

EL FORGE LIMITED

BOARD OF DIRECTORS

Sri.V.Srikanth, Chairman
Sri.V.Ramachandran, Director
Sri.K.V.Ramachandran, Vice Chairman & Managing Director
Smt.R.Sowmithri, Executive Director (Finance)
Sri. J. Aron Rakkesh, Independent Director
Smt.Nivedita Lakshmi Ratan, Independent Director

COMPANY SECRETARY

Smt.R.Sowmithri

AUDITORS

P.Rajagopalan & Co.
Chartered Accountants

BANKERS

AXIS BANK LTD. Anna Salai, Chennai 600 002
IDBI Bank Ltd. Greaves Road, Chennai 600 006
Edelweiss Asset Reconstruction Company Limited, Mumbai – 400 098
Asset Reconstruction Company (India) Ltd, Mumbai 400028
Bank of Baroda, Barathidasan Salai, Chennai.600018.

SHARE TRANSFER AGENTS

M/s, INTEGRATED REGISTRY MANAGEMENT SERVICES PVT LTD
No.1, Ramakrishna Street, 2ND FLOOR North Usman Road, T.Nagar, Chennai 17.

REGISTERED OFFICE & FACTORY

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

CORPORATE OFFICE

21E, A.R.K.Colony, Eldams Road, Alwarpet, Chennai 600018
Ph (044) 24334010

FACTORY

1. 1A, Sriperumbudur High Road (via) Singaperumal Koil
Appur Village, Kattangulathur Onrium, Kancheepuram Dist., PIN 603 204
Ph (044) 47112500, Fax (044) 4711 2523
2. B-67, SIPCOT Industrial Complex, Gummidipoondi 601201.

EL FORGE LIMITED

FINANCIAL HIGHLIGHTS					
	(Rs.in lakhs)				
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	30.06.2013
	12 Months	12 Months	12 Months	9 Months	12 Months
REVENUE FROM OPERATIONS	3255.24	3876.72	5374.66	6649.60	7533.29
OTHER INCOME	0.02	410.31	21.04	90.30	103.98
PROFIT/LOSS(-) BEFORE TAX	(1498.22)	(1607.34)	(1777.04)	(1135.59)	(3382.03)
TAXATION	0.00	0.00	0.00	0.00	0.00
PROFIT/LOSS(-) AFTER TAX	(1498.22)	(1607.34)	(1777.04)	(1135.59)	(3382.03)
BALANCE SHEET					
<u>ASSETS EMPLOYED:</u>					
FIXED ASSETS – NET	5882.14	8123.30	9281.53	10304.39	10680.03
NON CURRENT INVESTMENTS	385.26	385.26	392.76	392.76	471.05
NET CURRENT ASSETS	-6170.38	-6558.54	-5723.54	-6667.31	-6259.78
OTHER NON CURRENT ASSETS	1591.41	1627.24	1624.46	1799.78	2394.53
Total	1688.43	3577.26	5575.21	5829.62	7285.83
EQUITY SHARE CAPITAL	2032.43	2032.43	2032.43	2032.43	2032.43
PREFERENTIAL SHARE CAPITAL/ADV. FOR EQUITY	1211.12	1211.12	1211.12	1211.12	1211.12
RESERVES & SURPLUS	-8604.44	-7106.22	-5498.88	-3651.62	2516.01
LOAN FUNDS	7049.32	7439.93	7830.54	6237.69	6558.29
Total	1688.43	3577.26	5575.21	5829.62	7285.83

EL FORGE LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that 81st Annual General Meeting of EL FORGE LIMITED will be held on Thursday the, 28th day of September, 2017 at 11.30 am at Registered Office of the Company at 1A Sriperumbudur High Road, (via) Singaperumal Koil, Appur Village, Kattangulathur Onrium, Kancheepuram District 603024 to transact following business :

ORDINARY BUSINESS.

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2017, the Auditors Report and the Directors Report thereon.
2. To appoint a Director in place of Mr.V.Srikanth, who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Mr.V.Ramachandran, who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass the following as an Ordinary Resolution.

"Resolved that pursuant to the Provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. L. Mukundan & Associates Chartered Accountants (Firm Registration No.010283S), Chennai be and are hereby appointed as the Statutory Auditor of the Company in place of the vacating Auditors M/s.P.Rajagopalan & Co, (Registration No.003408S) Chartered Accountants to hold office for a term of five consecutive financial years, from the conclusion of this 81st Annual General Meeting, on such remuneration plus service tax as applicable and reimbursement of out-of pocket expenses in connection with the audit as may be mutually agreed upon by the Board of Directors and the Auditors".

SPECIAL BUSINESS

5. Appointment of Mr. J. Aron Rakkesh as an Independent Director

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

"Resolved that pursuant to the provisions of Sections 149, 150, 152, and provisions of Schedule IV and other applicable provisions, if any, of the Companies 2013 (Act), read with the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. J. Aron Rakkesh (DIN 07014348), who was appointed as an Independent Director of the Company by Board of Directors with effect from 1st February, 2017 and who hold office till the date of the Annual General Meeting, in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act, signifying his intention to propose Mr. J. Aron Rakkesh as candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office from a term of five consecutive years upto 31st January, 2022.

6. Appointment of Ms.Nivedita Lakshmi Ratan as an Independent Director

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

"Resolved that pursuant to the provisions of Sections 149, 150, 152, and provisions of Schedule IV and other applicable provisions, if any, of the Companies 2013 (Act), read with the Rules made thereunder,

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(including any statutory modification(s) or re-enactment thereof for the time being in force) Ms. Nivedita Lakshmi Ratan (DIN 07723440), who was appointed as an Independent Director of the Company by Board of Directors with effect from 1st February, 2017 and who hold office till the date of the Annual General Meeting, in terms of Section 161 of the Act, and in respect of whom the Company has received a notice in writing from a member under section 160 of the Act, signifying his intention to propose Ms. Nivedita Lakshmi Ratan as candidate for the office of a Director of the Company, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office from a term of five consecutive years upto 31st January, 2022.

By Order of the Board

**Place : Chennai
Date : 14/08/2017**

**R.SOWMITHRI
COMPANY SECRETARY**

Notes:

- 1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy so appointed need not be a member of the Company. The proxy to be valid, shall be deposited with the Company not later than forty eight hours before the time for holding the meeting. Same person shall not be appointed as proxy on behalf for more than fifty members.**
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 and annual report.
4. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the all Items in the special business of the Notice set out above, is hereto annexed.
5. The Register of Members will be closed from 21st September, 2017 to 28th September, 2017 both days inclusive.
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, 2013. 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.21E, 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.

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11. Website – Quarterly information on results and other developments are posted on the Company's Website. Members also note that the notice of the 81st Annual General Meeting and the Annual Report for 2016-17 will also be available on the Company's website : <http://www.elforge.com>
12. Electronic copy of the Annual Report will be sent to members in future whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member requests for a physical copy of the same. Positive consent letter is attached to the Notice being sent to the members for giving consent to receive documents in electronic mode.
13. In future electronic copy of the Notice of the General Meetings of the Company inter alia indicating the process and manner of e-voting along with attendance slip and proxy form will be sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member requests for a physical copy of the same.
14. Members may also note that the Notice of the 81st Annual General Meeting and the Annual Report 2016-17 will also be available on the Company's website www.elforge.com for being downloaded. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days till the date of the meeting. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's Investor email id : accounts@elforge.com

1. Voting through Electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the AGM by electronic means and the business may be transacted through e-voting Services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL (for members whose email IDs are registered with the Company / Depository Participant(s):
 - (i) Open e-mail and open PDF file viz. "SPL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder – Login
 - (iv) Put user ID and password as initial password noted in step (i) above. Click Login.
 - (v) Password change menu appears, Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof, Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of El Forge Limited
 - (viii) Now you are ready for e-Voting as Cast Vote page opens

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- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail: bhave23@rediffmail.com with a copy marked to evoting@nsdl.co.in
- B In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy)
- I (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM.
EVEN (EVoting Event Number) USER ID PASSWORD/PIN
(ii) Please follow all steps from Sr. No.(ii) to Sr. No. (xii) above, to cast vote.
 - II In case of any queries, you may refer the Frequently Asked Questions(FAQs) for shareholders and e-voting user manual for Shareholders available at the "downloads" section of www.evoting.nsdl.com
 - III If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - IV You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - V The e-voting period commences on 25th September, 2017 (9.00am) and ends on 27th September, 2017 (5.00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th September, 2017, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - VI The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th September, 2017.
 - VII Mrs.B.Venkatalakshmi, Practicing Company Secretary (Membership No. CP1005) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - VIII The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman/Managing Director of the Company.
 - IX The Results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's report shall be placed on the Company's website www.elforge.com and on the website of NSDL within two(2) days of passing of the resolutions of the AGM of the Company and communicated to BSE Ltd.
2. For the convenience of the members, Attendance Slip is annexed to this notice. Members /Proxy Holders / Authorised Representative are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue.

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ANNEXURE TO THE NOTICE

I. EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos.2 to 4 of the accompanying Notice.

Item No. 4

In terms of the provisions of Section 139 of the Companies Act, 2013 (the "Act"), no listed company can appoint or re-appoint an audit firm as Statutory Auditor for more than two terms of five consecutive years. The Act further prescribes that the Company has to comply with these provisions within three years from the commencement of Act.

M/s.P.Rajagopalan & Co, Chartered Accountants (Registration No.003408S) existing Statutory Auditors have been in office for more than ten years. As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act') a transition period of three years from the commencement of the Act was provided to appoint a new auditor when the existing audit firm has completed two terms of five consecutive years. In compliance with the provision of the Act, the Company will have to appoint a new auditor in place of the existing Statutory Auditors.

The Board of Directors has, based on the recommendation of the Audit Committee at their meeting held on 26/05/2017 proposed the appointment of M/s.L.Mukundan & Associates as the Statutory Auditors of the Company in place of the existing statutory auditors to hold office from the conclusion of this AGM, until the conclusion of 86th AGM of the company subject to ratification of members at every AGM. Mr.L.Mukundan & Associates have consented to their appointment as Statutory Auditors and have confirmed to their appointment as Statutory Auditors and have confirmed that if appointed, the appointment will be in accordance with Section 139 read with section 141 of the Act.

None of the Directors, Key Managerial Personnel and their relatives is, in any way, concerned or interested, financial or otherwise, in this resolution.

The Directors recommends the resolution set forth for the approval of the members.

Item No. 5 & 6

The Board of Directors of the Company at their meeting held on 1st February, 2017 appointed Mr. J. Aron Rakkesh and Ms.Nivedita Lakshmi Ratan as an Independent Directors of the Company with effect from 1st February, 2017, pursuant to the provisions of Section 161 of the Companies Act, 2013 (Act) and the Articles of Association of the Company.

Mr. J. Aron Rakkesh and Ms.Nivedita Lakshmi Ratan will hold office upto the date of this AGM. The Company has received a declaration from Mr. J. Aron Rakkesh and Ms.Nivedita Lakshmi Ratan that they meets the criteria of Independence as prescribed both under Sub Section (6) of Section 149 of the Act and under SEBI Listing Regulations. In the opinion of the Board, Mr. J. Aron Rakkesh and Ms.Nivedita Lakshmi Ratan fulfills the conditions of their appointment as an Independent Director as specified in the Act and SEBI Listing Regulations.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the said resolution.

The Directors recommend the aforesaid resolution for the approval by the Members as a ordinary Resolution.

By Order of the Board

**Place : Chennai
Date : 14/08/2017**

**R.SOWMITHRI
COMPANY SECRETARY**

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Details of Directors seeking appointment / re-appointment at the Annual General Meeting

Name of the Director	Mr.V.Srikanth	Mr.V.Ramachandran	Mr. J. Aron Rakkesh	Ms.Nivedita Lakshmi Ratan
Date of Birth and Age	19/10/1953 (64 Years)	26.01.1948 (69 Years)	17.12.1983 (34 Years)	08.08.1988 (29 Years)
Date of Appointment	26/08/1983	14/03/1996	01.02.2017	01.02.2017
Expertise in specific function areas	Has been involved in the business for more than 4 decades	Professional exposure of 4 decades in the Auto Component Industry.	Various strategic and leadership level in variety of business functions	Leadership level in legal, Member of Bar Council of India
Board Membership of other companies as on March 31, 2017	The Vellore Electric Corporation Ltd. Wesco Engineers Ltd.	The Vellore Electric Corporation Ltd.	AT Broadband Pvt Ltd (Whole Time Director) Liaison Pvt Ltd (Director)	--

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REPORT OF THE DIRECTORS

The Directors present the 81st Annual Report along with the Audited Financial Statement of the Company for the year ended 31st March, 2017.

1. Summarised Financial Results are given below

(Rs.in lakhs)

	For the year ended 31.03.2017	For the year ended 31.03.2016
Gross Sales	3542.98	4113.60
Other Income	0.02	410.31
Profit/(Loss) before Depreciation	(471.43)	(652.86)
Profit/(Loss) after Depreciation	(1293.39)	(1607.34)
Net Profit/(Loss) after tax	(1498.23)	(1607.34)

The company shall adopt "Ind AS" from the financial year 2017-18 when it becomes mandatory.

2. Company Performance

During the year, the company was able to maintain its operations at the same level as of the previous year. The efforts to resolve the debt and infuse working capital has been continuing. With the existing situation and the support of the customers, the operations are continuing at the plant. The management has taken all measures to minimize the cost of operations. There is hope that we will be able to find a solution to settle debt and utilize the plant optimally.

In spite of the financial strain, the company maintains its quality and continues to be a preferred supplier to the customers.

3. Dividend

The Directors have not recommended any dividend for the year under report due to loss incurred.

4. Borrowings

During the year under review the Company has been able to settle the liability with Royal Bank of Scotland and since the date of this Balance Sheet, the Company has settled the dues of Axis Bank Ltd and IDBI Bank Ltd.

We expect that, at least by the next year, the settlement would be completed and the company can obtain fresh working capital and scale up the operations to profitable levels.

5. CORPORATE MATTERS

5.01 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 put their best efforts to deliver on all our commitments.

The Human Resources practices at your Company empowers the employees through greater knowledge,

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opportunity, responsibility, accountability and reward. Emphasis is laid on identifying & nurturing talent. Continuous improvement techniques are followed for betterment of the skills in the organisation by implementing TQM & other training programs and there exists an excellent system of assessment of the employees based on the sound HR practices.

During the year under report, the total number of employees on the rolls of the Company has been 180

5.02 Key Managerial Personnel

Mr.K.V.Ramachandran, Vice Chairman & Managing Director and Mrs.R.Sowmithri, ED(Finance) & Secretary of the Company both of them within the meaning of Section 2(18) of the Companies Act, 2013 hold the office of Key Managerial Personnel respectively.

6. Corporate Governance

With reference to Corporate Governance, the Company has complied with all possible requirements of the guidelines as laid at in Clause 49 of the Listing Agreement. Annexure A contains report on corporate governance enclosed herewith.

During the year two independent directors have been appointed. At present the Company has six directors of which two are executive directors and four are non executive directors. After the appointment of the independent Directors, the audit committee, remuneration committee etc have been reconstituted with independent directors.

7. Internal Control System and their adequacy

The Company has adequate system of internal control with reference to the financial statements. All the transactions are properly authorised, recorded and reported by the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The Company ensures proper and adequate systems and procedures commensurate with its size and nature of its business even though there is no internal auditor during the year under report.

8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules 2014 relating to Conservation of Energy, technology absorption and foreign exchange earnings and outgo for the financial year 2016-17 are annexed as Annexure B which forms part of this Report.

9. Management Discussion and Analysis

Management Discussion and Analysis report for the year under report as stipulated under Clause 49 of the Listing Agreement in respect of the Stock Exchanges in India, is enclosed herewith please refer Annexure C.

10. 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. Annexure B to this report contains the details thereof.

11. Industrial Relations

Employees, at all levels, have contributed to the performance of the Company. Your directors place on record the co-operation of employees received during the year under report. The Directors also place on record the unstinted cooperation extended by the staff members during the period under review.

12. Fixed Deposits

The Company has not accepted any fixed deposits during the year under report. The deposits are being repaid to the deposit holders as and when the deposit holders send their Fixed Deposit Receipts issued to them claiming their refund. As on 31st March, 2017, the outstanding deposits amount to Rs.87.77 lakhs.

13. Applicability of Section 197(12) of Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

None of the employees come within the purview of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. Accordingly, no disclosure has been made, in the above regard.

14. Directors Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors of the Company hereby states and confirms 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 31st March, 2017 and of the Profit or Loss of the Company for that year.
- 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 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the Annual accounts on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

15. Remuneration Policy of the Company

The remuneration policy of the Company comprising the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including criteria of determining qualifications, positive attributes, independence of a director and other related matters have been provided in the Corporate Governance report which is attached, herewith.

16. Extract of the Annual Return:

Extract of the Annual Return in the present form is enclosed herewith in Annexure F.

17. Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company engaged the Services of Mrs.B.Venkatalakshmi, Company Secretary in Practice, to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2017.

The Secretarial Audit report (in Form MR-3) is attached as Annexure to this Report. Please refer Annexure G in this report.

18. Related Party Transactions

All transaction entered by the Company with Related Parties were in the ordinary course of business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transaction (which

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are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors. There were no materially significant transactions with Related Parties during the financial year 2016-17 which were in conflict with the interest of the Company Suitable disclosures as required under AS 18 have been made in Item No.18 of Note No.28 of financial statements. Accordingly there are no transactions that are required to be reported in Form AOC-2 and accordingly AOC-2 has not been attached.

19. Corporate Social Responsibility

Our company does not fall under the criteria laid for Corporate Social Responsibility under section 135 of the Companies Act, 2013 and hence the section is not applicable to the Company for the year under report.

20. Particulars of Loans, Guarantees or Investments

Your Company has not made any loan or given any Guarantees or made any investment during the year under Section 186 of the Companies Act, 2013

21. Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its powers) Rule 2014 and Clause 49 of the Listing Agreement, the Board of Directors had approved the policy on Vigil Mechanism/Whistle Blower and the same is hosted on the Website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

22. Statutory Auditors

- (01) The Statutory Auditors M/s P.Rajagopalan & Co, Chartered Accountants, have been in office for more than 10 years and in accordance with the requirements of the Companies Act, 2013 they will vacate at the conclusion of the ensuing Annual General Meeting .
- (02) The Company proposes to appoint new Statutory Auditor, in the place of M/s.P.Rajagopalan & Co as stated in the notice of the ensuing Annual General Meeting.

23. Acknowledgements

The Company places on record the co-operation of 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, Kotak Mahindra Bank Ltd and Bank of Baroda and Asset Reconstruction companies - Asset Reconstruction Company(India) Ltd and Edelweiss Asset Reconstruction Company 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 support.

For and on behalf of the Board of Directors

Place : Chennai
Date : 14/08/2017

V.SRIKANTH (DIN 00076856)
CHAIRMAN

Encl. a.a

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Addendum to Directors' Report. For 2016-17

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

01. 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. During the year under report, the company has cleared certain specific dues relating to earlier period and also a part of the current year dues.

02. 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.

03. Deferred Revenue Expenditure

Due to the loss during the year, the company has not written off any deferred revenue expenditure and deferral interest during the year. The same is to be amortised from the profit over the expected period of future benefit.

04. Bank Borrowings

State Bank of India, Union Bank of India and Export Import Bank of India have assigned their debt to Asset Reconstruction Companies. The restructured terms have not yet been finalized with the Asset Reconstruction Companies and hence total debt due to the Asset Reconstruction Companies is shown as Long Term debt.

05. Suit Filed by Creditors

Your company has addressed all the cases through the company's counsel and in some cases has obtained time to settle the amounts in installments over time.

06. Investments

Your company considers the investments as long term in nature and hence not provide for the temporary diminution in values.

07. Fixed Deposits.

Your company repays the deposits as and when the depositors present the receipts for repayment. No deposits have been accepted during the year.

08. Going Concern

The Management has prepared the accounts relating to the year under report on a going concern basis 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 with no let up in the orders and enquiries for quotations. Due to working capital inadequacies, we are not able to service all the orders on hand. Our forging products are known for their quality and the fact that customers returns or rejections are negligible confirms the quality. Our Company is in forging business from 1964 and crossed the Golden Jubilee 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.

09. Interest on Bank Borrowings

As the borrowings of the company with the Banks have become Non Performing Assets, the banks do not charge interest on the outstandings. The company therefore changed its accounting policy for accounting bank interest on cash basis.

For and on behalf of the Board of Directors

**Place : Chennai
Date : 14/08/2017**

**V.SRIKANTH (DIN 00076856)
CHAIRMAN**

EL FORGE LIMITED

**ANNEXURE A TO THE DIRECTOR'S REPORT
REPORT ON CORPORATE GOVERNANCE**

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 is comprised of whole time Director–Vice Chairman & Managing Director, the Executive Director (Finance), non executive Chairman, non executive promoter Director and non executive Independent Directors..

During the financial year 2016-2017, five (5) Board Meetings were held on 26/05/2016, 10/08/2016, 10/11/2016, 01/02/2017 and 13/02/2017

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

Name of the Director	Category	Attendance Particulars			Number of other Directorships and Committee Memberships//Chair manships in other Indian Public Companies		
		Number of Board Meetings		Last AGM	Other Director Ships	Com- mittee Member- ships	Committee Chairman- Ships
		Held	Attended				
Mr.V.Srikanth	Non Executive	5	5	Yes	2	2	--
Mr.K.V.Ramachandran	Executive	5	5	Yes	2	2	--
Mr.V.Ramachandran	Non-Executive & Non Independent	5	5	Yes	1	2	--
Mrs.R.Sowmithri	Executive	5	5	Yes	5	2	
Mr. J. Aron Rakkesh	Non Executive & Independent	2*	2	NA	2	-	-
Ms.Nivedita Lakshmi Ratan	Non Executive & Independent	2*	2	NA	2	-	-

* held after their appointment.

EL FORGE LIMITED

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 177 of the Companies Act, 2013.

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 2016-2017, four Audit Committee Meetings were held on 26/05/2016, 10/08/2016, 10/11/2016 and 13/02/2017

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

Name of the Directors	Category	Number of Meetings attended during 2016-17	
		Held	Attended
Mr.V.Ramachandran	Non Executive Director	4	4
Mr.V.Srikanth	Non Executive Director	4	4
Mr.K.V.Ramachandran	Executive Director	4	4
Mrs.R.Sowmithri	Executive Director	4	4
Mr. J. Aron Rakkesh	Independent Director	1*	1
Ms.Nivedita Lakshmi Ratan	Independent Director	1 *	1

* held after their appointment.

4. Remuneration of Directors

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

- a) Review the remuneration of the Executive Chairman and Vice Chairman & Managing Director after considering the Company's performance.
- b) Review and recommend payment of commission to the Chairman, Vice Chairman & Managing Director and Deputy Managing Director.
- c) Recommend to the Board, the remuneration including Salary, Perquisites and Commission to be paid to the 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 2016-17	
		Held	Attended
Mr.V.Ramachandran	Non Executive Director	Nil	Nil

EL FORGE LIMITED

Mr.V.Srikanth	Non Executive Director	Nil	Nil
Mr.K.V.Ramachandran	Executive Director	Nil	Nil
Mrs.R.Sowmithri	Executive Director	Nil	Nil
Mr. J. Aron Rakkesh	Independent Director	Nil	Nil
Ms.Nivedita Lakshmi Ratan	Independent Director	Nil	Nil

Details of Remuneration paid to Board of Directors

Non-whole time Directors					
Name	Sitting Fees (Rs.)	Name	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr.V.Ramachandran	25000	K.V.Ramachandran	1980000	1446929	3426929
Mr.V.Srikanth	-	R.Sowmithri	1344000	611692	1955692
Total	25000		3324000	2058621	5382621

Executive Directors of the company have total unpaid remuneration of Rs. 148.23 lakhs.

Service Contracts, Severance Fees and Notice Period Period of Contract of Vice Chairman & Managing Director : 5 Years from 01.04.2014 Period of Contract of Executive Director: 3 Years from 30.03.2015.

5. Shareholders Committee

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 2016-17 four Shareholders / Investors Grievance Committee Meetings were held on 26/05/2016, 10/08/2016, 10/11/2016 and 13/02/2017

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 2016-2017
Mr.V.Srikanth	Non Executive & Non Independent Director	4
Mr.V.Ramachandran	Non Executive & Non Independent Director	4
Mr.K.V.Ramachandran	Executive Director	4
Mrs.R.Sowmithri	Executive Director	4
Mr. J. Aron Rakkesh	Independent Director	1
Ms.Nivedita Lakshmi Ratan	Independent Director	1

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.

EL FORGE LIMITED

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
2013-14	Narada Gana Sabha Mini Hall, 314, T.T.K.Road Alwarpet, Chennai 600018	Sep 26, 2014	2.30 pm
2014-15	Narada Gana Sabha Mini Hall, 314, T.T.K.Road Alwarpet, Chennai 600018	Sep 28, 2015	2.30 pm
2015-16	Registered Office of the Company at 1A, Sriperumbudur High Road, (Via) Singaperumal Koil, Appur Village, Kattangulathur Onrium, Kancheepuram District 603204	Sep 22, 2016	11.30 Am

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

7. Subsidiary Companies

The company has no subsidiaries.

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 the Board of Directors appointed two Non Executive Independent Directors namely Mr. J. Aron Rakkesh and Ms.Nivedita Lakshmi Ratan.

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 during the year.

9. Secretarial Audit

As required under Regulation 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.

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10. Means of communication

The quarterly, half-yearly and full year results are published in Trinity Mirror and Makkal Kural
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

Annual General Meeting

Date and Time	:	28 th Sep, 2017 at 11.30 AM
Venue	:	
Book Closure Date	:	21//09/2017 to 28/09/2017 (both days inclusive)
Cut off date for e-voting	:	20 th September, 2017
E-Voting	:	25 th September, 2017 (9.00 am) to 27 th September, 2017 (5.00 pm)

b) Financial Calendar

The Financial Year of the Company comprise a period from April to March (12 Months). The results for every quarter beginning from April 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 from 21st September, 2017 to 28th September 2017 both days inclusive.

d) Listing on Stock Exchanges

The Company's shares are listed on

BSE

Phiroze Jee Jee Bhoy Towers
Dalal Street, Mumbai 400 001

At present the trading in BSE has been suspended. The company has appealed for revocation of the suspension and is hopeful of getting this completed .

e). Stock Code

BSE – Script Code No.531144

f). Market Price Data

As the trading of shares in BSE has been suspended. The details of monthly highest and lowest closing quotations of the equity shares of the Company are not available.

g) Registrars and Share Transfer Agents

M/s.Integrated Registry Management Services Pvt 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 2016-17	
	Received	Cleared
Relating to Transfer, Transmissions, Dividend, Demat and Remat and Change of Address etc.	0	0

j) Distribution of Shareholdings as on 31st March, 2017

Sl.No	Category	No.of Holders	% of Holders	No.of Shares	% of Shares
1.	Upto 100	5583	56.49	286902	1.41
2	101to 250	250	2.52	284915	1.40
3.	251to 500	1075	10.88	427192	2.10
4.	501 to 1000	656	6.64	531526	2.62
5.	1001 to 5000	695	7.03	1589329	7.82
6.	5001 to 10000	132	1.34	993622	4.89
8.	10001 and above	1492	15.10	16210818	79.76
*** Total ***		9883	100.00	20324304	100.00

k) Pattern of Shareholding as on 31st March, 2017

Sl.No.	Category	No.of Shares	% of Shareholding
1.	Promoters	8385858	41.26
2.	Corporate Bodies	1914260	9.42
3.	Mutual Funds	1605	0.01
4.	Banks	945	0.01
6.	NRI's/Foreign Nationals	50329	0.25
7.	Public	9971307	49.05
	Total	20324304	100.00

l) Dematerialisation of shares and liquidity

About 96% of the shares have been dematerialised as on March, 31, 2017. The Equity shares of the Company are permitted to be traded in dematerialised form.

Demat ISIN Number 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 21E, A.R.K.Colony, Eldams Road Alwarpet, Chennai 600 018 Ph No. 24334010 Email : edf@elforge.com	Mr.K.Suresh Babu Sr.Vice President Integrated Registry Management Services Pvt Ltd, Kences Towers, IInd Floor, 1,Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017 Ph : 28140801 Email : sureshkumar@integratedindia.in

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: The 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 31st March, 2017

Place : Chennai
Date : 14/08/2017

K.V.RAMACHANDRAN
VICE CHAIRMAN & MANAGING DIRECTOR
(DIN No.00322331)

EL FORGE LIMITED

**ANNEXURE B TO THE DIRECTORS' REPORT
PARTICULARS OF CONSERVATION OF ENERGY,
TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

CONSERVATION OF ENERGY

- | | | |
|---|---|---|
| 1 | Energy Conservation measure 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 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	Expenditure on R& D is not directly incurred during the period and hence not ascertainable.
	(a) Capital	--
	(b) Recurring	--
	(c) Total	--
	(d) Total R & D expenditure as percentage of total turnover}	

EL FORGE LIMITED

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION		
1.	Efforts in brief, made towards	Continuous interaction with
	technology absorption, adaptation	Technology Experts to improve
	and innovation	quality, die-life, etc.
2.	Benefits derived as a result of	Reduction in Rejections and
	The above efforts e.g. production	improvement in yield.
	improvement, cost reduction, product	
	development, import substitution etc.	
3	In case of imported Technology (imported during the last three years reckoned from the Beginning.	Not Applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO		
1.	Activities relating to Exports	Overseas Markets are being constantly scanned and Requests for quotations from
		Customers overseas are answered and followed up to obtain orders.
2.	Initiatives taken to increase	1. Present and prospective buyers
	exports and development of new	are being invited to see our
	export markets for products and	production and Inspection
	Services and export plans.	Facilities.
		2. Quality systems are constantly
		being upgraded to meet inter-
		national requirements.
3.	Total Foreign Exchange	
	(a) Used (Rs.)	Nil
	(b) Earned (Rs.)	Rs.6643489

ANNEXURE C TO THE DIRECTORS' REPORT

Management Discussion and Analysis

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, 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 Indian economy is expected to have a 7.5% GDP growth. With a stable government growth in business is expected. A normal monsoon and reduction in interest rates all economic indicators are showing positive trends. There is an expectation of stability in the economy due to the pickup in many sectors as well as the implementation of the seventh pay commission. The smooth rollout of GST will contribute to the growth of the economy.

Indian Automobile Industry

Given the expected pickup in the economy, the growth prospects of the vehicle industry looks positive. During the year 2016-17 the domestic commercial vehicle industry had a mild growth compared to the robust growth in the previous year. However there was a significant growth in the export of medium and heavy commercial vehicles during the year.

Opportunities & Threats

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

Fluctuating steel prices, rising fuel and power costs and increase in virtually every input costs are a threat to the business. Restructuring the borrowing and augmentation of working capital are to be addressed at the earliest.

Risk Management

Managing foreign exchange inflows is very important for the company. Our Company sells into both the export market and the domestic market. Our domestic customers in turn sell to their overseas Customers in Europe, America and China. The wide market reach, acts as an insulation from the local vagaries which will otherwise make it dependent on the economies of a single country. Depending on the situation the company takes appropriate cover to safeguard the values.

Commodity Price Risk

The world is now facing an economic meltdown with metallics and steel prices spirally downwards. The Chinese slowdown has depressed the steel markets but the Indian economy has been resistant to global events. Fluctuation in steel prices and other input costs are being dealt with on a case to case basis depending on customers demands on these changes.

EL FORGE LIMITED

Financial Review

Summary of Statement of Profit and Loss Account is given below

(Rs. in Lakh)

	2015-16	2016-17	Inc/(Dec)%
Income			
Sales (net of excise duty)	3876.72	3255.24	(16.03)
Other Income	410.31	0.02	(100)
Total	4207.03	3255.26	(22.62)
Expenditure			
Material Costs	2247.71	1866.33	(16.97)
Stock differential	147.92	60.98	(58.78)
Employee benefits expense	782.86	652.07	(16.71)
Other expenses	1092.27	958.24	(12.27)
Depreciation and amortization expenses	954.48	821.96	(13.88)
Finance Cost	128.88	189.06	46.69
Total	5354.11	4548.64	-15.04
Profit before exceptional items	(1067.09)	(1293.39)	21.21
Exceptional items	(540.25)	(2.04)	(99.62)
Profit before tax	(1607.34)	(-1498.23)	(-6.79)
Tax Expenses			
Current Tax	--	--	--
Deferred tax	--	--	--
Profit before tax	(1607.34)	(1498.23)	(6.79)
Basic Earnings per	(7.91)	(7.37)	(6.83)
Share(Rs.)	10	10	

Revenues

The revenues are from the sale of forgings. During the year there has not been any income from sale of land as compared to the previous year.

Costs

Material Costs : The material cost for the year was 57.33% of the sale value compared to 54.43% in the previous period. This is due to the product mix than actual increase in material cost.

Staff Cost : there is a decrease in staff costs due to reduction in number of employees consequent to drop in business volumes and conscious effort to become cost effective.

EL FORGE LIMITED

Other expenses : The management has made constant efforts to bring down costs and as a result other costs have also dropped during the year compared to the previous year.

Depreciation :

The depreciation has been charged according to the provisions of the companies Act, 2013. This required higher provision and hence the depreciation for the year is more than the previous year though there has been no any additions to the fixed assets.

Summary of Balance Sheet is given below :

(Rs. in Lakh)

	As at 31.03.2017	As at 31.03.2016	Inc/(Dec)%
Sources of Funds			
Shareholders ' Funds	(5360.90)	(3862.67)	(38.79)
Non Current liabilities	7049.31	7439.93	(5.25)
Current Liabilities	10281.71	10709.45	(3.99)
Total	11970.12	14286.72	(16.22)
Application of Funds			
Fixed Assets	5882.13	8123.3	(27.59)
Investments	385.26	385.26	0.00
Loans & other Non current assets	1591.41	1627.21	(2.20)
Current Assets	4111.32	4150.91	(0.95)
Total	11970.12	14286.72	(16.22)

Cash Flow Statements

	2016-17	2015-16
Profit /(Loss) from operations	1498.22	(1607.34)
Inc / (Dec) in net working capital	809.85	964.61
Net cash flow from operating activities	1522.92	610.65
Payment for acquisition of assets net	254.77	38.45
Cash outflow for investing activities	--	--
Proceeds from sale of immovable properties	230.00	61.22
Cash flow from financing activities	(1777.93)	655.73
Net cash inflow / (outflow)	(0.24)	(6.63)

EL FORGE LIMITED

The Year Ahead

The Asset Reconstruction Company (India) Ltd (ARCIL) and Edelweiss Asset Reconstruction Company Ltd have taken over the debts from State Bank of India, Union Bank of India and Export Import Bank of India Ltd and are considering our proposal for stepping up our operations through a reconstruction scheme which is mutually agreeable. The Company management is closely following with them for a speedy resolution of the scheme.

On the business front, the automobile segment is expected to improve in Financial Year 2017-18 on increased economic activities, higher personal income and lower interest rate regime. A strong recovery in USA will drive the growth of export. With a focus on enhancing efficiency and cost reduction, margins are anticipated to improve. On this backdrop, the outlook is encouraging.

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 system of assessment of the employees based on the sound HR practices.

During the year under review, the total number of people on the rolls of the Company is 180

Foreign Exchange Risk

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

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 programs. 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.

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

**ANNEXURE D TO THE DIRECTORS' REPORT
CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER OF THE COMPANY**

We hereby certify that for the year ended 31st March, 2017 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 period 2016-17 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 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 : 14/08/2017**

**K.V.RAMACHANDRAN
VICE CHAIRMAN &
MANAGING DIRECTOR**

**R.SOWMITHRI
ED (FINANCE) & SECRETARY**

EL FORGE LIMITED

Auditors' certificate on Corporate Governance

To the Members of
El Forge Limited

01. Certificate, Company, Financial Year, etc.

This certificate is issued in accordance with the terms of our engagement with El Forge Limited ('the Company'). We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in the Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Paragraph C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

02. Managements' responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

03. Auditors' responsibility

- (01) Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- (02) We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
- (03) We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- (04) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

04. Opinion

- (01) Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

Auditors' certificate on Corporate Governance [Continued]

(Addressed to the Members of El Forge Limited)

- (02) We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company

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

Place: Chennai
Date: 14-08-2017

R.VENKATESH
Partner
MNo:028368

EL FORGE LIMITED

ANNEXURE F TO THE DIRECTORS' REPORT

Form No. MGT 9
Extract of ANNUAL RETURN

As on the Financial year ended 31.03.2017
(pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(3) of the Companies (Management and Administration) Rules 2014

I. Registration and other details

Corporate Identify No.(CIN) : L34103TN1934PLC000669
Registration Date : 18/07/1934
Name of the Company : El Forge Limited
Category / Sub-category of the Co : Company limited by shares/Indian-Non-Government Co.
Address of the Registered Office : No.1A, Sriperumbudur High Road, (via) Singaperumal Koil, Appur Village, Kattangulathur Onrium, Kancheepuram Dist 603204
Ph (044) 47002500 Fax (044) 47002523
e mail : elforgeho@elforge.com
Website www.elforge.com
Whether listed Company Yes/No. : Yes

II, PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr.No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacturers of Steel Forgings	--	100%
2.	Land Development	--	--

III. PARTICULARS OF HOLDING, SUBSIDIARY OR ASSOCIATE COMPANIES

Sl.No.	Name of the Co.	Address of the Co.	CIN	Holding/ Subsidiary Associate Company	% of Shares	Applicable Section under Companies Act, 2013
Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change During the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
A. Pro-moter									
(1) Indian									
a) Individu-al/Huf	1311188	9664	1320852	6.50	1311188	9664	1320852	6.50	Nil

EL FORGE LIMITED

b) Central Govt.									
c) State Govt.									
d) Bodies Corp.	7065006	--	7065006	34.76	7065006	--	7065006	34.76	Nil
e) Banks									
f) Any other									
Sub Total (A)(1)	8376194	9664	8385858	41.26	8376194	9664	8385858	41.26	Nil
(2) Foreign									
a) NRIs- Individuals	--	--	--	--	--	--	--	--	--
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any other	--	--	--	--	--	--	--	--	--
Sub Total (A)(2)	--	--	--	--	--	--	--	--	--
Total Share holding of promoters (A =(A)(1)+(A)(2)	8376194	9664	8385858	41.26	8376194	9664	8385858	41.26	Nil
B. Public Share-holding									
1. Institutions									
a) Mutual Funds	1605	--	1605	0.01	1605	--	1605	0.01	Nil
b) Banks/ FI	990	--	990	0.01	945	--	945	0.01	Nil
c) Central Govt.	--	--	--	--	--	--	--	--	--

EL FORGE LIMITED

d) State Govt.	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others specify	--	--	--	--	--	--	--	--	--
Sub Total (B)(1)	2595	--	2595	0.01	2550	--	2550	0.01	Nil

2. Non-Institutions									
a) Bodies Corp.									
1) Indian	1859694	--	1859694	9.15	1858819	--	1858819	9.15	Nil
2) Overseas	--	--	--	--	--	--	--	--	
b) Individuals									
1) Individual share holders holding nominal share capital upto Rs.1 lakhs	3377989	447058	3825047	18.84	4290718	600056	4890774	24.07	5.24
2) 1) Individual share holders holding nominal share capital excess of Rs.1 lakhs	5788457	369190	6157647	30.30	5010973	84378	5095351	25.07	-5.23

EL FORGE LIMITED

Category of Shareholders	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				% change D u r - i n g the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others-clearing members									
- Trusts	--	520	520	0.01	--	520	520	0.01	Nil
Corporate Body Foreign bodies	--	--	--	--	--	--	--	--	--
NRI	--	--	--	--	--	--	--	--	--
Foreign Nationals	--	50329	50329	0.24	--	50329	50329	0.00	Nil
Limited Liability Partnership	--	6	6	0.00	--	6	6	0.00	Nil
Unclaimed Securities suspense a/c	42608	--	42608	0.21	40117	--	40117	0.20	NIL
Foreign portfolio Investors Corporate	--	--	--	--	--	--	--	--	--
Sub Total(B)(2)	11068748	867103	11935851	58.74	11200627	744953	11935916	58.74	Nil
C) Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A + B + C)	19447537	867767	20324304	100.00	19573680	750624	20324304	100.00	

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(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share Holding during the year
		No.of Shares	% of total shares of the Co.	% of shares pledged/ Encumbered to total shares	No.of Shares	% of total shares of the Co.	% of shares pledged/ Encumbered to total shares	
1.	Chendur Forgings Ltd	7065006	34.76	98.98	7065006	34.76	98.98	Nil
2.	Srikanth V	511012	2.51	100.00	511012	2.51	100.00	Nil
3.	V.Ramachandran	331720	1.63	0.00	331720	1.63	0.00	Nil
4.	K.V.Ramachandran	118119	0.58	100.00	118119	0.58	100.00	Nil
5.	V.Subha	113578	0.56	0.00	113578	0.56	0.00	Nil
6.	K.J.Ramaswamy	112500	0.55	0.00	112500	0.55	0.00	Nil
7.	Chitra Venkataraman	76450	0.38	86.92	76450	0.38	86.92	Nil
8.	Ramachandran K.V	14026	0.07	100.00	14026	0.07	100.00	Nil
9.	K.V.Srikanth	12500	0.06	0.00	12500	0.06	0.00	Nil
10.	P.L.Reddy	8100	0.04	0.00	8100	0.04	0.00	Nil
11.	V.Balu	6708	0.03	0.00	6708	0.03	0.00	Nil
12.	Nandini Ramachandran	4000	0.02	0.00	4000	0.02	0.00	Nil
13.	Nandini Srikanth	3277	0.02	0.00	3277	0.02	0.00	Nil
14.	Ananya Srikanth	3195	0.02	0.00	3195	0.02	0.00	Nil
15.	Rohini Ramasamy	1300	0.01	0.00	1300	0.01	0.00	Nil
16.	V.Srikanth	1190	0.01	100.00	1190	0.01	100.00	Nil
17.	Ramachandran K.V	1021	0.01	100.00	1021	0.01	100.00	Nil
18.	R.Visweswaran	487	0.00	0.00	487	0.00	0.00	Nil
19.	R.Visweswaran	1169	0.00	0.00	1169	0.00	0.00	Nil
20.	Srihari K.R.	300	0.00	0.00	300	0.00	0.00	Nil
21.	Manasvini K.R.	200	0.00	0.00	200	0.00	0.00	Nil
		8385858	41.26	91.88	8385858	41.26	91.88	Nil

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(iii) Change in Promoters Shareholding

Sl.No.	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
	No.of Shares	% of total shares of the Company.	No.of shares	% of total shares of the Company
	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRS)

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative share-Holding during the year	
		No.of Shares	% of total shares of the Co.	No.of Shares	% of total shares of the Co.
1.	Prime Broking Co India Ltd	1424287	7.00	1424287	7.00
2.	Indira Vasudevan	750000	3.69	750000	3.69
3.	Tumpudi Muralidhar Bhagwat	446100	3.25	446100	3.25
4.	N.Jayakumar	289435	1.42	289435	1.42
5.	Ramasubramanian S	200200	0.99	200200	0.99
6.	Dixit Gunvanthri Shah	200000	0.98	200000	0.98
7.	Madhu Vadera Jayakumar	158400	0.78	158400	0.78
8.	Snehalatha Singhi	126596	0.62	126596	0.62
9.	Charu D Shah	115050	0.57	115050	0.57
10.	Philip Samuel	114227	0.56	114227	0.56

EL FORGE LIMITED

(V) Shareholding of Directors and Key Managerial Personnel (KMP)

Sl. No.	For each of the Directors of the Company and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No.of Shares	% of total Shares of the co	No.of Shares	% of total Shares of the Co.
	Directors				
1	Mr.V.Srikanth Chairman (Non Executive)				
	At the beginning of the year	512202	2.52		
	Datewise increase in shareholding during the year Acquisition of shares	Nil			
	At the end of the year	512202	2.52	512202	2.52
2.	Mr.K.V.Ramachandran (Vice Chairman & Managing Director)				
	At the beginning of the year	133166	0.66		
	Date wise increase in shareholding during the year Acquisition of shares	Nil			
	At the end of the year	133166	0.66	133166	0.66
3.	Mr.V.Ramachandran Director (Non Executive)				
	At the beginning of the year	331720	1.63		
	Datewise increase in shareholding during the year Acquisition of shares	Nil			
	At the end of the year	331720	1.63	331720	1.63
4.	Mrs.R.Sowmithri Executive Director				
	At the beginning of the year	400	0.001		
	Datewise increase in shareholding during the year Acquisition of shares	Nil			
	At the end of the year	400	0.001	400	0.001

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VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Mr.K.V.Ramachandran, Vice Chairman & Managing Director & Key Managerial Personnel

Sl.No.	Particulars of Remuneration	K.V.Ramachandran	R.Sowmithri
1.	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act 1961 (b) Value of perquisites u/s 17(2) of Income Tax Act, 1976	1980000 622305	1878196 32400
2.	Commission Performance Bonus Long Term Incentive Plan (LTIP)	-	-
3.	Other – Retirement Benefits	-	-
	Total	2602305	1910596
	Ceiling as per the Act	% of the Net Profit	NA

B Remuneration to Other Directors

1. Non Executive Directors

Particulars of Remuneration	Mr.V.Srikanth	Mr.V.Ramachandran	Total Amount
Fee for attending Board Committee Meetings	Nil	Rs.25,000	Rs.25,000
Commission	Nil	Nil	Nil
Others please specify (Conveyance)	Nil	Rs.10,000	Rs.10,000

II Penalties / Punishment / Compounding of offences

Type	Section of Companies Act	Brief Description	Details of penalty Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made If any (Give details)
Penalty					
Punishment					
Compounding					
C OTHER OFFICERS IN DEFAULT				NIL	
Penalty					
Punishment					
Compounding					

EL FORGE LIMITED

Form No.,MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2017**

(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

To
The Members
El Forge Limited
21E, A.R.K.Colony
Eldams Road
Alwarpet, Chennai 600018

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate practices by M/s.El Forge Limited, CIN L34103TN1934PLC000669 ("the Company") Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit. I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place to the extent, I the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2017 according to the provisions of

- (i) The Companies Act, 2013 (the Act) and the rules made thereon;
- (ii) The Companies Act, 1956 (to the extent applicable);
- (iii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;;
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (vi) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')_:
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;
 - c. The Securities an Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with client;
 - d. The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations 2015;
 - e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations.
- (vii) We are informed that the Company, during the year, was not required to comply with the following regulations, and consequently not required to maintain any books, papers, minute books and other records or other records or file any forms/returns under:

EL FORGE LIMITED

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 1999
- b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- (viii) Based on the study of the systems and processes in place and a review of reports of (1) the heads of the Departments; (2) Occupier/Manager of the Factories located in Appur (3) the compliance reports made by the Functional heads of various departments which are submitted to the Board of Directors of the Company; (4) a test check on the licences and returns made available on other applicable laws. I report that the Company has complied with the provisions of the following statutes and the rules made there under to the extent it is applicable to them.
- Motor Vehicles Act, 1988
 - The Explosive Act, 1884
 - The Petroleum Act, 1934
 - The Environment (Protection) Act, 1986.
 - The Water (Prevention and Control of Pollution) Act, 1974.
 - The Air (Prevention and Control of Pollution) Act, 1981.
 - Factories Act, 1948.
 - Industrial Disputes Act, 1947.
 - The Payment of Wages Act, 1936.
 - The Minimum Wages Act, 1948.
 - Employees' State Insurance Act, 1948.
 - The Employees Provident Funds and Miscellaneous Provisions Act, 1952.
 - The Payment of Bonus Act, 1965.
 - The Payment of Gratuity Act, 1972.
 - The Contract Labour (Regulation & Abolition) Act, 1972.
 - The Maternity Benefit Act, 1961.
 - The Child Labour (Prohibition & Regulation) Act, 1986.
 - The Industrial Employment (Standing Order) Act, 1946.
 - The Employees Compensation Act, 1923.
 - The Apprentices Act, 1961.
 - Equal Remuneration Act, 1976.
 - The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
 - The Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996.
 - Conferment of Permanent Status Act, 1981.
 - The Municipality/Local Acts.
 - The Public Liability Insurance Act, 1991.
 - Indian Electricity Act, 2003.
 - The Energy conservation Act, 2001.
 - The Environmental Impact Assessment Notification, 2006.
 - The inflammable Substances Act, 1952.
 - The Legal Metrology Act, 2009.
 - The Coastal Regulation Zone Notification, 2011.

EL FORGE LIMITED

I have also examined compliance with the applicable clauses of the following

- (i). Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii). The Listing Agreements entered into by the Company with BSE Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report majority decision is carried through and that there were no dissenting votes from any Board member that was required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor, report deviations to the Board, take corrective actions and to ensure compliance with applicable laws, rules and regulations and guidelines.

I further report that during the audit period, following events took place in the company.

The Registrar and Share Transfer Agents, Integrated Enterprises (India) Ltd has demerged its Registry undertaking into a separate company in the name of Integrated Registry Management Services Private Limited on April 6, 2016 to undertake the Company's share transfer registry services.

Name of Company Secretary in Practice: B.Venkatalakshmi

ACS/FCS No. 1005

CP No. 677

Date : 14/08/2017

Place : Chennai

EL FORGE LIMITED

Independent Auditor's Report on the Financial Statement (Standalone) To the Members of EL Forge Limited [CIN: L34103TN1934PLC000669]

01. Financial Statements, their period, etc.,

We have audited the accompanying standalone Financial Statements of EL Forge Limited ('the Company') which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year ended 31st March, 2017 and a summary of significant accounting policies and other explanatory information.

02. Management's Responsibility for the Standalone Financial Statements

The Board of Directors of the Company is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

03. Auditor's Responsibility

- (01) 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.
- (02) 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 assessments, 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 but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. 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.
- (03) We believe that the audit evidence, obtained by us, 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.11 (Relating to Non-Disclosure of details under Employees Benefit) AS-15 (Revised) in Note 28 on Financial Statements, Non-Payment of contribution to Employees Gratuity Plan agreed upon with Life Insurance Corporation of India, amounting to Rs. 173.34 Lakh (as at 31st March, 2017), amount determined based on the information available with the Company. Further no Actuarial Valuation report has been obtained by the company. Accordingly, the disclosure under AS-15, namely, Employees' Benefit has not been made and no amount has been charged to Statement of Profit & Loss on account of actuarial gain or loss.

EL FORGE LIMITED

- (02) Item No 12 (Relating to Penalty and Interest) in Note 28 on Financial Statements, Interest & penalty leviable, if any, towards non-remittance of statutory dues, on account of delay / short remittance of statutory dues.
- (03) The deferred revenue expenses and deferred interest amounting to Rs. 332.75 Lakh and Rs.1202.81 Lakh respectively, have not been charged to Statement of Profit and Loss but shown as assets, under the grouping Non-Current Assets, please refer Item No.05 in Note No. 28 on Financial Statements.
- (04) On the basis of our examination 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 various banks, obtained under consortium, during the earlier years and outstanding during the current year. A few banks (Assignor) have assigned their loan amounts (Along with their rights, claims, benefits, etc.) to two Asset Reconstruction Companies (ARC'S), invoking the option under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Based on the information available with the company, the amount due to the Assignor has been transferred to and is shown in the respective name of the ARC'S, under the grouping Secured Loans, Long Term Borrowings, or, the case maybe, Short Term Borrowings. Accordingly, the company has not shown the amount defaulted to Assignor, just before assignment, under the Note No.04 (01) (e), to Financial Statements, regarding default of the Loan and other related details. However, the amount due to the remaining banks continues to be shown and the amount defaulted is Rs. 1564.49 Lakh and Rs 1258.47 Lakh, towards principal and interest (including the accrued interest not provided for in the books) respectively, as at 31st March, 2017.
- (05) A few creditors have filed cases against the company, before the Honourable Madras High Court (Under the Companies Act, 2013 National Company Law Tribunal, shall have jurisdiction, after notification by the Government of India) under the Companies Act, 1956 (or under the Companies Act, 2013), for winding up of the company. The company has taken up the matter; and it has been explained that company has been contesting the case and/ or following directions given by the Honourable Madras High Court (or as the case may be, National Company Law Tribunal or its Bench, having jurisdiction over the matter).
- (06) Shakespeare Forgings Ltd (SFL), a company incorporated in United Kingdom (UK) was a wholly owned subsidiary (WOS) of the Company, up to February 2, 2015. During the Financial Year 2014-15, SFL has ceased to be 100% foreign subsidiary February 2015 and has become as Associate Company (in UK) within the meaning of the Companies Act 2013. As explained and informed to us, due to the change in strategy of SFL, the Company is not taking part in any of affairs or management of SFL. Accordingly, during the current year 2015-16, SFL ceased to be an Associate Company, within the meaning of the Companies Act, 2013. In the opinion of the management of the Company, consolidation of the financial of SFL with the financial of the company is not applicable. We also invite your attention to Item No.17 in Note No.28 on Financial Statements
- (07) Item No.06 of Note No.28 on the Financial Statements, relating to diminution in the value of Investments made by the company, the quantum of which is not ascertained.
- (08) The company has paid all the fixed deposits which have matured and claimed; but the company has not paid the Fixed Deposits matured but not claimed. The amount of such deposits works out to Rs 87.77 Lakh, as at 31st March, 2017; since the amount is due for payment, the same has been included and/ or shown under the under the grouping Current Liabilities.
- (09) As per section 138 of Companies Act 2013 read with Rule 13 of Companies (Accounts)

EL FORGE LIMITED

Rules, 2014, certain classes of companies are required to appoint Internal Auditors. Accordingly, every listed company should appoint internal auditors [Rule 13(1)(a) of Companies (Accounts) Rules, 2014]. The company, being a listed company, has not appointed any internal auditors, for carrying out internal audit, relating to the current financial year.

- (10) As said at the beginning of the paragraph, we have not qualified or modified our opinion on the aforesaid matters, including their impacts, on the Financial Statements.

05. Basis for Qualification of Opinion:

(01) Going Concern:

- (a) The Company's operating results has been materially affected due to various factors during earlier years and also during the current financial year ended 31st March, 2017, under report, and the Company has huge accumulated losses as on the aforesaid date, which has eroded the entire net worth of the company. Accordingly, the appropriateness of the going concern assumption depends 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
- (b) At the end of the Financial Year 2016-17, net worth of the company has been totally eroded and become negative of an amount of minus Rs.8115.49 Lakh [(01) after excluding amount of (a) Rs.1219.03 Lakh Capital Reserve (created while converting the fixed assets (Land) into stock in-trade); and (b) Rs.1535.56 Lakh, relating to Deferred Interest and Deferred Revenue Expenses, shown as non-Current Assets].
- (c) Further, the Company's Current Liabilities (as at 31st March, 2017) have also exceeded its Current Assets by an amount of Rs. 6170.39 Lakh. These factors also raise doubts about the ability of the Company to continue as a going concern.
- (d) In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities (as at 31st March, 2017) which are not ascertainable, at this stage.

(02) Change in the Method of accounting

- (a) With effect from the Financial Year 2013-14, the company has changed the method of accounting of Interest on Bank Borrowings (both short term and long term borrowings) from mercantile method to cash method. Accordingly, an amount of Interest (as determined by the management, based on the information available with them, and relied upon by the auditors) of Rs.1786.71 Lakh, relating to Financial Year under report, has not been provided in the books of account and the same has not been charged as an expense in the Statement of Profit and Loss Account for the Financial Year under report.
- (b) Had the aforesaid interest been provided, as per the earlier method of accounting, consistently followed by the company, the operating loss, for the year under report, would have been more by an amount of Rs. 1786.71 Lakh and the Net worth, as at 31st March, 2017, of the company would have been less by an amount (or in other words, the minus figure of the net worth would be more by the amount of Rs.5835.00 Lakh after taking into account the arrears of interest not provided till the end of the previous financial year amounting to Rs. 4048.29 Lakh.
- (c) In our opinion, the method of accounting of the aforesaid Bank Interest, is not in accordance with the provisions of Sections 128, 129 and 134 of the Companies Act, 2013 and as per the applicable Accounting Standards.

EL FORGE LIMITED

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, of the state of affairs of the Company as at 31st March, 2017, the Loss for the year ended on that date and the cash flows for the year ended on that date.

07. Reason for Qualification

As required by Section 143(4) of the Companies Act, 2013, we give following reasons for the qualification (i.e., modified opinion) made by us on the aforesaid financial Statements.

(01) Regarding Going Concern

- (a) The company has been incurring loss for many immediately preceding financial years, and has huge accumulated loss at the end of the Financial Year under report. The net worth of the company has become negative. The company is not in a position to meet its financial obligations, both short term and long term.
- (b) Accordingly, we are of the view that preparing the financial statements on going concern basis may not be fair. Hence, we have qualified the same. However, we are not in a position to quantify the same, since the impact of the above could not be ascertainable as on the date.

(02) Regarding change in the accounting method:

- (a) Section 128(1) of the Companies Act, 2013 requires that books of account of a company should be kept on accrual basis and according to the double entry system of accounting.
- (b) Section 134(2)(c) and Section 134(5) of the Companies Act, 2013 cast a responsibility on the Board to include, in the Directors' Report, among other matter, "Directors' Responsibility Statement", in relating to the Financial Statements. Accordingly, selection of the method of accounting (including changing one method to another method) and following such methods, adopting proper accounting policies and procedures are the primary responsibility of the management of the company.
- (c) Considering the statutory obligation rest with the Management of the Company, the reason advanced by the management in the above regard has been considered by us and included in the following paragraphs, regarding the change in the method of accounting.
- (d) In continuation of the above, the company has not paid any amount towards Bank Interest from the financial year 2013-14, since the company has acute financial constraints, in meeting its short term and long term obligations; accordingly the company has not charged any interest (Expenses) on the bank borrowings (both Long Term and Short Term) obtained from the banks. Considering the overall level of the financial position of the Company, during the financial year 2013-14, and as a prudent measure, the company decided to change method of accounting of expenses (Interest on bank borrowings) from Mercantile Method (Accrual Basis) to Cash Method (Cash Basis), with effect from the Financial Year 2013-14 and continued the same till the current financial year 2016-17.
- (e) In our opinion, the above practice is not in accordance with the provisions of the Companies Act 2013. Hence, we have qualified the same together with the amount involved thereof.

08. Report on other Legal and Regulatory Requirements

- (01) As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, and the basis of the such verification of books and records of the company, as we

EL FORGE LIMITED

considered appropriate and according to information and explanations given to us, we enclose in the Annexure-01 Statement on the Matters specified in paragraphs 3 of the said Order, to the extent applicable, to the company for the year under report together and wherever our report contains any answer to any of the questions referred to in paragraph 3 of the aforesaid Order is unfavourable or qualified, we state the basis for such unfavourable or qualified answer, as the case may be; and wherever we are unable to express any opinion on any specified matter, our report indicates such fact together with the reasons as to why it is not possible for us to give our opinion on the same.

(02) As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books.
- (c) The report on the accounts of the branch offices, as required by clause (c) of sub-section (8) of section 143 of the Act, is not applicable for the year under report, since Company has not appointed any branch auditor, to audit the branch accounts, and accordingly dealing with the report of Branch Auditors, in preparing our report does not arise;
- (d) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- (e) Subject to the our observations, in the aforesaid paragraph, relating to basis for qualified opinion, in our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the applicable Accounting Standards.
- (f) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- (g) As required by Clause (i) of Sub-section 3 of Section 143 of the Act, with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we enclose a separate report in the Annexure-02; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
 - (A) The company has disclosed the impact of all the pending litigations on its financial position in its financial statement; please refer Item No.03 and 14 of Note No.28 on Financial Statements
 - (B) The company does not have any long term contracts including derivative contracts, which will have foreseeable material loss;
 - (C) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company, except in the case of the Financial Year 2007-08, amounting to Rs.3.74 Lakh; please refer Item No 15 of Note No.28 on Financial Statements, relating to Investor Education and Protection Fund
 - (D) Pursuant to the notification No. G.S.R. 307(E) dated 30th March, 2017, issued by Ministry of Corporate Affairs New Delhi, in exercise of powers conferred by section 143 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), amending the Companies (Audit and Auditors) Rules, 2014, to include in the audit report the matter as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E)

EL FORGE LIMITED

dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016, the Company has provided requisite disclosures in the standalone financial statements, prepared in accordance with Companies Accounting Standard Rules, 2006, as amended. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

R.VENKATESH
Partner
MNo:028368

Place: Chennai
Date: 26-05-2017

EL FORGE LIMITED

Independent Auditor's Report on the Financial Statements (Standalone), Continued Addressed to the Members of El Forge Limited, CIN: L34103TN1934PLC000669)

Annexure-01 of Statement on the Matters specified in Paragraphs 3 of the Order
[Referred in Paragraph 09(01) of the aforesaid Auditors' Report]

01. Clause 3(i) of the Order, relating to Fixed Assets

- (01) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (02) The Management has the policy of physical verification of fixed assets once in every year, which is, in our opinion, reasonable intervals, considering the nature of fixed assets and size of the company. Accordingly, the Management has carried out physical verification of these fixed assets during the last month of the financial year under report;
- (03) No material discrepancies were noticed by the Management on such physical verification;
- (04) Considering the observations made in the aforesaid sub-paragraph, the remaining part of the Clause of the Order, relating to "Whether the same (i.e., material discrepancies) have been properly dealt with in the books of account" is not applicable to the Company for the year under report; and accordingly, we have not made any observation thereon; and
- (05) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company; but it has been explained that the title deeds of the immovable property have been mortgaged with the Banks/ Financial Institutions, etc., (or other Agencies, namely Assets Reconstruction Company, through assignment in terms of under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002) for securing the borrowings and loan raised by the company; accordingly, the same was not in possession of the company.

02. Clause 3(ii) of the Order, relating to Inventory

- (01) The Management has the policy of physical verification of Inventories once in every year, which is, in our opinion, a reasonable interval, considering the nature of inventories, volume of the inventories, nature of business and size of the Company. Accordingly, the Management has carried out physical verification of these inventories during the last month of the financial year under report;
- (02) In our opinion, 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;
- (03) No material discrepancies were noticed by the Management on such physical verification; and
- (04) Considering the observations made in the aforesaid sub-paragraph, the remaining part of the Clause of the Order, relating to "Whether the same (i.e., material discrepancies) have been properly dealt with in the books of account" is not applicable to the Company for the year under report and accordingly, we have not made any observation thereon.

03. Clause 3(iii) of the Order, relating to Loans Granted

- (01) During the year under report, the Company has not granted, [no loan previously given has been outstanding, at the end of the financial year] any loan, secured or unsecured, companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (02) Considering the observations made in the aforesaid sub-paragraph, the remaining part of the Clause of the Order, given below, is not applicable to the Company for the year under report.
 - (a) Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;

EL FORGE LIMITED

- (b) Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; and
 - (c) If the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;
 - (03) Accordingly, we have not made any observation, relating to the above.
- 04. Clause 3(iv) of the Order, relating to loans, investments, guarantees, and security**
- (01) Compliance of Section 185 of the Act (Loan to directors, etc.):
 - (a) Based on verification, as per the information and explanations given to us, the Company has not given any loan to any directors of the company.
 - (b) Accordingly, we have not made any observation on the compliance of the aforesaid section.
 - (02) Compliance of Section 186 of the Act 2013 (Loans, investments, guarantees, and security)
 - (a) Relating to the Current Financial Year:
 - (A) The Company has not (i) given any loan to any person or other body corporate, (ii) given any guarantee or provide security in connection with a loan to any other body corporate or person, and (iii) acquired by way of subscription, purchase or otherwise, the securities of any other body corporate, during the year;
 - (B) In view of the above, the provisions of section 186 of the Act are not applicable to the Company for the year under report; accordingly, we have not made any observation on the compliance of the aforesaid section
 - (b) Relating to the earlier financial years:

The guarantee given (for loans taken by a domestic company from its banker), much earlier to the 12-09-2013, by the company, has been settled by the domestic Company during April, 2017 Considering the aforesaid facts, in our opinion, the guarantee given is not prejudicial to the interest of the company.
- 05. Clause 3(v) of the Order, relating to Deposits**
- (01) In our opinion and according to the information and explanations given to us, the Company has accepted or renewed deposit from the public to which the directives issued by the Reserve bank of India, provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies [Acceptance of Deposits] Rules, 1975 are applicable.
 - (02) The company has paid all the fixed deposits which have been matured and claimed; but the company has not paid the Fixed Deposits matured but not claimed. The amount of such unclaimed deposits works out to Rs 87.77 Lakh, as at 31st March, 2017; since the amount is due for payment the same has been included and/ or shown under the under the grouping Current Liabilities in the Balance Sheet.
 - (03) The company has not made any amount as are required to be kept as liquid assets in respect of public deposit, since they are due now and not going to mature in the ensuing financial year.
 - (04) It has been explained to us that no order (not the CARO-Order, referred by us) has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal; accordingly, the remaining part of the sub-clause of the aforesaid Clause of the Order, namely, "Whether the same (order) has been complied with or not" is not applicable for the financial year under report.
 - (05) As required by Paragraph 4 of the order, we give reason for our unfavourable or qualified remarks (Answers), as follows:

The company has not repaid the amount of deposits outstanding and became due, but remained unclaimed. Hence, we have qualified the same together with the amount remaining unpaid.

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06. Clause 3(vi) of the Order, relating to Cost Records

The company has maintained pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013. We have broadly reviewed the aforesaid cost records, maintained by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

07. Clause 3(vii) of the Order, relating to 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 amount of Rs. 453.72 Lakh has been outstanding towards statutory dues, as at the last day of the financial year under report, for a period of more than six months from the date they became payable.
- (02) As required by Paragraph 4 of the order, we give reason for our unfavourable or qualified remarks (Answers):
Since the company has not paid the undisputed statutory dues, even though they are due, we have qualified the same together with the amount, as per the aforesaid clause of the Order.
- (03) As at the end of the financial period under report, no undisputed amount of income tax / sales tax / Wealth tax / Service Tax / Custom duty / Excise duty / Cess has been outstanding except those, given below:

Sl. No	Nature of the Statute	Nature of the dues	Amount (Rs. In Lacs)	Year to which the amounts relates	Forum where dispute is pending
1	ESI	ESI Contribution	0.77	Year – 2001	Employees Insurance court, Chennai
2	Income Tax	Income Tax Demand	0.03	Assessment Year 2004 – 05	CIT Appeals, Chennai
3	Income Tax	Income Tax Demand	75.60	Assessment Year 2007 – 08	CIT Appeals, Chennai
4	The Service Tax	Service Excise Demand	4.89	2006 – 08 to 2008 – 09	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 Commissionerate
6	The Central Excise	Excise Demand	1.72	2002 to 2005	Customs, Excise and Service Tax Appellate Tribunal
7	The Central Excise	Excise Demand	3.39	2008 – 09 to 2012 – 13	Additional Commissioner of Central Excise Div. appeal Chennai III
8	The Central Excise	Excise Demand	8.49	2007 – 08	Assistance commissioner of Central Excise Chennai III

EL FORGE LIMITED

08. Clause 3(viii) of the Order, relating to Repayment of Loans

- (01) Out of consortium of banks, a few banks (Assignor) have assigned their loan amounts (Along with their rights, claims, benefits, etc.) to two Assets Restructuring Companies (ARC), invoking the option under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Based on the information available with the company, the amount due to the Assignor has been transferred to and shown in the respective name of the ARC. Accordingly, the amount assigned by the Assignor, no longer appears in the name of the bank; these amount have been excluded for the purpose of this clause;
- (02) In continuation of the above, based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has defaulted in repayment of dues to financial institutions / banks amounting to Rs 1564.47 Lakh and Rs. 1258.49 (including the interest accrued but not provided in the books of accounts) Lakh towards principal and interest respectively as at 31st March, 2017
- (03) As required by Paragraph 4 of the Order, we give reason for our unfavourable or qualified remarks (Answers):
As per the information and explanations given to us, the company has not entered into any agreement with ARC, hence it is not possible to classify the amount, in terms of the requirement of Schedule III to the Companies Act, 2013. Hence, the aforesaid observation.

09. Clause 3(ix) of the Order, relating to application of Term Loan

- (01) Out of consortium of banks, a few banks (Assignor) have assigned their loan amounts (Along with their rights, claims, benefits, etc.) to two Assets Restructuring Companies (ARC), invoking the option under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Based on the information available with the company, the amount due to the Assignor has been transferred to and in shown in the respective name of the ARC. Accordingly, the amount assigned by the Assignor, no longer appears in the name of the bank; these amount have been excluded for the purpose of this clause;
- (02) 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 to Rs 1564.49 Lakh and Rs. 1258.47 Lakh (including interest accrued but not provided for in the books of account) towards principal and interest respectively as at 31st March, 2017
- (04) As required by Paragraph 4 of the Order, we give reason for our unfavourable or qualified remarks (Answers):
As per the information and explanations given to us, the company has not paid the principle amount to ARC. Hence, we have qualified the same.

10. Clause 3(x) of the Order, relating to Fraud

Based on the examination of the books of account and the information and explanations/ representation given to us, no fraud on or by the company has been noticed or reported during the year under report; accordingly, remaining part of the Clause of the Order relating to "the nature and the amount involved is to be indicated" is not applicable to the company for the year under report; and accordingly, we have not made any observation, relating to the above.

11. Clause 3(xi) of the Order, relating to managerial remuneration

The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

EL FORGE LIMITED

12. Clause 3(xii) of the Order, Nidhi Company

- (01) In our opinion, the Company is not carrying out any activities resulting in Nidhi, accordingly reporting of certain matters, under the clause, 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 maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability", are not applicable to company for the financial year under report.
- (02) In view of the above, we have not reported the details of default/ reason / delay and subsequent rectification, if any.

13. Clause 3(xiii) of the Order, Related Party Transactions, in compliance with sections 177 and 188 of Act

It has been explained that the related party transactions have been entered into (by the Company and with Related Parties) in the ordinary course of business (or incidental to the ordinary course of business of the company) and on an arm's length basis;

14. Clause 4(xiv) of the Order, relating to Preferential Allotment

The company has not made any preferential allotment of shares or private placement of shares or fully or partly convertible debentures during the year under report; accordingly, we have not reported on the compliance with requirement of Section 42 of the Act, and the amount raised have been used for the purposes for which the funds were raised. The remaining part of the Clause, namely" providing the details in respect of the amount involved and nature of non-compliance" is not applicable to the Company for the year under report.

15. Clause 4(xv) of the Order, relating to Non-Cash Transactions

During the financial year under report, the company has not entered into any non-cash transactions with directors or persons connected with him; accordingly, reporting on the matters, namely, "Whether the provisions of section 192 of Companies Act, 2013 have been complied with" is not applicable to the company for the financial year under report;

16. Clause 4(xvi) of the Order, relating to registration under section 45-IA of the Reserve Bank of India Act, 1934

During the financial year under report, the Company is not falling under the category or definition of a "Non-Banking Financial Company", as defined under Clause (f) of Section 45-I of Reserve Bank of India Act, 1934. Accordingly, in my opinion, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. In view of the above, I have not stated, anything relating to "obtaining of the registration from the authorities concerned, as required by Section 45-IA of Reserve Bank of India Act, 1934".

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

R.VENKATESH
Partner
MNo:028368

Place: Chennai
Date: 26-05-2017

EL FORGE LIMITED

Independent Auditor's Report on the Financial Statements (Standalone), Continued (Addressed to the Members of El Forge Limited, CIN: L34103TN1934PLC000669)

Annexure-02 of Report on the Internal Financial Controls [Section 143(3)(i) the Companies Act, 2013],
(Referred in Paragraph 08(02) of the aforesaid Auditors' Report)

01. Financial Statements, Period, etc.

We have audited the Internal Financial Controls over Financial Reporting of El Forge Limited ("the Company") as of 31 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

02. Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

03. Auditors' Responsibility

(01) Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

(02) Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

(03) The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

(04) We believe that the audit evidence, obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting.

04. Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

EL FORGE LIMITED

- (01) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (02) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (03) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

05. Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

06. Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

R.VENKATESH
Partner
MNo:028368

Place: Chennai
Date: 26-05-2017

EL FORGE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2017(STANDALONE)				(Rs. in lacs)
PARTICULARS	Note No.	As at 31st March 17	As at 31st March 2016	
I. EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share Capital	1	3,243.55	3,243.55	
(b) Reserves and Surplus	2	(8,604.45)	(7,106.23)	
		(5,360.90)		(3,862.68)
2 Non- current liabilities				
(a) Long-term borrowings	3	7,049.32	7,439.93	
(b) Deferred Tax liabilities (Net)		-	-	
(c) Other Long term liabilities		-	-	
		7,049.32		7,439.93
3 Current Liabilities				
(a) Short term borrowings	4	3,808.18	5,006.44	
(b) Trade payables	5	2,532.32	2,498.94	
(c) Other current liabilities	6	3,918.64	3,181.50	
(d) Short term provisions	7	22.57	22.57	
		10,281.71		10,709.45
TOTAL		11,970.13		14,286.70
II ASSETS				
1. Non-current assets				
(a) Fixed assets				
(i) Tangible assets	8	5,579.86	7,821.02	
(ii) Intangible assets		-	-	
(iii) Capital work-in-progress		302.28	302.28	
(iv) Intangible assets under development		-	-	
(b) Non-current investments	9	385.26	385.26	
(c) Deferred tax assets (net)		-	-	
(d) Long-term loans and advances	10	19.05	21.45	
(e) Other non-current assets	11	1,572.36	1,605.79	
		7,858.81		10,135.80
2. Current assets				
(a) Current investments				
(b) Inventories	12	752.47	864.68	
(c) Stock in trade (Land)	13	1,131.16	1,131.16	
(d) Trade receivables	14	1,523.86	1,312.09	
(e) Cash and Bank Balances	15	5.32	5.56	
(f) Short-term loans and advances	16	321.94	344.40	
(g) Other current assets	17	376.57	493.01	
		4,111.32		4,150.90
TOTAL		11,970.13		14,286.70
As per our annexed report For P.RAJAGOPALAN & CO., CHARTERED ACCOUNTANTS Reg No. of the Firm: 003408S		On behalf of Board V. SRIKANTH CHAIRMAN DIN No.00076856 K. V. RAMACHANDRAN VICE CHAIRMAN & MANAGING DIRECTOR DIN No.00322331 R. SOWMITHRI Executive Director cum Company Secretary DIN No.00280988 PLACE:CHENNAI DATE : 26.05.2017		
R. VENKATESH PARTNER MNo: 28368 PLACE:CHENNAI DATE : 26.05.2017				

EL FORGE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2017(STANDALONE)

PARTICULARS	Note No.	2016-17 Rs. In Lacs	2015-16 Rs. In lacs
I Revenue from operations	18	3,255.24	3,876.72
II Other Income	19	0.02	410.31
III Total Revenue (I + II)		3,255.26	4,287.03
IV Expenses			
a)Cost of Materials Consumed	20	1,866.33	2,247.71
b)Changes in inventories of finished goods, work in progress and Stock-in- trade	21	60.98	147.92
c)Employee benefits expense	22	652.07	782.86
d)Finance Costs	23	189.06	128.88
e)Depreciation and amortization expense		821.96	954.48
f)Other expense	24	958.24	1,092.27
Total Expense (a to f)		4,548.64	5,354.12
V Profit before exceptional and extraordinary items and tax (III-IV)		-1,293.38	-1,067.09
VI Exceptional Items(Income (- Expenses)		-204.84	-540.25
VII. Profit before tax (V-VI)		-1,498.22	-1,607.34
VIII Tax expense:			
(1) Current tax		0.00	0.00
(2) Prior period tax provision		0.00	0.00
Total		0.00	0.00
IX Profit/(Loss) for the year (VII - VIII)		-1,498.22	-1,607.34
X Earnings per equity share(of Rs.10each):			
(1) Basic		-7.37	-7.91
(2) Diluted		-7.37	-7.91

As per our annexed report
For P.RAJAGOPALAN & CO.,
CHARTERED ACCOUNTANTS
Reg No. of the Firm: 003408S

R. VENKATESH
PARTNER
MNO: 28368

PLACE:CHENNAI
DATE : 26.05.2017

On behalf of Board

V. SRIKANTH
CHAIRMAN
DIN No.00076856

K. V. RAMACHANDRAN
VICE CHAIRMAN & MANAGING DIRECTOR
DIN No.00322331

R. SOWMITHRI
Executive Director cum Company Secretary
DIN No.00280988
PLACE:CHENNAI
DATE : 26.05.2017

EL FORGE LIMITED

Notes on Financial Statements relating to the Financial Year 2016-17 ended on 31.03.2017

		Rs. In Lacs
Particulars	As at 31-03-2017	As at 31-03-2016
01. Share Capital :		
(01) Authorised Share Capital		
(a) Equity Share Capital		
(A) Number of Equity Shares	26,000,000	26,000,000
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of Authorised Equity Share Capital	260,000,000	260,000,000
(b) Preference Share Capital		
(A) Number of Preference Share	1,300,000	1,300,000
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Authorised Preference Share Capital	130,000,000	130,000,000
(c) Summary Authorised Share Capital		
(A) Equity Share Capital	260,000,000	260,000,000
(B) Preference Share Capital	130,000,000	130,000,000
(C) Total	390,000,000	390,000,000
(02) Issued,subscribed and Fully Paid up		
(a) Equity Share Capital		
(A) Number of Equity Shares	20,324,304	20,324,304
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of paid up Equity Share Capital	2,032.43	2,032.43
(b) Preference Share Capital		
(A) Number of Preference Share	1,211,123	1,211,123
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Paid up Preference Share Capital	1,211.12	1,211.12
(c) Summary Issued, subscribed & Paid up Capital		
(A) Equity Share Capital	2,032.43	2,032.43
(B) Preference Share Capital	1,211.12	1,211.12
(C) Total	3,243.55	3,243.55
(03) Share Reconciliation (Shares in Numbers)		
(a) Equity Share of Rs.10/= each (in No.)		
(A) No. of shares at the beginning	20,324,304	20,324,304
(B) No. of shares issued during the year/ period	0	0
(C) Sub-Total	20,324,304	20,324,304
(D) Less: Adjusted/ Redeemed/ Buyback	0	0
(E) Closing Balance	20,324,304	20,324,304
(b) Preference Share of Rs. 100/= Each (in No.)		
(A) No. of shares at the beginning	1,211,123	1,211,123
(B) No. of shares issued during the year/ period	0	0
(C) Sub-Total	1,211,123	1,211,123
(D) Less: Adjusted/ Redeemed/ Buyback	0	0
(E) Closing Balance	1,211,123	1,211,123
(04) Shareholding more than 5%		
(a) Equity Shares		
(A) Chendur Forgings Ltd		
(i) No. Equity Shares	7,065,006	7,065,006
(ii) Percentage	34.76%	34.76%
(B) Prime broking Company India Limited.		
(i) No. Equity Shares	1347287	1347287
(ii) Percentage	6.63%	6.63%
(b) Preference Shares		
(A) State Bank of India (No of shares & %)	545931 & 45.08%	545931 & 45.08%
(B) Axis Bank Ltd (No of shares & %)	307206 & 25.37%	307206 & 25.37%
(C) Union Bank of India (No of shares & %)	108202 & 8.93%	108202 & 8.93%
(D) Export & Import Bank of India (No of shares & %)	209817 & 17.32%	209817 & 17.32%
(E) IDBI (No of shares & %)	39967 & 3.30%	39967 & 3.30%

EL FORGE LIMITED

Notes on Financial Statements relating to the Financial Year 2016-17 ended on 31.03.2017

	<u>Rs. In Lacs</u>	
Particulars	As at 31-03-2017	As at 31-03-2016
(05) Conversion of Preference shares to Equity Shares		
(a) Purely at the option of the bank		
(b) Extent of option: either fully or partly		
(06) Redemption of Preference shares to Equity Shares		
(a) If the option of conversion is not exercised		
(b) If the option of conversion is exercised, redemption		
(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		
(A) Shakespeare Forgings Limited, UK		
(i) Total	1,265,329.00	1,265,329.00
(ii) For a consideration other than cash	50,329.00	50,329.00
(iii) For a consideration	1,215,000.00	1,215,000.00
02. Reserves & Surplus:		
(01) Capital Reserves (Security Premium)		
(a) Opening Balance (Since last Balance Sheet)	2,263.97	2,263.97
(b) Add: Additions/ Transfers/ Created	0.00	0.00
(c) Sub-Total	2,263.97	2,263.97
(d) Less: Utilized/ Adjusted (Right Issue Expenses)	0.00	0.00
(e) Closing Balance	2,263.97	2,263.97
(02) Capital Reserves *		
(a) Opening Balance (Since last Balance Sheet)	1,219.03	1,219.03
(b) Add: Additions/ Transfers/ Created	0.00	0.00
(c) Sub-Total	1,219.03	1,219.03
(d) Less: Transfers/ Utilized/ Adjusted	0.00	0.00
(e) Closing Balance	1,219.03	1,219.03
(03) Surplus: Closing Balance of Profit & Loss A/c		
(a) Opening Balance [Surplus/ Defecit (-)]	-10,589.23	-8,981.89
(b) Add: Profit/ Loss (-) [Per Statement of Profit & Loss A/c]	-1,498.22	-1,607.34
(c) Less: Transfers to general Reserves	0.00	0.00
(d) Less: Provisions for Dividend	0.00	0.00
(e) Less: Provisions for Dividend Tax	0.00	0.00
(f) Closing Balance	-12,087.45	-10,589.23
(04) Summary of Closing Balance		
(a) Capital Reserves (Security Premium)	2,263.97	2,263.97
(b) Capital Reserves (Other then Security Premium)	1,219.03	1,219.03
(c) Surplus/ Defecit (-)	-12,087.45	-10,589.23
Total	-8,604.45	-7,106.23

* Fixed Assets (Land) Converted into stock in trade and revalued

EL FORGE LIMITED

Notes on Financial Statements relating to the Financial Year 2016-17 ended on 31.03.2017

	Rs. In Lacs	
Particulars	As at 31-03-2017	As at 31-03-2016
03.Long term Borrowings:		
(01) Term Loans		
(a) From Banks		
(A) Secured	379.43	770.04
(B) Unsecured	0.00	0.00
(C) Total	379.43	770.04
(b) From Others		
(A) Due from Related Parties		
(i) Secured	0.00	0.00
(ii) Unsecured	0.00	0.00
(iii) Sub- Total	0.00	0.00
(B) Due from Others(Assets Reconstruction Company)		
(i) Secured	6,669.89	6,669.89
(ii) Unsecured	0.00	0.00
(iii) Sub- Total	6,669.89	6,669.89
(C) Total		
(i) From Related Parties	0.00	0.00
(ii) From Others (Assets Reconstruction Company)	6,669.89	6,669.89
(iii) Total	6,669.89	6,669.89
(c) Summary of Term Loans		
(A) From Banks	379.43	770.04
(B) From Others (Assets Reconstruction Company)	6,669.89	6,669.89
(C) Total	7,049.32	7,439.93
(d) Term of repayment of Term Loan(existing bank)		
(A) During the year 2016-17 *	N.A.	N.A.
(B) During the year 2017-18 *	0.00	0.00
(C) During the year 2018-19	0.00	390.61
(D) During the year 2019-20	379.43	379.43
(Repayment schedule shown only for remaining bank loan		
(e) Default of Repayment of Loans		
(A) First date of default	01/07/2011	01/07/2011
(B) Total Amount of Principal defaulted(to banks)	1,564.48	1,173.87
(C) Total Amount of interest defaulted(to banks) **	1,258.41	925.33
(D) Default continued	Yes	Yes
(E) Amt defaulted as on the balance sheet date **	2,822.89	2,099.20
(f) Securities Details		
(A) Term Loans from Banks & Assets Reconstruction Company (ARC's)		
a) Pari Passu first charge on all immovable Properties of the Company.		
b) 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.		
(B) All Term Loans are fully Guaranteed by a Director and Vice-Chairman & Managing Director.		
(C) During the year 2014-15 State Bank of India, Exim Bank, Union bank of india have assigned there debts to ARC's. State bank of india to Assets Reconstruction company india limited and Exim Bank and Union Bank of india to Edelweiss Assets Reconstruction As a Result the debts and security has passed on from Banks to ARCs		
Note: * Transferred to Current Liabilities.		
** Including interest Accrued but not provided in the books.		

EL FORGE LIMITED

Notes on Financial Statements relating to the Financial Year 2016-17 ended on 31.03.2017

	Rs. In Lacs	
Particulars	As at 31-03-2017	As at 31-03-2016
(02) Loans and Advances from Related Parties		
(a) Secured	0.00	0.00
(b) Unsecured	0.00	0.00
Total	0.00	0.00
(03) Long Term maturities of Financial Obligations		
(a) Hire Purchase	0.00	0.00
(04) Summary of Long Term Borrowings		
(a) Term Loans	7,049.32	7,439.93
(b) Deposits	0.00	0.00
(c) Loans and Advances from Related Parties	0.00	0.00
(d) Long Term maturities of Financial Obligations	0.00	0.00
Total	7,049.32	7,439.93
04. Short Term Borrowings		
(01) Loans Payable on Demand		
(a) From Bank		
(A) Secured	439.07	1,674.23
(B) Unsecured	1.90	0.00
Total	440.97	1,674.23
(b) From Others		
(A) Secured (Assets Reconstruction Company.)	3,027.21	3,027.21
(B) Unsecured	0.00	0.00
Total	3,027.21	3,027.21
(c) Summary of Loan Payable on Demand		
(A) From Bank	440.97	1,674.23
(B) From Others	3,027.21	3,027.21
Total	3,468.18	4,701.44
(02) Loans and Advances from Related Parties		
(a) From Related Parties	0.00	0.00
(b) From Others	0.00	0.00
Total	0.00	0.00
(03) Deposits		
(a) Secured	0.00	0.00
(b) Unsecured	340.00	305.00
Total	340.00	305.00
(04) Summary of Short Term Borrowings		
(a) Loan Payable on Demand	3,468.18	4,701.44
(b) Loans and Advances from Related Parties	0.00	0.00
(c) Deposits	340.00	305.00
Total	3,808.18	5,006.44
(05) Secuirity (Loans Payable on Demand)		
(a) The cash credit including packing credit accounts are secured by a pari passu first charge on current assets by hypothecation of raw materials, stores and spares,		
(b) finished goods and book debts that are not factored and also secured by a pari passu second charge on immovable and movable properties and in addition,		
(06) Guarantee given		
(a) Secured Loans are fully guranteed by a Director (Previous designation was the Executive Chairman) and Vice Chairman & Managing Director		

EL FORGE LIMITED

Notes on Financial Statements relating to the Financial Year 2016-17 ended on 31.03.2017

	<u>Rs. In Lacs</u>	
Particulars	As at 31-03-2017	As at 31-03-2016
05. Trade Payables :		
(01) Dues to MSME*	0.00	0.00
(02) Others	2,532.32	2,498.94
Total	2,532.32	2,498.94
*MSME stands for Micro Small and Medium Enterprises		
06. Other Current Liabilities		
(01) Current maturities of Long Term Debts	1,955.10	1,564.48
(02) Unclaimed Dividends	3.74	3.74
(03) Sundry Creditors for Expenses and others	1,794.66	1,445.01
(04) Bills Acceptances	77.37	77.37
(05) Current maturities of Deposits (incl. Public Deposits)	87.77	90.90
Total	3,918.64	3,181.50
07. Short Term Provisions		
(01) Provision for Taxation	22.57	22.57
(02) Provision for proposed dividend	0.00	0.00
(03) Provision for Tax on proposed dividend	0.00	0.00
Total	22.57	22.57

EL FORGE LIMITED

Notes on Financial Statements relating to the Financial Year 2016-17 ended on 31.03.2017

	Rs. In Lacs	
Particulars	As at 31-03-2017	As at 31-03-2016
08. Fixed Assets- Tangible :		
Gross Block *	12,188.95	15,398.97
Depreciation till date	6,609.09	7,577.95
Net Block	5,579.86	7,821.02
* Details sheet Attached.		
09. Non-current investments		
(01) Trade investments	0.00	0.00
(02) Other investments (At Cost)		
(a) in Equity Instruments (Quoted)	0.01	0.01
Indusind Bank Ltd 436 (436) No.of Shares of Rs.10/- each		
Sub-Total	0.01	0.01
(b) in Equity Instruments (Unquoted)		
Sai Regency power corporation Ltd.,75000 (75000)		
No.of Shares of Rs.10/- each	11.43	11.43
Shakespeare Forgings Ltd -UK* 150000 (150000) Nos. of GBP 1	373.82	373.82
Sub-Total	385.25	385.25
(c) Aggregate amount of Investments		
(A) Aggregate amount of Quoted Investment	0.01	0.01
(B) Aggregate amount of Unquoted Investment	385.25	385.25
(C) Aggregate amount of above	385.26	385.26
(d) Market value Quoted Investments	6.22	4.22
(e) Aggregate provision for diminution in value of investments	0.00	0.00
(f) Investments are made in the following type of entity	0.00	0.00
(A) Foreign Company	373.82	373.82
10. Long Term Loans and Advances		
(01) Advance against Capital Goods	19.05	21.45
Total	19.05	21.45
11. Non-Current Assets		
(01) Advance, Deposits, etc.	36.80	70.23
(02) Deferred Interest	1,202.81	1,202.81
(03) Deferred Revenue Expenditures	332.75	332.75
Total	1,572.36	1,605.79
12. Inventories		
(01) Raw-Materials / Die Tools Steel	437.26	515.35
(02) Work-In-Progress	20.40	20.59
(03) Finished goods	188.90	251.14
(04) Stores and Spares	99.91	73.05
(05) Loose Tools	0.00	0.00
(06) Flash Stock	6.00	4.55
Total	752.47	864.68

EL FORGE LIMITED

Notes on Financial Statements relating to the Financial Year 2016-17 ended on 31.03.2017

	Rs. In Lacs	
Particulars	As at 31-03-2017	As at 31-03-2016
13. Stock-in-Trade		
(01) Land (Converted from Fixed Assets)	1,131.16	1,131.16
Total	1,131.16	1,131.16
14. Trade Receivables		
(01) Outstanding for a period more than 6 months		
(a) Secured & Considered Good	0.00	0.00
(b) Unsecured & Considered Good	1,042.06	1,001.01
(c) Doubtful	0.00	0.00
Sub-Total	1,042.06	1,001.01
(02) Others		
(a) Secured & Considered Good	0.00	0.00
(b) Unsecured & Considered Good	481.80	311.08
(c) Doubtful	0.00	0.00
Sub-Total	481.80	311.08
(03) Total		
(a) Secured & Considered Good	0.00	0.00
(b) Unsecured & Considered Good	1,523.86	1,312.09
(c) Doubtful	0.00	0.00
Total	1,523.86	1,312.09
15. Cash and Cash Equivalents		
(01) Balances with banks;		
(a) On Earmarked Accounts	3.74	3.74
(b) On margin Money Account Against Borrowings	0.00	0.00
(c) In Current Account	1.30	1.28
(02) Cash on Hand;		
(a) Free Legal tender	0.28	0.53
(b) With repatriation restrictions	0.00	0.00
Total	5.32	5.56
16 Short Tem Loan and advances:		
(01) Advance to Employees	24.56	19.86
(02) Prepaid Expenses	0.00	1.70
(03) Balance with Central Excise	297.38	322.84
Total	321.94	344.40
17. Other current assets:		
(01) Tax deducted at source	28.20	23.77
(02) Advances for Purchase	5.14	22.90
(03) Other Advances	301.40	300.11
(04) Receivables from statutory Authorities	41.83	146.23
Total	376.57	493.01

EL FORGE LIMITED

EL Forge Limited Fund Flow Statement for the year Ended 31.03.2017

Rs. In Lacs

Particulars	For the Year 2016-17	For the Year 2015-16
18. Revenue from Operations		
(01) Sale of Products	3,155.01	3,806.91
(02) Sale of Services	192.53	93.08
(03) Other Operating Income (sale of Flash)	195.44	213.61
(04) Sub-Total	3,542.98	4,113.60
(05) Less: Central Excise	287.74	236.88
(06) Net Revenue From Operations	3,255.24	3,876.72
(07) Other Operating Income	0.00	0.00
(08) Net Revenue From Operations	3,255.24	3,876.72
19. Other Income		
(01) Dividend Income	0.02	0.02
(02) Sales of Fixed Assets (Exceptional Items)	0.00	0.00
(03) Other Non-Operating Income	0.00	410.29
Total	0.02	410.31
20. Raw Materials Consumed		
(01) Opening Stock	515.35	575.38
(02) Add: Purchases	1,788.24	2,187.68
(03) Sub-Total	2,303.59	2,763.06
(04) Less: Sales	0.00	0.00
(05) Amount net of Sales	2,303.59	2,763.06
(06) Less: Closing Stock	437.26	515.35
(07) Raw Materials consumed	1,866.33	2,247.71
21. Changes in inventories*		
(01) Inventories, at the beginning		
(a) Finished Goods	251.14	393.17
(b) Work-in-Progress	20.59	20.26
(c) Stock-in-Trade	0.00	0.00
(d) Flash Stock	4.55	10.77
Sub-Total	276.28	424.20
(02) Inventories, at the End		
(a) Finished Goods	188.90	251.14
(b) Work-in-Progress	20.40	20.59
(c) Stock-in-Trade		0.00
(d) Flash Stock	6.00	4.55
Sub-Total	215.30	276.28
(03) Change in Inventories	60.98	147.92

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

EL FORGE LIMITED

Notes on Financial Statements relating to the Financial Year 2016-17 ended on 31.03.2017

Particulars	Rs. In Lacs	
	For the Year 2016-17	For the Year 2015-16
22. Employee Benefit Expenses		
(01) Salaries & Wages	409.98	390.74
(02) Contribution to PF, ESI, etc	14.56	49.23
(03) Welfare Expenses	227.53	342.89
Total	652.07	782.86
23. Finance Cost		
(01) Interest Expenses	188.27	127.65
(02) Other Borrowing Cost	0.79	1.23
Total	189.06	128.88
24. Other Expenses:		
(01) Consumption of stores and spare parts.	63.45	111.62
(02) Power and fuel.	441.42	510.23
(03) Job Charges	69.27	49.06
(04) Repairs to machinery.	73.14	75.06
(05) Repairs to buildings.	3.33	0.00
(05) Repairs&Maintenances - Others	55.98	46.09
(06) Rent.	37.39	44.79
(07) Insurance .	8.22	7.49
(08) Rates and taxes, excluding, taxes on income.	8.08	9.22
(09) Travelling and Conveyance	49.14	49.83
(10) Packing and Forwarding	33.95	99.41
(11) Payment to Auditors:		
(a) As Auditors (Statutory audit Fees)	1.25	1.75
(b) For Taxation matters	0.54	0.57
(c) For Certificate	0.00	0.00
(12) Miscellaneous expenses,	113.08	87.15
Total	958.24	1,092.27
25. Exception Items:		
Loss on Sale of Assets	1,200.25	166.06
Interest and Late fees on TDS	204.75	0.00
Liability no longer Required	-1,200.16	0.00
others (Hosur Employees settlement)	0.00	374.19
Total (Net Balance)	204.84	540.25

Note:

Other details are given in the subsequent note.

EL FORGE LIMITED

Note : 9 Fixed Assets –Tangible

Name of the Fixed Assets	Gross Block			Closing Balance as at 31-03-2017	Depreciation			Closing Balance as at 31-03-2017	Net Block	
	Opening Balance As at 01-04-2016	Additions during the year	Deletions/ Transfer during the year		Opening Balance As at 01-04-2016	Addition during the year	Deduction during the year		As at 31-03-2017	As at 31-03-2016
Land	73.32	0.00	0.00	73.32	0.00	0.00	0.00	73.32	73.32	
Land (Lease Hold)	6.88	0.00	0.00	6.88	0.00	0.00	0.00	6.88	6.88	
Building	2111.21	0.00	0.00	2111.21	618.97	66.82	0.00	685.79	1492.24	
Plant & machinery	12633.04	10.81	3128.04	9515.81	6472.84	710.10	1708.39	5474.56	6160.19	
Furniture & Fixtures	250.08	0.00	21.27	228.81	194.75	34.64	20.00	209.38	55.33	
Vehicle	34.62	0.00	34.62	0.00	30.40	0.00	30.40	0.00	4.22	
Office Equipments	289.82	0.23	37.13	252.92	260.99	10.40	32.03	239.36	28.84	
Total	15398.97	11.04	321.06	12188.95	7577.95	821.96	1790.82	6609.09	7821.02	

Note: (Relating to conversion of land (Fixed Asset) during Financial Year 2011-12).

1. Deduction in land during the aforesaid year represent conversion of land to Stock in Trade.
2. The Conversion has been made at the market value amounting to Rs. 120300 (Rupees in Thousands) and
3. The excess amount, over an above the cost of land, was shown in Capital Reserve (other than share premium)

EL FORGE LIMITED

EL Forge Limited Fund Flow Statement for the year Ended 31.03.2017				
Rs. In Lacs				
Particulars	For the year 2016-17	For the year 2016-17	For the year 2015-16	For the year 2015-16
01. Cash Flow from Operations				
(01) Net Profit before Tax		-1498.22		-1607.34
(02) Adjustment for				
(a) Depreciation	821.96		954.48	
(b) Interest Expenses	189.06		128.88	
(c) Other Income	0.00		0.00	
(d) Profit/Loss on Sales of Fixed Assets	1200.25		166.06	
(e) Interest Income	0.00		3.94	
(f) Dividend Received	0.02		0.02	
(g) Sales of Investments	0.00		0.00	
(h) Revaluation Reserve	0.00		0.00	
		2211.29		1253.38
(03) Operating Profit before working Capital Changes		713.07		-353.96
(04) Adjustment for Increase/ Decrease in				
(a) Trade & Other Receivables	-72.89		74.47	
(b) Inventories	112.23		307.91	
(c) Sundry Creditors	770.51		582.23	
(d) Miscellaneous Expenses/Deferred Rev. Exp	0.00		0.00	
(e) Convesrion Fixed Assets to Stock	0.00		0.00	
		809.85		964.61
(05) Cash Generation from Operation		1522.92		610.65
(06) Less the Following				
(a) Tax Paid/ Provided	0.00		0.00	
(b) Extraordinary items	0.00		0.00	
(c) Misc. receipts	0.00		0.00	
(d) Deferred sales Tax Liability	0.00		0.00	
		0.00		0.00
(07) Net Cash from Operaing Activities		1522.92		610.65
02. Cash Flow from Investing Activities				
(01) Purchase or Sale of Fixed Assets				
(a) Purchase of fixed assets, Including CWIP	-11.04		-23.54	
(b) Sale Proceeds of Fixed assets	230.00		61.22	
(c) Deduction on account of Conversion	0.00		0.00	
(d) Deduction on Investment	0.00		7.50	
(02) Interest Received	0.00		-3.94	
(03) Dividend Received	-0.02		-0.02	
(04) Purchase or Sale of Investments				
(a) Purchase	0.00		0.00	
(b) Sales	0.00		0.00	
(05) Advances & Non-Current Assets	0.00		0.00	
(a) Paid	0.00		0.00	
(b) Realised	35.83		-2.78	
(06) Purchase or Sale of Goodwill				
(a) Additions	0.00		0.00	
(b) Deletion	0.00		0.00	
(07) Net Cash Flow from Investing Activities		254.77		38.45

EL FORGE LIMITED

EL Forge Limited Fund Flow Statement for the year Ended 31.03.2017		Rs. In Lacs			
Particulars	For the year 2016-17	For the year 2016-17	For the year 2015-16	For the year 2015-16	
03. Cash Flow from Financing Activities					
(01) From Term Loan/ Deferral Loan					
(a) Obtained	0.00		0.00		
(b) Re-Paid	-390.61		-390.61		
(02) From Capital					
(a) Additions	0.00		0.00		
(b) Withdrawn	0.00		0.00		
(03) From Unsecured Loans					
(a) Obtained	0.00		0.00		
(b) Re-Paid	0.00		0.00		
(04) From Short Term Bank Borrowings	-1198.26		-136.24		
(05) Interest Paid	-189.06		-128.88		
(06) Dividend and Tax Thereon	0.00		0.00		
(07) Net Cash Flow from Financing Activities		-1777.93		-655.73	
04. Net Increase/ Decrease in Cash & Cash Equivalent (04= 01+02+03)		-0.24		-6.63	
05. Cash & Cash Equivalent- Opening Balance		5.56		12.19	
06. Cash & Cash Equivalent- Closing Balance		5.32		5.56	
07. Net Increase/ Decrease in Balances		-0.24		-6.63	
As per our annexed report	On behalf of Board				
For P. RAJAGOPALAN & CO.,	V. SRIKANTH				
CHARTERED ACCOUNTANTS	CHAIRMAN				
Reg No. of the Firm: 003408S	DIN No.00076856				
R. VENKATESH	K. V. RAMACHANDRAN				
PARTNER	VICE CHAIRMAN & MANAGING DIRECTOR				
MNo: 28368	DIN No.00322331				
	R. SOWMITHRI				
	Executive Director cum Company Secretary				
	DIN No.00280988				
PLACE:CHENNAI	PLACE:CHENNAI				
DATE : 26.05.2017	DATE : 26.05.2017				

EL FORGE LIMITED

El Forge Limited, CIN L34103TN1934PLC000669

Chennai

Notes No.27 on Financial Statements as at 31st March, 2017, relating to Significant Accounting Policies, forming an integral part of Financial Statements

01. Accounting Convention

The books of account have been maintained under the Historical Cost Convention, except certain fixed assets, which have been revalued, and on Going Concern basis. The financial statements have been prepared in accordance with, Generally Accepted Accounting Principles, in India (Indian GAAP), Accounting Standard prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014. The financial statements are presented in Indian rupees rounded off to the nearest rupees in Lakh.

02. Use of Estimates

- (01) The preparation of financial statements requires making of estimates and assumptions by the management based on the information available and, wherever necessary, taking into account the applicable accounting principles/ Accounting Standards and such estimates and assumptions may affect:-
- (02) The reported amount of assets and liabilities on the date of the financial statements; and
- (03) The reported revenues and expenses during the reporting period;
- (04) Differences between the actual results and estimates/ assumptions are recognized in the period in which the results are known/ materialized.

03. System of Accounting

The books of account have been maintained on accrual basis (i.e., Mercantile Method of Accounting), except in the case of Bank Interest, which has been accounted on cash basis, and under Double Entry System of Accounting.

01. Applicable Accounting Standards

- (01) A note on IND-AS:
 - (a) In exercise of the powers conferred by section 133 of the Companies Act 2013, Government of India, Ministry of Corporate Affairs, New Delhi, vide Notification G.S.R 111(E) dated 16th February 2015 issued Companies (Indian Accounting Standards) Rules, 2015 (hereinafter referred to as "IND-AS Rules") and the Accounting Standard Prescribed under the IND-AS Rules shall be referred to as "the IND-AS".
 - (b) Rule 3 of IND-AS deals with applicability of particular Set of Accounting Standards, as prescribed either under IND-AS Rules or under Companies (Accounting Standards) Rules, 2006, based criteria set out in Rule 4 of IND-AS Rules
 - (c) Rule 4 (i.e., Paragraph 4) of IND-AS Rules prescribes the situation under which a company (both listed and unlisted companies) shall follow or adopt IND-AS. As per the aforesaid Rule 4(1)(iii)(a) of IND-AS Rules, a listed company whose net worth is less than Rs.500.00 Crore shall adopt IND-AS from the Accounting Year commencing with 01-04-2017 (by giving the corresponding previous Financial Year figures);
 - (d) Since the company is a listed company and having net worth less than Rs.500.00 Crore, IND-AS is applicable to the company with effect from the Financial Year 2017-18 (01-04-2017 to 31-03-2018).
 - (e) As per Rule 3(2) of IND-AS Rules, the companies, to which IND-AS Rule is not applicable, shall follow Companies (Accounting Standard) Rules 2006.
- (02) Companies (Accounting Standard) Rules 2006
 - (a) In view of the aforesaid position, Companies (Accounting Standard) Rules 2006 alone is applicable to the Company, even though it is a listed Company; and the Company has followed the Companies (Accounting Standard) Rules 2006. Wherever the phrase "applicable Accounting Standards" is used, in the Annual Report or Returns, it refers

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to and means only the Companies (Accounting Standard) Rules 2006, as amended, from time to time.

- (b) After the Notification G.S.R 111(E) dated 16th February 2015 issued by Ministry of Corporate Affairs (MCA), relating to Companies (Indian Accounting Standards) Rules, 2015, the MCA has amended Companies (Accounting Standards) Rules, 2006, vide G.S.R. 364 (E) dated the 30th March, 2016, namely, the Companies (Accounting Standards) Amendment Rules, 2016.
- (c) Effective date of Companies (Accounting Standard) Rules 2006 (as amended): Vide General Circular No.4/2016 (F. No.01/01/2009-CL-V) dated 2704-2016, the Ministry of Corporate Affairs (MCA) has clarified that the aforesaid amended Accounting Standards should be used for preparation of accounts for accounting periods commencing on or after the date of notification. Accordingly, the aforesaid amended Accounting Standards are followed from the Financial Year 2016-17.
- (03) Selection of Accounting Policies
 - (a) The Company has selected Accounting policies to the extent it is applicable; accordingly, the Company has not disclosed any policy on Accounting Standard those are not applicable to the Company.
 - (b) If a particular Accounting Standard is applicable, all the policies relating to that AS shall be disclosed, even though a few matters set out may not be relevant to the company.
- (04) Financial Statements

The Company has followed the Companies (Accounting Standard) Rules 2006, as amended for the purpose selecting the relevant accounting policies and the Financial Statements are prepared and presented based on the above.

02. Valuation of Inventories [Accounting Standard (AS) 2]

- (01) Measurement of Inventories

Inventories are valued at the lower of cost and net realizable value.
- (02) Cost of Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition
- (03) Costs of Purchase

The costs of purchase consist of the purchase price, excluding including duties and taxes which are subsequently recoverable by the Company from the taxing authorities and includes freight inwards, transit insurance and other expenditure directly attributable to the acquisition. Trade discounts, rebates, duty drawbacks and other similar items are deducted in determining the costs of purchase, if they not relate to post-purchase activities.
- (04) Costs of Conversion
 - (a) The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods.
 - (b) The allocation of fixed production overheads for the purpose of their inclusion in the costs of conversion is based on the normal capacity of the production facilities.
 - (c) Unallocated overheads are recognized as an expense in the period in which they are incurred.
- (05) Other Costs
 - (a) Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.
 - (b) Interest and other borrowing costs are usually considered as not relating to bringing

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the inventories to their present location and condition and are, therefore, usually not included in the cost of inventories.

- (06) Exclusions from the Cost of Inventories
In determining the cost of inventories, following items are not forming part of Cost
- (a) Abnormal amounts of wasted materials, labour, or other production costs;
 - (b) Storage costs, unless those costs are necessary in the production process prior to a further production stage;
 - (c) Administrative overheads that do not contribute to bringing the inventories to their present location and condition; and
 - (d) Selling and distribution costs.
- (07) Cost Formulas
- (a) The Cost of inventories of items, that are not ordinarily interchangeable and segregated for specific projects, is assigned by specific identification of their individual costs. Specific identification of cost means that specific costs are attributed to the identified items of inventory.
 - (b) The cost of inventories, other than the aforesaid items, is assigned by using the weighted average cost formula.
 - (c) Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when there has been a decline in the price of materials and it is estimated that the cost of the finished products will exceed net realizable value, the materials are written down to net realizable value. In such circumstances, the company uses the replacement cost of the materials for their net realizable value.
 - (d) An assessment is made of net realizable value as at each balance sheet date.
- (08) Others
The total carrying amount of inventories and its classification appropriate to the Company are given in the Note to Financial Statements, under the Balance Sheet (Assets side, Current Assets) heading "Inventories". Please refer the same for the information/ details.

03. Contingencies and Events Occurring After the Balance Sheet Date [Accounting Standards (AS) 4]

- (01) Contingencies
- (a) Accounting Treatment of Contingent Losses
 - (i) Provisions for contingencies are not made in respect of general or unspecified business risks since they do not relate to conditions or situations existing at the balance sheet date.
 - (ii) The existence and amount of guarantees, obligations arising from discounted bills of exchange and similar obligations undertaken by an enterprise are generally disclosed in financial statements by way of note, even though the possibility that a loss to the enterprise will occur, is remote.
 - (b) Accounting Treatment of Contingent Gains
Contingent gains are not recognized in financial statements, since their recognition may result in the recognition of revenue which may never be realized. However, when the realization of a gain is virtually certain, then such gain is not a contingency, and accounting for the gain is appropriate.
 - (c) Determination of the Amounts of Contingencies
 - (i) The amount of contingency is determined based on the information which is available at the date on which the financial statements are approved.
 - (ii) Any events occurring after the balance sheet date, indicating that an asset may

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be impaired, or that a liability may be existed, at the balance sheet date, are taken into account in identifying contingencies and in determining the amounts at which such contingencies are included in financial statements.

- (02) Events Occurring after the Balance Sheet Date
 - (a) Events, which occur between the balance sheet date and the date on which the financial statements are approved, shall be considered for adjustments to assets and liabilities as at the balance sheet date, if such events have an impact either on the affairs or operations of the Company; if such events are considered, the same shall be disclosed.
 - (b) Events occurring after the balance sheet date, which do not affect the figures stated in the financial statements, are not considered and accordingly not requiring disclosure in the financial statements.
 - (c) Events occurring after the balance sheet date, in respect of going concern, are also considered.
- (03) Others
 - (a) The contingent liability, if any, is shown under the Note to Financial Statements, under a separate heading "Contingent Liabilities". These liability is not considered in the books of account; Further, the company states that
 - (i) The nature of the contingency: As detailed in the aforesaid Note;
 - (ii) The uncertainties which may affect the future outcome: The company has no control over the issue, hence not possible to disclose effect;
 - (iii) An estimate of the financial effect: The amount involved is quantified based on the information with the company; and, in the opinion of the management, the same may not have any material effect.
 - (b) There was no other contingency that shall have major impact on the have material affect the affairs or operations of the company; accordingly no disclosure is made, in this respect.
 - (c) There is no event, occurring after the balance sheet date, indicating to have material affect the affairs or operations of the company; accordingly no disclosure has been made; if the Company declares dividend to shareholders after the balance sheet date, the enterprise should not recognize those dividends as a liability at the balance sheet date unless a statute requires otherwise. Such dividends are disclosed in notes.

04. Property, Plant and Equipment [Accounting Standard (AS) 10]

- (01) Cost of property, plant and equipment
 - (a) The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:
 - (i) It is probable that future economic benefits associated with the item will flow to the Company; and
 - (ii) The cost of the item can be measured reliably.
 - (b) These costs include costs incurred (01) initially to acquire or construct an item of property, plant and equipment; and (02) subsequently to add to, replace part of, or service it, as per the aforesaid AS.
- (02) Spare Parts, Stand-by Equipment, etc
Spare parts, stand-by equipment and servicing equipment are recognized as property, plant and equipment, in accordance with AS-10 when they meet the definition of property, plant and equipment.
- (03) Inventories
Items of not covered by above sub-paragraph are classified as inventory.
- (04) Fixed Assets
 - (a) The items of Property, Plant & Equipment, Spare Parts and Stand-by Equipments are,

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hereinafter also referred to "the Fixed Assets"; in the Schedule III (Part-I of Divisions I) to the Companies Act, 2013 (Format for Balance Sheet), the Phrase "Fixed Assets" continued instead of "Property, Plant and Equipment, as used in the AS-10.

- (b) The term Fixed Assets include tangible items which are held for use or for administrative purposes.
 - (c) The acquisition of any items, although not directly increasing the future economic benefits of any particular existing item of Fixed Assets, may be necessary for the Company to obtain the future economic benefits from its other assets. Such items qualify for recognition as Fixed Assets because they enable an enterprise to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired. The resulting carrying amount of such an asset and related assets is reviewed for impairment in accordance with AS 28, Impairment of Assets.
- (05) Measurement at Recognition Date (Initial Cost)
The Fixed Assets are measured at its cost. Cost of Fixed Assets includes:
- (a) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
 - (b) Any costs directly attributable to bringing the Fixed Asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the Company.
 - (c) The initial of the costs of dismantling, removing the item and restoring the site on which a Fixed Assets is located, the obligation for which an enterprise incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- (06) Repairs & Maintenance (Subsequent Costs)
The Company does not recognize in the carrying amount of an item of Fixed Assets in respect of day-to-day servicing of the item. Amount incurred in respect of these items are recognized in the statement of profit and loss. Those amounts of day-to-day servicing are primarily the costs of labour, consumables and of small parts. Amount of such items is often described as for the 'repairs and maintenance';
- (07) Fixed Assets under Lease
The cost of Fixed Assets held by the Company under a finance lease is determined in accordance with Accounting Standard 19, Leases.
- (08) Government Grants
The carrying amount of an item of Fixed Assets is reduced by government grants in accordance with Accounting Standard 12, Accounting for Government Grants.
- (09) Revaluation
The Company has not frame any policy relating to revaluation of Fixed Assets, since it does not have any intention to revalue in near future
- (10) Measurement after Recognition
After recognition, Fixed Assets are carried at its cost less any accumulated depreciation and any accumulated impairment losses.
- (11) Retirements
Fixed Assets retired from active use and held for disposal are stated at the lower of their carrying amount, at the date of retirement, and net realizable value, at the date of retirement. Any write-down in this regard are recognized immediately in the statement of profit and loss, in the financial year during which the retirement take place.
- (12) De-recognition
- (a) The carrying amount of Fixed Assets are derecognized
 - (i) on disposal; or

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- (ii) When no future economic benefits are expected from its use or disposal.
 - (b) The gain or loss arising from the de-recognition of a Fixed Assets are included in the statement of profit and loss when the item is de-recognized (unless AS 19, Leases, requires otherwise on a sale and leaseback). Gains are not classified as revenue, as defined in AS 9, Revenue Recognition.
 - (c) If the Company recognizes in the carrying amount of a Fixed Asset, the cost of a replacement for part of the item, then it de-recognizes the carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately. If it is not practicable for the Company to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.
 - (d) The gain or loss arising from the de-recognition of a Fixed Asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.
 - (e) The consideration receivable on disposal of a Fixed Assets is recognized in accordance with the principles enunciated in Accounting Standard 9, Revenue Recognition.
- (13) Grouping of Fixed Assets
- Fixed Assets, having same nature or similar nature, are grouped under one common head. The following are examples of separate classes (to the extent applicable):
- (a) Land;
 - (b) Buildings;
 - (c) Machinery;
 - (d) Motor Vehicles;
 - (e) Furniture and Fixtures; and
 - (f) Office Equipment;
- (14) Others
- For the following disclosure, please refer the Note to Financial Statements, the Balance Sheet (Assets side, Non-Current Assets) under the heading "Fixed Assets".
- (a) The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
 - (b) A reconciliation of the carrying amount at the beginning and end of the period showing:
 - (i) Additions;
 - (ii) Assets retired from active use and held for disposal;
 - (iii) Acquisitions through business combinations ;
 - (iv) Increases or decreases resulting from revaluations and from impairment losses recognized or reversed directly in revaluation surplus in accordance with AS 28;
 - (v) Impairment losses recognized in the statement of profit and loss in accordance with AS 28;
 - (vi) Impairment losses reversed in the statement of profit and loss in accordance with AS 28;
 - (vii) Depreciation;
 - (viii) The net exchange differences arising on the translation of the financial statements of a non-integral foreign operation in accordance with AS 11, The Effects of Changes in Foreign Exchange Rates; and
 - (ix) Other changes.
- (15) Others (Additional, special or unique)
- Following further disclosures are required to be made by the aforesaid Accounting Standard, namely:
- (a) All the fixed Assets are in existence and there has been no amounts of restrictions on title of the Fixed Assets;

EL FORGE LIMITED

- (b) For the Fixed Assets pledged or offered as security for liabilities of the Company, please refer the Notes on Financial Statements relating to "Other Information", under the paragraph "Securities Offered"
 - (c) The amount of expenditure recognized in the carrying amount of a Fixed Assets in the course of its construction: Nil
 - (d) For the amount of contractual commitments for the acquisition of Fixed Assets, please refer the Notes on Financial Statements relating to "Contingent Liabilities";
 - (e) No amount of compensation from third parties was received by the Company, for items of Fixed Assets that were impaired, lost or given up that is included in the statement of profit and loss, except Insurance Companies; for details refer Notes to Financial Statements, relating to "Other Income" a line item in the Statement of Profit & Loss Account" and
 - (f) No items of Fixed Assets retired from active use and held for disposal and hence disclosing the amount involved thereof does not arise.
- (16) Depreciation
- (a) Each part of an item of Property, Plant and Equipment (i.e., Fixed Assets") with a cost that is significant in relation to the total cost of the item should be depreciated separately.
 - (b) The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates each such part separately.
 - (c) A significant part of an item of property, plant and equipment, having the useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item, are grouped in determining the depreciation charge.
 - (d) If some of the parts of an item of property, plant and equipment has different useful life compared to other parts, the other parts is depreciated separately.
 - (e) The depreciation charge for each period should be recognized in the statement of profit and loss unless it is included in the carrying amount of another asset.
 - (f) The depreciation charge for a period is usually recognized in the statement of profit and loss. If the depreciation, in respect of future economic benefits embodied in an asset, is absorbed in producing other assets, the depreciation to that extent is not charged in the Statement of Profit and Loss. Under these circumstances, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.
 - (g) Depreciable Amount and Depreciation Period
The Company follows following procedures for depreciation
 - (i) The depreciable amount of an asset should be allocated on a systematic basis over its useful life, as prescribed in Schedule II to the Companies Act 2013.
 - (h) The depreciation methods used: Straight Line Method;
 - (i) The useful lives or the depreciation rates used. In case the useful lives or the depreciation rates used are different from those specified in the statute governing the Company, it should make a specific mention of that fact;
 - If no rate is specified for a specified item of Fixed Assets in the aforesaid Schedule, the rate shall be selected based on the broad group or classification under which that specified fixed assets may fall; if there is no broad group or it is not possible to identify any group, the useful life of the assets shall be determined by technical evaluation or assessment made by the management, with the help of technical persons or experts.
 - Since there is no specific item for Rolls in the aforesaid Schedule, estimated useful lives of the same has been determined as 2 years.
 - Lease hold improvements are depreciated on straight line basis over their initial agreement period.

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05. Provisions, Contingent Liabilities & Contingent Assets, Accounting Standard (AS) 29

- (01) Provisions
 - (a) A provision should be recognized when:
 - (i) The Company has a present obligation as a result of a past event;
 - (ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
 - (iii) A reliable estimate can be made of the amount of the obligation.
 - (b) If the conditions are not met, no provision is recognized by the Company.
 - (c) Measurement of Provisions: The Company follows the Best Estimate principle for measurement of provisions
 - (d) Gains from the expected disposal of assets should not be taken into account in measuring a provision.
 - (e) Changes in Provisions: Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision should be reversed.
- (02) Contingent Liabilities

The Company is not recognizing any contingent liability in the books of account. Contingent liabilities are disclosed separately in the Financial Statements
- (03) Contingent Assets

The Company is not recognizing any contingent Assets in the books of account. Further Contingent Assets are not disclosed separately in the Financial Statements

06. Foreign Currency Transactions [AS-11]

- (01) Initial recognition

Foreign currency transactions are recorded in the reporting currency (Indian Rupees, INR) by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- (02) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.
- (03) Exchange differences

Exchange differences arising on conversion/ settlement of foreign currency monetary items are recognized as income or expense in the year in which they arise.
- (04) Forward exchange contracts

Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates changes. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

07. Employee Benefits [AS-15]

- (01) Gratuity

The company has not taken any Employee's Gratuity Fund Scheme, since none of the employees is eligible for the same.
- (02) Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to provident fund are made in accordance with the relevant scheme and are charged to the statement of profit and loss for the year when contribution are due. The Company has no obligation, other than the contribution payable to the provident fund. The

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Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related services.

- (03) Leave encashment
Leave encashment is provided on the basis of earned leave standing to the credit of the employees and the same is discharged by the Company by the year end.

08. Revenue Recognition [AS-9]

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- (01) Sale of goods
Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods. Sales are recorded net of returns and trade discount. The Company collects sales tax and value added tax (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company and hence are excluded from revenue. Excise duty is deducted from revenue (gross) to arrive at revenue from operations (net). Sales do not include inter-divisional transfers.
- (02) Export incentives
Export incentives under various schemes notified by the Government have been recognized on the basis of their entitlement rates in accordance with the Foreign Trade Policy, as applicable to the material time. Benefits in respect of advance licences are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and incentive will be received.
- (03) Interest
Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rates.
- (04) Claims
 - (a) Insurance claims Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
 - (b) Claims are recognized when there exists reasonable certainty with regard to the amounts to be realized and the ultimate collection thereof.

09. Segment Reporting Identification of segments [AS-17]

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

- (01) Allocation of common costs
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.
- (02) Unallocated items
Unallocated items include general corporate income and expense items which are not allocated to any business segment.
- (03) Segment accounting policies
The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

10. Earnings Per Share [AS-20]

- (01) Basic earnings per share are calculated by dividing the net profit or loss for the period

EL FORGE LIMITED

attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

- (02) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

11. Income Taxes on Income

- (01) Normal Income Tax

Normal Income Tax (Current Income Tax) is measured at the amount expected to be paid to taxation authorities in accordance with the Income Tax Act, 1961 enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

- (02) Minimum Alternate Tax (MAT)

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

12. Leases [AS-19]

- (01) Leases Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

- (02) Operating Lease: Operating lease payments are recognized as an expense in the Statement of Profit and Loss as per the lease terms

- (03) Finance Lease: Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred

13. Deferral Taxes [AS-21]

- (01) Deferred income tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years.

- (02) Deferred tax is measured using the tax rates and the tax laws those are enacted or substantively enacted at the reporting date.

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- (03) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Deferred tax assets and deferred tax liabilities are off-set, if a legally enforceable right exists to set-off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.
 - (04) In the situations, where the Company is entitled to a tax holiday under the Income-tax Act, 1961, no deferred tax asset/ (liability) is recognized in respect of timing differences which are reversible during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period as per taxation laws. Deferred tax, in respect of timing differences which are reversible after the tax holiday period, is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain supported by convincing evidence, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.
 - (05) For recognition of deferred taxes, the timing differences which originate first are considered to reverse first. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer virtually certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes virtually certain that sufficient future taxable income will be available.
- 14. Government Grants and Subsidies [AS-12]**
- (01) Grants and subsidies from the government are recognized when there is reasonable assurance that
 - (a) the Company will comply with the conditions attached to them; and
 - (b) the grant/subsidy will be received.
 - (02) When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to a fixed asset, the same is adjusted from the cost of the respective asset.
- 15. Borrowing Costs [AS-16]**
- Borrowing cost includes interest and ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are recognized as expense in the period in which they occur.
- 16. Impairment of Assets [AS-26]**
- (01) The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.
 - (02) An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down

EL FORGE LIMITED

to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

- (03) Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

17. Cash and Cash Equivalents [AS-3]

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

18. Property Development

The company is also engaged in the business of Property Development business. For this purpose, the company has converted the Fixed Assets (Land) into Stock-in-trade. But the company has not purchased any property. This is considered as a separate segment

19. Others

- (01) Contingences and commitments: In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, we do not expect them to have a materially adverse impact on our financial position or profitability.
- (02) Allowances for doubtful debts: The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.
- (03) Allowances for inventories: Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements

EL Forge Limited

CIN: L34103TN1934PLC000669

Notes No. 28 on Financial Statements as at 31st March, 2017, relating to other information, forming an integral part thereof

01. Denomination

All the figures are rounded off to nearest Lakh

02. Re-Grouping of Amounts

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

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03. Contingent Liabilities & Commitments

Claims against the company not acknowledged as debt (Amount in Rs.)

Sl. No.	Particulars	As at 31-03-2017	As at 31-03-2016
01	E.S.I under Appeal	0.77	0.77
02	Demands raised by SIPCOT for the Leasehold	13.00	13.00
03	Demand from Income Tax	75.63	75.63
04	Demand from Central Excise & service tax	19.96	21.80
05	Guarantees given to		
	Bank against the loan taken by a company	650.00	650.00
06	Pending contract on account of Completion of CWIP	25.00	25.00

04. Confirmation of Balance

The Company has sent letters for confirmation of Balance as at 31st March, 2017 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.

05. Miscellaneous Expenditure

Due to the Loss during the year, the company has not written off any deferred revenue expenditure and deferral interest during the year and same is to be amortized from profit over the expected period of future benefit.

06. Non-Provision for diminution in the value of Investments

The company has not provided for decline in the market value (or net realizable value) of investment made in the shares of companies as decided by the management, in view of the loss incurred by the company.

07. Excise duty on the finished goods pending clearance.

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.

08. Due to MSME

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 has shown Nil

09. Netting off Interest Income

Interest Expenses is shown after setting off interest receipts (Income) amounting to Rs. Nil Lakh (Previous year Rs.3.94 Lakh).

10. Non-Payment of Group Gratuity Fund

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

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

(01) 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

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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, to meet the liability on account of gratuity.

- (02) An amount of Rs.173.34 Lakh (Previous year Rs. 178.38 Lakh) has been outstanding in respect of the above fund as on 31st March, 2017, 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 actual basis and determination of plan assets will be done in due course.

12. Penalty and Interest

As said earlier, due to operating loss, the company has not been in a position to pay the statutory dues, in time, to the authorities concerned and further statutory dues are still outstanding. Non-payment or delayed payment of such due shall attract interest and penalty. The amount of interest / late fees, has been arrived by the Management of the Company, based on the information available with them, amounting to Rs.204.75 Lakh (Previous year Rs. Nil, but during the previous year not provided in the books of account amounts to Rs.145.82 Lakh) has been provided in the books of account. This might change compared to the amount, which may be demanded subsequently by the authorities concerned.

13. Change in the method of Accounting

The company has changed the method of accounting of interest on bank borrowings from mercantile to cash basis. The interest on bank borrowings amounting to Rs. 1786.71 Lakh not provided during the year (Previous year Rs. 1751.96 Lakh)

14. Pending Litigation.

Some suppliers have filed suit before the Honourable Madras High Court against on the company for recovery of their respective dues. The company has addressed these cases and worked out a schedule of repayment over the following four year term. In some of the cases, winding up petition has been filed before the Honourable Madras High Court and the company has filed the counter requesting repayment over the next few years. The company is hopeful of reaching an understanding with those suppliers. The list of such cases and the amount (Rs. in Lakh) involved are given below

Sl. No.	Name of the creditor	As at 31-03-2017	As at 31-03-2016	Nature of Claim
1	Southern Packaging	1.97	2.02	Legal notice
2	AMW MGM Forgings	3.66	3.66	Legal Notice
3	Federal Express Corporation	10.43	10.43	Legal Notice
4	Lifetime Safe Solutions	0.91	0.91	Legal Notice
5	PCK Buderus (India) Special Steels P Ltd	63.18	63.18	Legal Notice
6	ISMT Ltd	16.51	16.51	Legal Notice
7	TVS Dynamic Global Freight Services Ltd	66.58	106.58	Suit Filed*
8	Usha Martin Ltd	66.99	68.99	Suit Filed *
9	Damco India Pvt Ltd	43.42	97.07	Suit Filed *

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10	Goel Steel Company	6.57	25.37	Suit Filed *
11	Mohinder Agencies	16.40	16.40	Legal Notice
12	Sun Flag Iron & Steel Co Pvt. Ltd.	151.84	0.00	Suit Filed *
	Total	448.46	411.12	

*under the Companies Act, 1956/ Companies Act 2013

15. Investor Education & Protection Fund

- (01) Whenever the company declares dividend, it transfers the amount equivalent to an earmarked account, meant for the same, by opening an account with a bank. An unpaid amount, if any, lying in the aforesaid amount shall be transferred to Investor Education & Protection Fund, by taking Demand Draft, from the Bank.
- (02) In compliance of the above, the dividend amount, relating to Financial Year 2007-08, has been transferred to an account lying with a nationalized bank. An amount of Rs.3.74 Lakh (Previous Year Rs.3.74 Lakh), remaining unpaid, in that account. The company has taken steps to obtain demand draft to transfer the same to Investor Education & Protection Fund. Since the bank has not issued Demand Draft, the company is not in a position to transfer the same to Investor Education & Protection Fund.

16. Asset Reconstruction Company

- (01) The company has borrowed money, both Long Term and Short Term, from a few banks, under consortium. The total amount outstanding with the banks as at 31st March, 2017 is Rs.12689.38 Lakh (Previous year Rs. 13924.53 Lakh), excluding interest accrued. During the earlier Financial Year, some of the Banks has assigned (Assignor) their debts to various Asset Reconstruction Companies (ARC's). Accordingly, Export Import Bank of India had assigned their debts to Edelweiss Asset Reconstruction Co. Limited during the Financial Year, 2014-13. During the Financial Year 2014-15, Union Bank of India assigned its debts to Edelweiss Asset Reconstruction Co. Ltd and State Bank of India assigned its entire debts to Asset Reconstruction Company (India) Ltd, (Arcil). The borrowing, from IDBI Bank and Axis Bank Ltd still remains with the respective banks.
- (02) The current liabilities of long term debts were classified as current liabilities in the previous year. Now the current maturities of IDBI Bank and Axis Bank alone are shown under current liability.
- (03) Exact classification of the debts assigned shall be done, in the year of finalization of the terms and conditions with the ARC.

17. Shakespeare Forgings Ltd, in UK

- (01) There has been a change in the shareholding pattern of Shakespeare Forgings Ltd (SFL), UK, the Wholly Owned Subsidiary of the company till February 2015. Due to market and environmental requirements, infusement additional funds had become obligatory at Shakespeare Forgings Ltd. As our Company was not in a position to accommodate this, the wholly owned subsidiary raised the necessary funds by issuing fresh equity on 02.02.2015. Without additional funds Shakespeare Forgings Ltd would have been forced to curtail its operations in a major way, which might have led to additional financial burden for your Company.
- (02) By issuing further shares, the shareholding of the Company in SFL has been reduced to 37.50% from 100% with effect from 02.02.2015.
- (03) Even though the Company owns more than 20% of the capital of SFL, the consolidation accounts has not been prepared incorporating the financials of the SFL, since the company does not have any significant control.

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- (04) The Company does not have any other subsidiary or Joint venture or Associate Company, within the meaning of the Companies Act, 2013.
- (05) Further, the company has not visualized any diminution in the value of investment; and is in a near future can liquidate the investment.

18. Related Party Disclosure, as per AS-18

The related parties' details are disclosed as follows:

- (01) List of Related Parties

(01) Related Parties
(a) Promoters
(i) Mr.V.Srikanth
(ii) Mr. K.V.Ramachandran
(b) Subsidiaries, Associates and Joint Venture: Nil
(c) Key Managerial Personnel
Mr.K.R.Srihari (Son of Mr.K.V.Ramachandran, Vice Chairman & Managing Director)

- (02) Transaction Amount (In Rs. Lakh)

Particulars	FY 2016-17	FY 2015-16
(01) On account of Salaries		
Mr.K.R.Srihari	9.40	9.69
(02) Transaction with Related Parties		
(a) On Account of Interest	5.54	15.40
(i) Director's Relatives		
(b) On Account of Sales		
Associates : Shakespeare Forgings Ltd, UK	0.00	73.74

19. Segment Reporting

The Company has two business segment (1) Manufacture and sale of steel forgings.(2) Land and Development described as "Other Operating Income" (Amount in Rs. Lakh)

Sl. No.	Particulars	For the Year 2016-17	For the Year 2015-16
01	Segment Revenue		
	Forgings	3255.24	3876.72
	Land & Developments	0.00	0.00
	Total Revenue	3255.24	3876.72
02	Segment Results [Profit/ Loss (-)]		
	Forgings	-1104.34	-1348.51
	Land & Developments	0.00	0.00
	Net Profit/ Loss (-) before Interest	-1104.34	-1348.51

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03	Interest cost	189.06	128.88
03	Other Income	0.02	410.31
04	Unallocable Items	204.84	540.26
04	Net Profit/ Loss (-)	-1498.23	-1607.34

The Company is engaged in the business of manufacturing of Auto Ancillary part (Manufacture and sale of steel forgings). It is one of the reportable segments, as per AS 17. As the exports are mainly to Developed Countries, geographical risk is not different from domestic market and hence no separate secondary segment disclosure is required, in respect of the aforesaid reportable segments.

20. Excising the option of conversion

The Company has issued 12,11,123 number of optionally convertible preference shares (OCCRPS), during the financial year 2011-12. These shares have been issued by the company and fully subscribed by the banks (Who has extended loan to the company). Among other terms, the issue has given an option to convert the preference shares into equity shares, in three consecutive financial years 2016-17, 2017-18 and 2018-19. Till the date of approval of the financial statements, the company has not received any intimation, regarding the aforesaid option.

21. Additional information/ details

Following are additional information, to the extent applicable to the company, for the year under report. Rs. in Lakh

Sl.No.	Particulars	As at 31-03-17	As at 31-03-16
01	Expenditure in foreign currency on account of		
	Travelling	0	0
	Membership & Subscription	0	0
02	Foreign Exchange Earnings (Export-FOB Value)	66.44	210.68
03	Earning per Shares		
	(01) Net Profit after Tax	-1498.23	-1607.34
	(02) Adjusted Net Profit after Tax	-1498.23	-1607.34
	(03) Number of Shares		
	For basic EPS	20,324,304	20,324,304
	For Diluted EPS	20,324,304	20,324,304
	(04) EPS (in Rs., Face Value of Rs.10/-)		
	Basic EPS	-7.37	-7.91
	Diluted EPS	-7.37	-7.91
05	Raw Material Consumed (Amount)		
	Total	1866.33	2247.71
	Indigenous	1866.33	2247.71
	Imported	0	0

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06	Raw Martial Consumed (in Percentage)		
	Total	100.00	100.00
	Indigenous	100.00	100.00
	Imported	0.00	0.00
07	Stores & Spares Consumed (Amount)		
	Total	124.70	173.77
	Indigenous	124.70	173.77
	Imported	0.00	0
08	Stores & Spares Consumed (in Percentage)		
	Total	100.00	100.00
	Indigenous	100.00	100.00
	Imported	0.00	0

DISCLOSURE ON SPECIFIED BANK NOTES			
PARTICULARS	Rupees		
	Specified Bank Notes	Other Denomination	Total
Closing cash in hand as on 8.11.2016	4500.00	458225.89	462725.89
Permitted receipts(+)	0.00	635872.50	635872.50
Permitted payments(-)	0.00	1020602.00	1020602.00
Amount deposited in Banks(-)	4500.00	0.00	4500.00
Closing cash in hand as on 30.12.2016	0.00	73496.39	73496.39

Signatories to all Notes on Financial Statements (Standalone)

As per our Annexed Report
For P.Rajagopalan & Co.,
Chartered Accountants
Regn. No. of the Firm: 003408

R. Venkatesh
M. No.028368
Partner

Place: Chennai
Date: 26.05.2017

On Behalf of Board of Elforge Ltd

V. Srikanth (DIN 0076856), Chairman

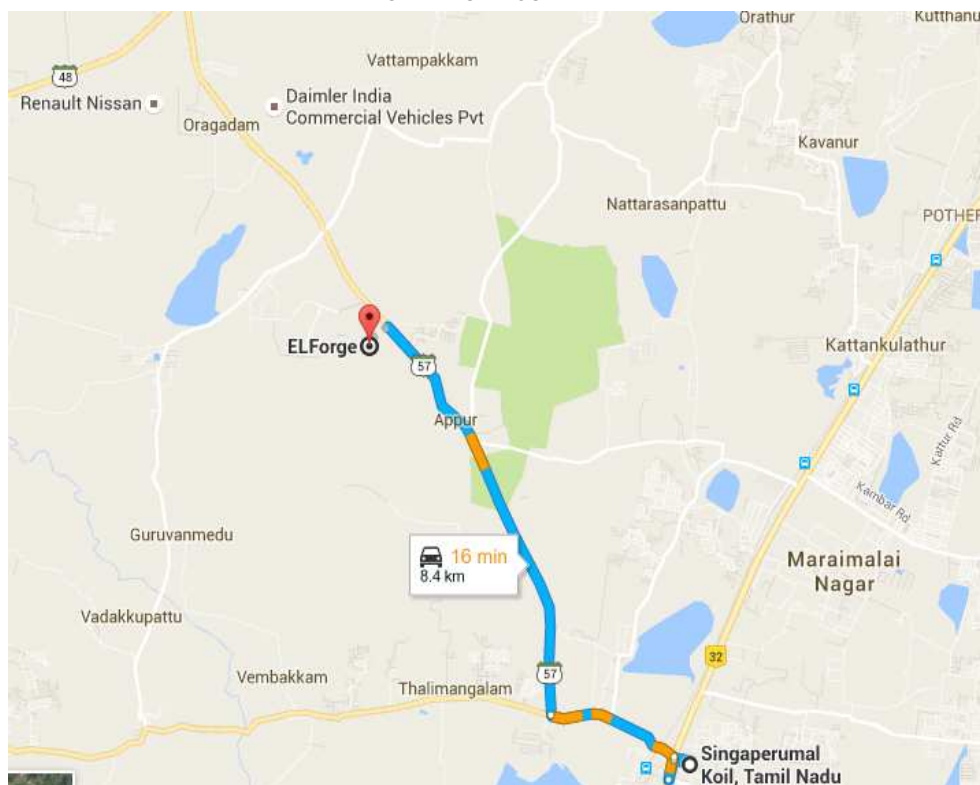
K.V.Ramachandran (DIN:00322331), Vice Chairman
& Managing Director

R. Sowmithri (DIN: 00280988) Executive Director
(Finance) & Company Secretary

Place: Chennai
Date: 26.05.2017

EL FORGE LIMITED

AGM VENUE ROUTE MAP



Transport from Corporate Office at Eldams Road to the Factory (Registered office) will be available on AGM day. Members who wish to avail the facility, please intimate the company on or before 20th September, 2016.