	57829	74052
(04) Stores and Spares	23728	21215
(05) Loose Tools	2852	4279
(06) Flash Stock	2566	3322
Total	191363	227372
14. Stock-in-Trade		
(01) Land	113116	120300
Total	113116	120300
15. Trade Receivables		
(01) Outstanding for a period more than 6 months		
(a) Secured & Considered Good	---	---
(b) Unsecured & Considered Good	26089	45195
(c) Doubtful	---	---
Sub-Total	26089	45195
(02) Others		
(a) Secured & Considered Good	---	---
(b) Unsecured & Considered Good	258310	270759
(c) Doubtful	---	---
Sub-Total	258310	270759

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13** (Rs. In Thousands)

Particulars	As at 30.06.2013	As at 30.06.2012
(03) Total		
(a) Secured & Considered Good	---	---
(b) Unsecured & Considered Good	284399	315954
(c) Doubtful	---	---
Total	284399	315954
16. Cash and Cash Equivalents		
(01) Balances with banks;		
(a) On Earmarked Accounts	1251	1467
(b) On Margin Money Account Against Borrowings	5489	13795
(c) In Current Account	2789	2751
(02) Cash on Hand;		
(a) Free Legal tender	4306	1518
(b) With repatriation restrictions	---	---
Total	13835	19531
17. Short Term Loan and advances:		
(01) Advance to Employees	3383	3339
(02) Prepaid Expenses	1879	3551
(03) Balance with Central Excise	18450	22720
Total	23712	29610
18. Other Current Assets		
(01) Tax deducted at source	1427	519
(02) Advances for Purchase	3425	3175
(03) Other Advances	6819	6836
(04) Receivables from statutory Authorities	11771	27421
Total	23442	37951
19. Revenue from Operations		
(01) Sale of Products	1081547	1126792
(02) Sale of Services	1525	7898
(03) Other Operating Income (sale of Flash)	57190	62842
(04) Sub-Total	1140262	1197532
(05) Less: Central Excise	100626	131422
(06) Net Revenue From Operations	1039636	1066110

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13** (Rs. In Thousands)

Particulars	For the Year 2012-13	For the Year 2011-12
20. Other Income		
(01) Dividend Income	71	1
(02) Sales of Fixed Assets (Exceptional Items)	2431	143756
(03) Other non-operating income	8054	35
Total	10556	143798
21. Raw Materials Consumed		
(01) Opening Stock	87528	31780
(02) Add: Purchases	535608	516238
(03) Sub-Total	623136	548018
(04) Less: Sales	---	---
(05) Amount net of Sales	623136	548018
(06) Less: Closing Stock	78493	87528
(07) Raw Materials consumed	544643	460490
22.Changes in inventories*		
(01) Inventories, at the beginning		
(a) Finished Goods	74052	125833
(b) Work-in-Progress	36976	23699
(c) Stock-in-Trade	---	---
(d) Flash Stock	3322	1076
Sub-Total	114350	150608
(02) Inventories, at the End		
(a) Finished Goods	57829	74052
(b) Work-in-Progress	25895	36976
(c) Stock-in-Trade	---	---
(d) Flash Stock	2566	3322
Sub-Total	86290	114350
(03) Change in Inventories	28060	36258
*Inventory means finished goods, work in progress and Stock-in- trade		
23. Employee Benefit Expenses		
(01) Salaries & Wages	126846	120878
(02) Contribution to PF, ESI, etc	7532	6895
(03) Welfare Expenses	57095	48694
Total	191473	176467

EL FORGE LIMITED

**Notes on Consolidated Financial Statements (Part I) Relating to the
Financial Year 2012-13** (Rs. In Thousands)

Particulars	For the Year 2012-13	For the Year 2011-12
24. Finance Cost		
(01) Interest Expenses	142321	119358
(02) Other Borrowing Cost	5437	7554
Total	147758	126912
25. Other Expenses:		
(01) Consumption of stores and spare parts	34188	43653
(02) Power and fuel	134989	131255
(03) Job Charges	64768	64954
(04) Repairs to buildings	253	1738
(05) Repairs to machinery	16487	19529
(06) Rent	6353	5407
(07) Insurance	12334	12835
(08) Rates and taxes, excluding, taxes on income	5451	4956
(09) Travelling and Conveyance	9233	10089
(10) Packing and Forwarding	52291	25212
(11) Payment to Auditors:	---	---
(a) As Auditors (Statutory audit Fees)	1042	792
(b) For Taxation matters	25	25
(c) For Certificate	---	---
(12) Miscellaneous expenses	53579	51157
Total	390993	371602

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

Consolidated
Note9. Fixed Assets - Tangible
El Forge Ltd

(Rs. in Thousands)

NAME OF THE FIXED ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance As at 01-07-2012	ADDITIONS During the Year	DELETIONS Transfer During the Year	CLOSING Balance as at 30-06-2013	OPENING Balance as at 01-07-2012	Depreciation During the Year	Deduction During the Year	Closing Balance as at 30-06-2013	As on 30.06.2013	As on 30.06.2012
LAND	23521	---	---	23521	---	---	---	---	23521	23521
LAND (LEASEHOLD)	688	---	---	688	---	---	---	---	688	688
BUILDINGS	219511	---	---	219511	38889	7695	---	46584	172927	180622
PLANT & MACHINERY	1376110	11139	14205	1373044	419625	76089	11802	483912	889132	956485
FURNITURE & FIXTURES	35700	---	---	35700	16982	2225	---	19207	16493	18718
VEHICLES	6896	---	1971	4925	3850	644	1442	3052	1873	3046
OFFICE EQUIPMENTS	29304	640	---	29944	20121	1550	---	21671	8273	9183
TOTAL	1691730	11779	16176	1687333	499467	88203	13244	574426	1112907	1192263
	---	---	---	---	---	---	---	---	---	---

EL FORGE LIMITED

CONSOLIDATED NOTES ON FINANCIAL STATEMENT AS AT 30TH JUNE 2013

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

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS AS AT 30.06.2013

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	2012-13	2011-12
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.Nil (Previous Period Rs.71 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. Sundry Debtors, Creditors, Loans and Advances:

The Company has sent letters for Confirmation of Balance as on 30.06.2013, 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 two business segments. (1) Manufacture and sale of steel forgings and (2) sale of land "other operating income".

Consolidated Segment wise report (Rs. In Thousands)		
Particulars	Year Ended 30 th June 2013	Previous Year Ended 30 th June 2012
Revenue - Forgings	1046472	1209908
Land Income	3720	0.00
Net Profit / (Loss)	(340938)	(59621)

	30.06.2013	(Rs. in Thousands) 30.06.2012
07. Contingent Liabilities & Commitments		
(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	4603	5504
(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)	Nil	7592
(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 (-)	-33950	-58114
(b) Adjusted Net Profit/ Loss (-)	-33950	-58114
(02) Weighted Average Number of shares		
(a) For Basic EPS	20324304	18311268
(b) For Diluted EPS	20324304	18311268
(03) Earnings Per Shares (EPS)		
(a) Basic	-16.77	-3.17
(b) Diluted	-16.77	-3.17
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	869	619
(b) On Account of Interest	433	451
Shakespeare Forgings Ltd		
(a) On Account of Purchases	---	781
(b) Sales	116165	48661
10. Disclosure relating to Lease, as per AS-19		
Amt due within 12 months		
(01) Principal Amount	106	231

EL FORGE LIMITED

(02) Interest/ HP Charges	5	31
(03) Balance	Nil	117
Due after 12 but before 24 months		
(01) Principal Amount	Nil	112
(02) Interest/ HP Charges	Nil	5
(03) Balance	Nil	Nil
Due after 24 months		
(01) Principal Amount	Nil	Nil
(02) Interest/ HP Charges	Nil	Nil
(03) Balance	Nil	Nil
11. Account of Tax on Income, as required by AS-22	Not	Not
	Applicable	Applicable

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

12. All the figures have been rounded off to the nearest thousands.

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: 30-08-2013

R.SOWMITHRI
COMPANY SECRETARY

on behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR

EL FORGE LIMITED

Consolidated Fund Flow Statement For The Year Ended 30th June 2013 (Rs. in Thousands)

Particulars	For the Year 2012-13	For the Year 2011-12
1. Cash Flow From Operations		
(01) Net Profit / Loss [-] before tax	(340938)	(52007)
(02) Adjustments for		
a. Depreciation	88204	90187
b. Interest Expenses	147758	126913
c. Other Income	---	---
d. Profit on sale of Fixed Assets	(2431)	(143762)
e. Interest Income	(567)	(3299)
f. Dividend Received	(71)	(1)
g. Sales of Investments	---	---
h. Revaluation Reserve	---	1508
	232893	71546
(03) Operating Profit before Working Capital Changes	(108045)	19539
(04) Adjustments for Increase / Decrease In:		
a. Trade and other Receivables	51962	(78667)
b. Inventories	36007	(28417)
c. Sundry Creditors	246270	127428
d. Miscellaneous Expenses / Deferred Revenue Expenditure	---	---
e. Conversation Fixed Assets to Stock	---	(13611)
	334238	6732
(05) Cash Generated from Operations	226194	26272
(06) Less the Following		
a. Tax Paid/Provided	---	(7614)
	---	(7614)
(07) Net Cash from Operating Activities	226194	18658
2. CASH FLOW FROM INVESTING ACTIVITIES		
1) Purchase of Sale of Fixed assets		
a. Purchase of Fixed Assets, Including CWIP	(6603)	(58463)
b. Sale Proceeds of Fixed Assets	6175	171054
c. Deduction on accounts of conversation	---	13611
2) Interest received	567	3299
3) Dividend received	71	1

EL FORGE LIMITED

Consolidated Fund Flow Statement For The Year Ended 30th June 2013
(Rs. in Thousands)

Particulars	For the Year 2012-13	For the Year 2011-12
4) Purchase or Sale of Investments		
a. Purchase	---	---
b. Sales	---	---
5) Advance & Non-Current Assets		
a. Paid	---	---
b. Realised	11021	---
6) Goodwill (On Consolidation)		
a. Additions	(2835)	(23274)
b. Deletion	---	---
6) Net Cash Flow from Investing Activities	8396	106228
3. CASH FLOW FROM FINANCING ACTIVITIES		
1) From Term Loan/Deferral Loan		
a. Obtained	---	---
b. Re-Paid	(151580)	(252127)
2) From Capital		
a. Additions	---	188060
b. Withdrawal	---	(7983)
3) From Unsecured Loans		
a. Obtained	---	---
b. Re-Paid	---	---
4) From Short (Bank Borrowings)	59052	74978
5) Interest Paid	(147758)	(126913)
6) Dividend & Tax Thereon	---	---
7) Minority Interest	---	---
8) Net Cash Flow from financing Activities	(240286)	(123985)
4. Net Increase / Decrease in Cash & Cash Equivalent (04=01+02+03)	(5696)	901
5. Cash & Cash Equivalent – Opening Balance	19531	18630
6. Cash & Cash Equivalent – Closing Balance	13835	19531
7. Net Increase / Decrease in Balances	(5696)	901

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: 30-08-2013

R.SOWMITHRI
COMPANY SECRETARY

on behalf of the Board
V. SRIKANTH
EXECUTIVE CHAIRMAN

K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR