



***EL FORGE LIMITED***



**ANNUAL REPORT**  
**2017 - 2018**

# EL FORGE LIMITED

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## **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**

### **M/S. L.Mukundan& Associates**

Chartered Accountants  
Flat No.1,2 , Kamala Arcade,  
669, Mount Road, Thousand lights,Chennai 600 006.

## **BANKERS**

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, 2<sup>ND</sup> 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

## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that 82nd Annual General Meeting of EL FORGE LIMITED will be held on Thursday the, 27th day of September, 2018 at 11.30 am at Registered Office of the Company at 1A Sriperumbudur High Road, (via) Singaperumal Koil, Appur Village, Kattangulathur Onrium, Kancheepuram District 603204 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018, the Auditors' Report and the Directors' Report thereon.
2. To appoint a Director in the place of Mr. V. Ramachandran who retires by rotation and being eligible offers himself for reappointment.
3. 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.
4. "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) and pursuant to the resolution passed by the members of the company at the 81<sup>st</sup> annual general meeting held on 28<sup>th</sup> September, 2017, the company hereby ratifies the appointment of **M/s.L.Mukundan & Associates Chartered Accountants (Firm Registration No.010283S)**, Chennai as the Statutory Auditor of the Company to hold office for a term of four years, from the conclusion of this 82<sup>nd</sup> Annual General Meeting, on such remuneration plus GST 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, based on the recommendation of the Audit Committee."

### SPECIAL BUSINESS

#### 5. Re appointment of Mrs.R.Sowmithri as Executive Director (Finance)

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 196, 197, of the Companies Act, 2013 and other applicable provisions, if any, read with Companies (Appointment & Qualification of Directors) Rules 2014 including any modification thereof, Schedule V to Companies Act 2013, Clause 49 of the listing agreement, Mrs. R.Sowmithri (DIN 00280988) is hereby reappointed, retrospectively, as Executive Director Finance of the Company for a period of one year from 30<sup>th</sup> March 2018 to 29<sup>th</sup> March 2019"

By Order of the Board

Place : Chennai  
Date : 14/08/2018

V.SRIKANTH  
CHAIRMAN

# EL FORGE LIMITED

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## **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 all the 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, 2018 to 27<sup>th</sup> September, 2018 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.
11. Website - Quarterly information on results and other developments are posted on the Company's Website. Members also note that the notice of the 82nd Annual General Meeting and the Annual Report for 2017-18 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.

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14. Members may also note that the Notice of the 82<sup>nd</sup> Annual General Meeting and the Annual Report 2017-18 will also be available on the Company's website [www.elforge.com](http://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 [edf@elforge.com](mailto:edf@elforge.com)

### Profile of the Non Executive Director retiring by rotation.

<b>Name of the Director</b>	<b>Mr.V.Ramachandran</b>
Date of Birth and Age	26.01.1948 (70 Years)
Date of Appointment	14/03/1996
Expertise in specific functional areas	Professional exposure of 4 decades in the Auto Component Industry.
Board Membership of other companies as on March 31, 2018	The Vellore Electric Corporation Ltd.

### For the attention of share holders holding shares in physical form

#### Updation of PAN and Bank Account details

SEBI has mandated all issuer Companies to update the PAN and Bank Account details of all holders holding shares in Physical form. Hence we request all those shareholders to communicate the details along with self attested proof of the PAN card and a cancelled cheque leaf of your Bank Account to the Registrar : Integrated Registry Management Services Private Ltd, 2<sup>nd</sup> floor, Kences Towers, No 1 Ramakrishna street, North Usman Road, T.Nagar, Chennai – 600017.

### 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).

# EL FORGE LIMITED

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## 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):
- (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
  - (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](mailto:bhave23@rediffmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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](http://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).

## EL FORGE LIMITED

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- V. The e-voting period commences on Monday 24<sup>th</sup> September, 2018 (9.00am) and ends on 26<sup>th</sup> September, 2018 (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 20<sup>th</sup> September, 2018, 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 20<sup>th</sup> September, 2018.
- VII. Mrs.B.Venkatalakshmi, Practicing Company Secretary (Membership No. 1005) 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](http://www.elforge.com) and on the website of NSDL within two(2) days of passing of the resolutions at 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 Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue.

# EL FORGE LIMITED

## ANNEXURE TO THE NOTICE

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

#### **Item No. 4**

Mrs.R.Sowmithri was appointed as an Executive Director by Board Resolution dated 30th March, 2015 and approved by shareholders in the AGM dated 28<sup>th</sup> September, 2015 .She was reappointed for a term of one year from 30<sup>th</sup> March 2018 to 29<sup>th</sup> March 2019 and the terms and conditions of appointment of Executive Director approved at the Board Meeting held on 27th March, 2018. Now placed for shareholders approval.

**In terms of Sections 196,197,149, 150, 152, Schedule V and other applicable provisions of the Companies Act, 2013, and read with the Rules made thereunder the remuneration and other terms were fixed as stated below :**

#### **I. Salary**

A Salary of Rs.85,000/- (Rupees Eighty five thousand only) per month and a special allowance of Rs.45000/- (Rupees forty five thousand only) per month.

#### **Commission**

Commission based on Net Profits of the Company in a particular Financial Year as decided by the Board, which put together with Salary and Perquisites shall be subject to the overall ceilings laid down by the Companies Act, 2013 shall be paid.

#### **II. Perquisites**

##### **Residence**

- 1) Residential accommodation or in lieu thereof House Rent Allowance at 60% of salary per month Gas, Electricity and Water shall be valued as per the Income Tax Rules 1962. This shall however be subject to a ceiling of 10% of the Salary
- 2) Medical Reimbursement  
Medical Expenses including premium for medical insurance incurred by self and family subject to a ceiling of one month's salary in a Financial year or three months salary over a period of three Financial years including premium for medical insurance.
- 3) Leave Travel Concession  
For Executive Director and her family in accordance with the Rules of the Company once in a Financial Year.

##### **Explanation**

For the purpose of category A, Family means the Spouse, the dependent children and dependent parents of the Executive Director.

#### **III) Personal Accident Insurance**

Premium not to exceed Rs.5000/- per annum.

#### **IV) Perquisites not included in managerial remuneration**

1. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity in accordance with the rules of the Company as applicable to Senior Executives of the Company but not exceeding one-half months salary for each completed year of service.
3. Encashment of Leave at the end of the tenure.



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## Others

1. Provisions of Car for use on Company's Business and Telephone at Residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.
2. Notwithstanding anything herein, where in any financial year during the currency of the tenure of the Executive Director the Company has no profits or its profits are inadequate, the Company will pay her Remuneration by way of Salary and perquisites specified above.

Details of Director seeking appointment at the ensuing Annual General Meeting fixed on 27th September, 2018 as required under Clause 49 of the Listing Agreement with Stock Exchanges are given hereunder:

<b>Name of Director</b>	<b>Smt..R.Sowmithri</b>
<b>Date of Appointment</b>	<b>30.03.2015</b>
<b>Expertise in specific Functional areas</b>	<b>Secretarial and Finance</b>
<b>List of other Directorships held Excluding foreign companies under Section 25 of the Companies Act, 1956 and Private Companies,</b>	<b>Chendur Forgings Ltd Wesco Engineers Ltd Coromandel Steels Ltd Spheroidal Castings Ltd Vimarsha Property Developers Pvt Ltd</b>
<b>Chairman / Member of the Committees of the Board of other Companies in which she is a Director</b>	<b>Member Audit Committee Shareholders/Investors Grievance Committee</b>
<b>No.of Shares held in The Company</b>	<b>400</b>
<b>Relationship between Directors Interse*</b>	<b>Nil</b>
<b>DIN</b>	<b>00280988</b>

Mrs. R.Sowmithri, Executive Director, may be deemed to be interested in the Resolution, since it relates to her re-appointment and remuneration.

None of the Directors or Key Managerial Persons and their relatives are considered interested in the resolution. Directors recommend to pass the resolution.

Place : Chennai  
Date : 14/08/2018

By Order of the Board  
V.SRIKANTH  
CHAIRMAN

## EL FORGE LIMITED

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

<b>Name of the Director</b>	<b>Mr.V.Ramachandran</b>
Date of Birth and Age	26.01.1948 (70 Years)
Date of Appointment	14/03/1996
Expertise in specific functional areas	Professional exposure of 4 decades in the Auto Component Industry.
Board Membership of other companies as on March 31, 2018	The Vellore Electric Corporation Ltd.

# EL FORGE LIMITED

## REPORT OF THE DIRECTORS

The Directors present the 82nd Annual Report along with the Audited Financial Statements of the Company for the year ended 31st March, 2018.

### 1. Summarised Financial Results are given below

	(Rs.in lakhs)	
	For the year ended 31.03.2018	For the year ended 31.03.2017
Revenue from Operation (incl.excise duty)	4311.10	3542.98
Other Income	6.89	0.02
Profit/(Loss) before Depreciation	(591.39)	(571.15)
Profit/(Loss) after Depreciation	(1276.75)	(1393.11)
Net Profit/(Loss) after tax	(1163.20)	(1597.94)

Pursuant to the notification of the Companies (Indian Accounting Standard) Rules ,2015 by the Ministry of Corporate Affairs (MCA) on 16/02/2015,the company has adopted Indian Accounting Standards (IND AS )from the financial year 2017-18 and figures have been regrouped for 2016-17.

### 2. Company Performance

During the year, the company was able to improve its operations over the previous year. The debts with the Banks have been partly cleared during the year . The company has taken all steps to reduce the cost of operations and reduce the loss . The improvement in operations could be possible due to the continuing support of the customers . The management continues its efforts to settle debts and infuse working capital and utilise the plant at higher levels of operations.

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 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.

# EL FORGE LIMITED

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## 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 during good as well as difficult times, and have unstintingly put their best effects 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 employees on the rolls of the company is 174 Nos.

### 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. There were no resignations in Key Management Personnel during the year.

## 6. Corporate Governance

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

At present the Company has six directors of which two are executive directors and four are non executive.

## 7. Internal Control System and their adequacy

The Company has adequate system of internal control with reference to the financial as well as non-financial operations. 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 2017-18 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.

# EL FORGE LIMITED

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## 12. Fixed Deposits

The Company has not accepted (or renewed) 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, 2018, the outstanding deposits amount to Rs.87.36lakhs.

## 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 have 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, 2018 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, 2018.

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 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 2017-18 which were in conflict with the interest of the Company Suitable disclosures as required under AS 18 have been made in Item No.17 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.

# EL FORGE LIMITED

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## 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

The Statutory Auditors M/s L.Mukundan & Associates, Chartered Accountants (Firm Registration No.010283S) have been appointed last year to continue for a term of four years from the conclusion of this AGM. Their appointment resolution forms part of the agenda of the notice of the 82<sup>nd</sup> AGM.

## 23.Explanation to Auditor's remark

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in practice in their Reports respectively. The Statutory Auditors have drawn attention to some points under "Emphasis of Matters" which are dealt with in the notes on accounts.

## 24. Material changes

There has been no material changes affecting the financial position of the company between 31<sup>st</sup> March, 2018 till the date of the report.

## 25.Prohibition and redressal of sexual harrasment of women at work place

Pursuant to the new legislation, "Prevention, Prohibition of and Redressal of Sexual Harrassment of Women at Work place Act, 2013" the company has framed a policy on prevention of sexual harrasment at work place. There were no cases reported during the year under review under the policy.

## 26. Acknowledgements

The Company places on record the co-operation of Bankers, Axis Bank Limited, IDBI 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, Employees 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 : 14/08/2018**

**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

Name of the Director	Category	Attendance Particulars			Number of other Directorships and Committee Memberships//Chairmanships 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	7	7	Yes	2		
Mr.K.V.Ramachandran	Executive	7	7	Yes	2		
Mr.V.Ramachandran	Non-Executive & Non Independent	7	7	Yes	1		
Mrs.R.Sowmithri	Executive	7	7	Yes	5		
Mr. J.Aron Rakkesh	Non Executive & Independent	7	7	NA	2		
Ms.Nivedita Lakshmi Ratan	Non Executive & Independent	7	7	NA	2		

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 behaviour conforming to ethical practices.

This principle inherits 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 2017-2018, Seven (7) Board Meetings were held on 26/05/17, 14/08/17, 13/09/17, 14/12/17, 13/02/18, 27/02/18 and 27/03/18.Details of Composition of the Board of Directors, Directors' Attendance Records and Directorships are given below

### 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:

- To review financial statements and pre-publication announcements before submission to the Board.
- To ensure compliance of internal control systems and action taken on internal audit reports.

# EL FORGE LIMITED

- 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 2017-2018, four Audit Committee Meetings were held on 26/05/17, 13/09/17, 14/12/17 and 13/02/18

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

Name of the Directors	Position	Number of Meetings attended during 2017-18	
		Held	Attended
Ms.Nivedita Lakshmi Ratan	Chairman	4	4
Mr.V.Srikanth	Member	4	4
Mr. J. Aron Rakkesh	Member	4	4
Mr.V.Ramachandran	Member	4	4
Mrs.R.Sowmithri	Member	4	4

## 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 Wholtime Directors of the Company.

## Composition of the Nomination & Remuneration Committee and the details of the meetings attended.

Name of the Directors	Position	Number of meeting attended during 2017-18	
		Held	Attended
Mr.V.Srikanth	Chairman	1	1
Mr. V.Ramachandran	Member	1	1
Mr. K.V.Ramachandran	Member	1	1
Ms. Nivedita Lakshmi Ratan	Member	1	1

## Details of Remuneration paid to Board of Directors

Non-whole time Directors		Whole time Directors			
Name	Sitting Fees (Rs.)	Name	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr.V.Ramachandran	25000	K.V.Ramachandran	2070000	1785459	3855459
Mr.V.Srikanth	-				
Mrs.Niveditha Lakshmi Rattan	-	R.Sowmithri	1404000	898800	2302800
Mr.J.Aaron Rakesh	-				
<b>Total</b>	<b>25000</b>		<b>3474000</b>	<b>2684259</b>	<b>6158259</b>

Executive Directors of the company have total unpaid remuneration of Rs. 177.19 lakhs.



# EL FORGE LIMITED

**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: 1Year from 30.03.2018.

## 5. Shareholders Committee

Ms. Nivedita Lakshmi Ratan, heads this committee. The Committee meets at frequent intervals to consider, inter alia share transfers, shareholders' complaints etc.

During the Financial Year 2017-18 four Shareholders / Investors Grievance Committee Meetings were held on 26/05/17, 13/09/17, 14/12/17 and 13/02/18

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

### 1. Stakeholders Relationship Committee

Name of Members	Position	No. of Meetings attended during the year 2017-2018
Mr.J.Aron Rakkesh	Chairman	4
Mr.V.Srikanth	Member	4
Mr. K.V.Ramachandran	Member	4
Mrs. R.Sowmithri	Member	4

### 2. Share Transfer Committee

Name of Members	Position	No. of Meetings attended during the year 2017-2018
Ms. Nivedita Lakshmi Ratan	Chairman	4
Mr.J.Aron Rakkesh	Member	4
Mr. K.V.Ramachandran	Member	4
Mrs. R.Sowmithri	Member	4

Mrs.R.Sowmithri, the Company Secretary is the Compliance Officer and Chief Financial Officer. Shareholders'complaints are attended, immediately, on receipt of complaint, to the satisfaction of the Shareholders.

## 6. Information placed before the Board of Directors, inter alia, include:

The Board has complete access to any information within the company. The information regularly supplied to the Board of Directors includes:

- i. Annual operating plans and budgets and any updates.
- ii. Capital Budgets any updates
- iii. Annual Accounts, Directors' Report etc
- iv. Quarterly Results of the Company
- v. Minutes of the meetings of Audit Committee and other Committees of the Board
- vi. The information on recruitment and promotion of Senior Officers to the level of Executive Director which is just below the Board level.
- vii. Fatal or serious accidents, dangerous occurrences etc.
- viii. Operational highlights.
- ix. Major investments.
- x. Award of large contracts.
- xi. Disclosure of interest by Directors about Directorship and committee positions occupied by them in other companies.
- xii. Quarterly Report on foreign exchange exposures
- xiii. Any significant development in Human Resources / Industrial Relations.
- xiv. Non-Compliance of any regulatory, statutory or listing requirements and shareholders services such as non payment of dividend, delay in transfer of shares etc.
- xv. Short term investments.
- xvi. Information relating to any legal disputes.
- xvii. Other materially important information

# EL FORGE LIMITED

## 7. 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
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) Singa-perumal Koil, Appur Village, Kattangulathur Onrium, Kancheepuram District 603204.	Sep 22, 2016	11.30 Am
2016-17	Registered Office of the Company at 1A, Sriperumbudur High Road, (Via) Singa-perumal Koil, Appur Village, Kattangulathur Onrium, Kancheepuram District 603204.	Sep 28, 2017	11.30AM

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.

## 8. Subsidiary Companies

The company has no subsidiaries.

## 9. 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 no new Directors have been appointed. The executive director Mrs.R.Sowmithri has been reappointed for a period of one year and the resolution is placed for the members approval.

### 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. The company's application for revocation of suspension in trading of equity shares is pending with BSE.

# EL FORGE LIMITED

## 10. 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.

## 11. 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>

## 12. Management Discussion and Analysis Report

– Forms part of the annual report

## 13. General Shareholders information

Annual General Meeting

Date and Time	:	27th Sep, 2018 at 11.30 AM
Venue	:	1A, Sriperumbudur High Road, Appur Village, Kancheepuram District 603204
Book Closure Date	:	21//09/2018 to 27/09/2018 (both days inclusive)
Cut off date for e-voting	:	20th September, 2018
E-Voting	:	24th September, 2018 (9.00 am) to 26th September, 2018 (5.00 pm)

## b) Financial Calendar

The Financial Year of the Company comprises 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 May as permitted under the listing agreement.

## c) Date of Book Closure

The Directors decided to close the Register of Members from 21st September, 2018 to 27th September, 2018 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

# EL FORGE LIMITED

## h) Share Transfer System

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

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

## i) Investor Services

### Complaint received during the year

Nature of the Complaints	For the Year 2017 - 18	
	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, 2018

Sl.No	Category	No.of Holders	% of Holders	No.of Shares	% of Shares
1.	Upto 100	5584	56.58	286620	1.41
2	101 - 250	1553	15.73	285501	1.40
3.	251 - 500	1072	10.86	426538	2.10
4.	501 - 1000	647	6.56	523282	2.57
5.	1001 - 5000	689	6.98	1585462	7.80
6.	500 - 10000	137	1.39	1037731	5.11
7.	10001 & Above	199	1.90	16179170	79.61
*** Total ***		<b>9870</b>	<b>100.00</b>	<b>20324304</b>	<b>100.00</b>

## k) Pattern of Shareholding as on 31st March, 2018

Sl.No.	Category	No.of Shares	% of Shareholding
1.	Promoters	<b>8385858</b>	41.26
2.	Corporate Bodies	1750117	8.61
3.	Mutual Funds	1605	0.01
4.	Banks	945	0.00
5.	NRI's/Foreign Nationals	119482	0.59
6.	Public	10066297	49.53
	Total	<b>20324304</b>	<b>100.00</b>

# EL FORGE LIMITED

## I) Dematerialisation of shares and liquidity

About 96.33% of the shares have been dematerialised as on March, 31, 2018. The Equity shares of the Company are permitted to be traded in dematerialised form.

Demat ISIN Number allotted to the Company is INE 158F01017

## 13. Address for Correspondence

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

To the Company	To the Registrar & Transfer Agent - for Shares Transfers / Transmissions etc.
Mrs.R.Sowmithri Compliance Officer  Company Secretary  21E, A.R.K.Colony, Eldams Road Alwarpet, Chennai - 600 018. Ph No. 24334010 Email : <a href="mailto:edf@elforge.com">edf@elforge.com</a>	Mr.K.Suresh Babu Director  Integrated Registry Management Services Pvt Ltd, Kences Towers, IInd Floor, 1,Ramakrishna Street, North Usman Road, T.Nagar, Chennai 600 017. Ph : 28140801 Email : <a href="mailto:srirams@integratedindia.in">srirams@integratedindia.in</a>

## 14. Insider Trading

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

## 15. Compliance with Non-mandatory Requirements

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

- i) The Board: No specific tenure has been specified for the Non Executive Director, Mr.V.Ramachandran.
- ii) Remuneration Committee : Details are given under the heading Remuneration Committee.
- iii) Shareholder Rights - The financial results are also put up on the Company's website.
- vi) 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.
- v) Mechanism for evaluation of non-executive Board Members –The performance evaluation of non-executive members is done by the Board annually based on criteria of attendance and contributions at Board Committee meetings as also role played / contributions other than at meetings.

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, 2018

Place : Chennai  
Date : 14/08/2018

**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

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

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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

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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 technology absorption, adaptation and innovation	Continuous interaction with Technology Experts to improve quality, die-life, etc.
2.	Benefits derived as a result of The above efforts e.g. production improvement, cost reduction, product development, import substitution etc.	Reduction in Rejections and improvement in yield.
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 upto obtain orders.
2.	Initiatives taken to increase exports and development of new export markets for products and Services and export plans.	<p>1. Present and prospective buyers are being invited to see our production and Inspection Facilities.</p> <p>2. Quality systems are constantly being upgraded to meet international requirements.</p>
3.	Total Foreign Exchange	
	(a) Used (Rs.)	Nil
	(b) Earned (Rs.in Lacs)	Rs.95.55Lacs

# EL FORGE LIMITED

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## 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 has adopted INDAS for the first time in preparing the accounts for the year ended 31<sup>st</sup> March, 2018. 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 International Monetary Fund (IMF) is projecting an acceleration for the Indian economy, with the GDP growth of 6.7% in 2016-17 scaling up to 7.4% in 2017-18 and projected to reach 7.8% for 2018-19, potentially making India the World's fastest growing large economy. The growth in 2016-17 was hampered by disruptions associated with the demonetisation introduced in November 2016, while 2017-18 included the transition costs related to the launch of Goods and Services Tax (GST). With the structural reforms in place, the economy is expected to move to a higher growth trajectory for 2018-19 and beyond.

#### Indian Automobile Industry

The commercial vehicle Industry in India grew by 23% during 2017-18. This growth has come on the back of government's push towards infrastructure development, road construction, mining activities along with increased demand from e-commerce and FMCG applications.

The Medium & Heavy Commercial Vehicle (M&HCV) trucks segment showed a growth of 19% over last year. The Light Commercial Vehicle (LCV) segment showed a healthy growth of 25% over last 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. 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 metal prices spiralling 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 laks)

	2017-18	2016-17	Inc/(Dec)%
<b>Income</b>			
Revenue from operation(incl.excise.duty)	4311.10	3542.98	21.68
Other Income	6.89	0.02	
<b>Total</b>	<b>4317.99</b>	<b>3543.00</b>	<b>21.87</b>
<b>Expenditure</b>			
Material Costs	2601.03	1866.33	39.37
Excise duty on sale	65.12	287.74	77.38
Stock differential	24.40	60.98	(59.99)
Employee benefits expense	737.22	652.07	13.06
Other expenses	1141.38	958.24	19.11
Depreciation and amortization expenses	685.37	821.96	(16.62)
Finance Cost	340.22	288.79	17.81
<b>Total</b>	<b>5594.74</b>	<b>4936.11</b>	<b>13.34</b>
Profit before exceptional items	(1276.75)	(1393.11)	8.35
Exceptional items	113.55	(204.84)	155.43
Profit before tax	(1163.20)	(1597.94)	27.21
<b>Tax Expenses</b>			
Current Tax	--	--	
Deferred tax	--	--	
Profit before tax	(1163.20)	(1597.94)	27.21
Basic Earnings per	(5.72)	(7.86)	22.39
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 60.33% of the sale value compared to 52.68% 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.

**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.

## EL FORGE LIMITED

### 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 major additions to the fixed assets.

### Summary of Balance Sheet is given below :

(Rs. in Lakh)

	As at 31.03.2018	As at 31.03.2017	Inc/(Dec)%
<b>Sources of Funds</b>			
Shareholders ' Funds	(7611.61)	(6448.41)	(18.04)
Non Current liabilities	4031.01	8136.83	(50.46)
Current Liabilities	12889.57	10281.71	25.36
<b>Total</b>	<b>9308.97</b>	<b>11970.13</b>	<b>(22.23)</b>
<b>Application of Funds</b>			
Fixed Assets	5011.49	5882.13	(14.80)
Investments	373.83	385.26	(2.97)
Loans & other Non current assets	47.38	60.99	(22.32)
Current Assets	3876.27	5641.74	(31.29)
<b>Total</b>	<b>9308.97</b>	<b>11970.13</b>	<b>(22.23)</b>

### Cash Flow Statements

	2017-18	2016-17
Profit /(Loss) from operations (After usual adjustments)	(256.12)	(282.28)
Inc / (Dec) in net working capital	(875.64)	1807.64
Net cash flow from operating activities	(1131.76)	1525.26
Payment for acquisition of assets net	(23.13)	(11.04)
Cash inflow from investing activities	8.30	33.45
Proceeds from sale of Fixed Assets	213.35	230.01
Cash flow from financing activities	950.57	(1777.94)
Net cash inflow / (outflow)	17.33	(0.27)

# EL FORGE LIMITED

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## **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 174 Nos.

## **Foreign Exchange Risk**

The Company is exposed to foreign exchange risks on account of its 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 capabilities to be competitive and 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**

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## **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, 2018 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 2017-18 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 : 14/08/2018**

**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

### 1. 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 2018, 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).

### 2. 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.

### 3. Auditors' responsibility

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.

### 4. Opinion

- (1) 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, 2018.
- (2) 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 **L.MUKUNDAN & ASSOCIATES**

Chartered Accountants

Regn No. of the Firm:

Place: Chennai

Date: 14-08-2018

**L.Mukundan**

**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 31.03.2018

(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) 47112500 Fax (044) 47112523  
email : edf@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	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoter</b>									
<b>(1) Indian</b>									
a) Individual / Huf	1311188	9664	1320852	6.50	1199857	8495	1208352	5.95	Nil

# EL FORGE LIMITED

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	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Central Govt.									
c) State Govt.									
d) Bodies Corp.	7065006	--	7065006	34.76	7065006	--	7065006	34.76	Nil
e) Banks									
f) Any other									
<b>Sub Total (A)(1)</b>	8376194	9664	8385858	41.26	8264863	8495	8273358	40.71	Nil
<b>(2) Foreign</b>									
a) NRIs -	--	--	--	--	--	--	--	--	--
Indi-viduals									
b) Other Indi-viduals	--	--	--	--	--	--	--	--	--
c) Bodies Corp	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any other	--	--	--	--	--	--	--	--	--
<b>Sub Total (A)(2)</b>	--	--	--	--	--	--	--	--	--
<b>Total Share holding of promoters (A<sub>1</sub>=(A)(1)+(A)(2)</b>	8376194	9664	8385858	41.26	8264863	8495	8273358	40.71	Nil
<b>B. Public Share - holding</b>									
<b>1. Institu - tions</b>									
a) Mutual Funds	1605	--	1605	0.01	1605	--	1605	0.01	Nil
b) Banks/ FI	945	--	945	0.01	945	--	945	0.01	Nil
c) Central Govt.	--	--	--	--	--	--	--	--	--

# EL FORGE LIMITED

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	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) State Govt.	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others specify	--	--	--	--	--	--	--	--	--
<b>Sub Total (B)(1)</b>	2550	--	2550	0.01	2550	--	2550	0.01	<b>Nil</b>

2. Non-Institutions									
a) Bodies Corp. 1) Indian 2) Overseas	1859694 --	-- --	1859694 --	9.15 --	1694718 --	55441 --	1750159 --	8.61 --	-0.54
b) Individuals  1) Individual share holders holding nominal share capital upto Rs.1 lakhs	4290718	600056	4890774	5.24	3506014	462077	3968091	19.52	14.28
2) 1) Individual share holders holding nominal share capital excess of Rs.1 lakhs	5010973	84378	5095351	25.07	5981291	166330	6147621	30.25	5.18



## EL FORGE LIMITED

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	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>c) Any Others(specify) - clearing members</b>	--	--	--		12188		12188	0.06	0.06
- Trusts	--	520	520	0.01	--	520	520	0.01	Nil
Corporate Body Foreign bodies	--	--	--	--	--	--	--	--	--
NRI	--	--	--	--	119482	--	119482	0.59	0.59
Foreign Nationals	--	50329	50329	0.25	--	50329	50329	0.25	Nil
Limited Liability Partnership	--	6	6	0.00	6	0	6	0.00	Nil
Unclaimed Securities suspense a/c	40117	--	40117	0.20	0	--	0	0	Nil
Foreign portfolio Investors Corporate	--	--	--	--	--	--	--	--	--
<b>Sub Total(B)(2)</b>	11200627	744953	11935916	58.74	11313699	734697	12050946	59.29	Nil
C) Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
<b>Grand Total (A + B + C)</b>	19573680	750624	20324304	100.00	19581112	743192	20324304	100.00	

## EL FORGE LIMITED

### i)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	522202	2.57	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	66450	0.33	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	0.0	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

## EL FORGE LIMITED

### ii) 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	7.01	1437277	7.01
2.	Indira Vasudevan	750000	3.69	750000	3.69
3.	Tumpudi Muralidhar Bhagwat	446100	3.25	446100	2.19
4.	N. Jayakumar	289435	1.42	0	0.00
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	159761	0.79
11.	Jyoti Hareesh Shah	200000	0.98	200000	0.98
12.	Snehalatha Singhi	80740	0.57	80740	0.57

## 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
	<b>Directors</b>				
1.	Mr.V.Srikanth Chairman (Non Executive)				
	At the beginning of the year	512202	2.52	512202	2.52
	Datewise increase in shareholding during the year Acquisition of shares	Nil		10000	0.00
	At the end of the year	512202	2.52	522202	2.57
2.	Mr.K.V.Ramachandran (Vice Chairman & Managing Director)				
	At the beginning of the year	133166	0.66	133166	0.66
	Date wise increase in shareholding during the year Acquisition of shares	Nil	Nil	Nil	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	331720	1.63
	Datewise increase in shareholding during the year Acquisition of shares	Nil	Nil	Nil	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	400	0.001
	Datewise increase in shareholding during the year Acquisition of shares	Nil	Nil	Nil	Nil
	At the end of the year	400	0.001	400	0.001

# EL FORGE LIMITED

## 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	2070000.00  1785459.00	1404000.00  898800.00
2.	Commission Performance Bonus Long Term Incentive Plan (LTIP)	-	-
3.	<b>Other Retirement Benefits</b>	-	-
	Total	3855459.00	2302800.00
	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	Mrs.Niveditha Lakshmi Rattan	Mr.J.Aaron Rakesh	Mr.V.Ramachandran	Total Amount
Fee for attending Board Committee Meetings	Nil	Nil	Nil	Rs.25,000	Rs.25,000
Commission	Nil	Nil	Nil	Nil	Nil
Others please specify (Conveyance)	Nil	Nil	Nil	Nil	Nil

#### 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 31.03.2018

(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, 2018 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, 2018 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:
  - 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;

## EL FORGE LIMITED

- 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.

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.

## EL FORGE LIMITED

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- 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.

**Name of Company Secretary in Practice: B.Venkatalakshmi**

**Date : 14/08/2018**

**Place : Chennai**

**ACS/FCS No. 1005**

**CP No. 677**



# EL FORGE LIMITED

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of EL FORGE LIMITED

#### Report on the Financial Statements

We have audited the accompanying standalone Ind AS financial statements of EL FORGE LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of changes in equity, and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

1. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
2. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances.
5. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
6. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

# EL FORGE LIMITED

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements 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 31<sup>st</sup> March 2018, its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

## Emphasis of Matters

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

1. Sl.no. 5, namely, Miscellaneous Expenditure, in Notes on Standalone Ind AS financial statements, relating to Other Information;
2. Sl.no. 6, namely Non Provision for diminution in the Value of Investments, in the Standalone Ind AS financial statements, relating to Other Information;
3. Sl.no. 9, namely Non Payment of Group Gratuity Fund, in the Standalone Ind AS financial statements, relating to Other Information;
4. Sl.no. 10, namely Non-Disclosure of details under Employees benefit, in the Standalone Ind AS financial statements, relating to Other Information;
5. Sl.no. 11, namely Penalty and Interest, in the Standalone Ind AS financial statements, relating to Other Information;
6. Sl.no.12, namely Change in the method of Accounting, in the Standalone Ind AS financial statements, relating to Other Information;
7. Sl.no.13, namely Pending Litigation, in the Standalone Ind AS financial statements, relating to Other Information;

Our opinion is not qualified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we further 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 purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
  - e) The matters described in the emphasis of matters paragraph above, in our opinion may have adverse effect on the functioning of the Company.
  - f) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”; and
  - h) With respect to 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:
    - i. The Company has disclosed the impact of Pending Litigations on its financial position in its Standalone Ind AS financial statements – Refer note 13 to the Standalone Ind AS financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. We draw your attention to item no.14 of Note No. 28 to the Financial statements, relating to money that are required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in '**Annexure B**' a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **L. Mukundan and Associates**  
Chartered Accountants  
Firm Registration No: 010283S

Place: Chennai  
Date: 30.05.2018

L.Mukundan  
Partner  
M No. 204372

# EL FORGE LIMITED

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## Annexure - A to the Independent Auditors' Report

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of EL FORGE LIMITED of even date)

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the Internal Financial Controls over financial reporting of **EL FORGE LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### 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. 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.

#### Auditors' Responsibility

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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# EL FORGE LIMITED

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## **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.

## **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 March 31, 2018, based on 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 L. Mukundan and Associates**  
Chartered Accountants  
Firm Registration No: 010283S

Place: Chennai  
Date: 30.05.2018

L. Mukundan  
Partner  
M No. 204372

# EL FORGE LIMITED

## Annexure – B to the Independent Auditor's Report

### Statement of matters specified in Para 3 & 4 of the order referred to in sub-section (11) of 143.

The annexure referred to in Para 2 under the heading of "Report on other Legal and Regulatory Requirements" of our report to the members of EL FORGE LIMITED of even date.

#### 1. In respect of company's fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) As per the information and explanation given to us, all the fixed assets have been physically verified by the Company at reasonable intervals and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets;
- c) 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 within 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
- d) 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 the possession of the Company.

#### 2. Relating to Inventory

- a) 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;
- b) 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;
- c) No material discrepancies were noticed by the Management on such physical verification;
- d) 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.

#### 3. Relating to Loans Granted

- a) 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.
- b) 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
  - i. Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;
  - ii. Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular; and
  - iii. 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;
- c) Accordingly, we have not made any observation, relating to the above.

# EL FORGE LIMITED

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## 4. Relating to loans, investments, guarantees, and security

### a) Compliance of Section 185 of the Act (Loan to directors, etc.):

- i. 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.
- ii. Accordingly, we have not made any observation on the compliance of the aforesaid section.

### b) Compliance of Section 186 of the Act 2013 (Loans, investments, guarantees, and security)

#### i. 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.

#### ii. 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.

## 5. Relating to Deposits

- a) 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.
- b) 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 87.36 Lakhs, as at 31-03-2018; since the amount is due for payment the same has been included and/or shown under the grouping Current Liabilities in the Balance Sheet.
- c) 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.
- d) 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.
- e) 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.

## 6. 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.

# EL FORGE LIMITED

## 7. Relating to Statutory Dues

- a) 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. 378.30 Lakhs 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.
- b) 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.
- c) 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	Employee 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	Service Tax	Service Tax Demand	4.89	2006 - 08 to 2008 - 2009	Commissioner Appeals of Central Excise & Service Tax, Chennai
5	The Central Excise	Excise Demand	1.47	2003 - 04 to 2006 - 2007	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	4.86	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

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## 8. Relating to Repayment of Loans

- a) The Company has not borrowed amount from bank (No loan has been obtained from financial institution, government or debenture holders), during the year under report.
- b) During the earlier years, the company has borrowed money, both Long Term and Short Term, from a few banks, under consortium. The company has repaid the amount to the bank and amount outstanding with the banks as at 31-03-2018 is Rs. Nil. Further we draw your attention to Item no. 12 of Note no. 28 to Financial Statements.
- c) Accordingly, the remaining part of the Clause, relating to reporting of the period and the amount of default (lender wise) is not applicable to the company for the year under report.

## 9. Relating to application of Term Loan

- a) The Company has not raised moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans, during the year under report;
- b) In view of the above, we have not reported the details of default, reason for delay, and subsequent rectification, if any.

## 10. 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. 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.

## 12. Nidhi Company

- a) 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.
- b) In view of the above, we have not reported the details of default, reason for delay and subsequent rectification, if any.

## 13. 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;



## EL FORGE LIMITED

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### 14. 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. 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. 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 our 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, we 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 L. Mukundan and Associates**  
**Chartered Accountants**  
**Firm Registration No: 010283S**

**Place: Chennai**  
**Date: 30.05.2018**

**L. Mukundan**  
**Partner**  
**M No. 204372**

# EL FORGE LIMITED

## Balance Sheet as at 31st March, 2018

Details	Note No.	As at March 31, 2018	As at March 31, 2017	As at 1st April, 2016
		Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1.1	4,709.21	5,579.86	7,821.02
Capital work-in-progress	1.1	302.28	302.28	302.28
Financial Assets				
(i) Investments	1.2	373.83	385.26	385.26
(iv) Others	1.3	39.97	36.80	70.23
Other non-current assets	1.4	7.41	24.19	44.35
		5,432.70	6,328.39	8,623.14
<b>Current assets</b>				
Inventories	1.5	1,535.77	1,883.63	1,995.85
Financial Assets				
(ii) Trade Receivables	1.6	448.15	1,523.86	1,312.09
(iii) Cash and cash equivalents	1.7	22.62	5.32	5.56
Other Current Assets	1.8	1,869.73	2,228.93	2,350.08
		3,876.27	5,641.74	5,663.58
<b>Total Assets</b>		9,308.97	11,970.13	14,286.72
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share capital	1.09	2,032.43	2,032.43	2,032.43
Other Equity	1.10	(9,644.04)	(8,480.84)	(6,882.89)
<b>Liabilities</b>		(7,611.61)	(6,448.41)	(4,850.46)
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Borrowings	1.11	4,031.01	8,136.83	8,427.72
		4,031.01	8,136.83	8,427.72
<b>Current liabilities</b>				
Financial Liabilities				
(i) Borrowings	1.12	9,282.17	3,885.55	5,083.81
(ii) Trade Payables	1.13	2,554.32	3,086.48	2,814.40
(iii) Other financial liabilities	1.14	517.68	2,654.15	2,193.25
<b>Other current liabilities</b>	1.15	342.35	459.62	417.25
Provisions	1.16	170.48	173.34	178.18
Current Tax Liabilities (Net)	1.17	22.57	22.57	22.57
		12,889.57	10,281.71	10,709.46
<b>Total Equity and Liabilities</b>		9,308.97	11,970.13	14,286.72

As per our annexed report  
For L. Mukundan and Associates  
CHARTERED ACCOUNTANTS  
Reg No. of the Firm: 010283S

(L. Mukundan)  
PARTNER  
MNO: 204372

PLACE: CHENNAI  
DATE : 30.05.2018

On behalf of Board

V. SRIKANTH  
CHAIRMAN  
DIN No.00076856

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

R. SOWMITHRI  
Executive Director & Company Secretary  
DIN No.00280988  
PLACE: CHENNAI  
DATE : 30.05.2018

# EL FORGE LIMITED

## Statement of Profit and Loss for the Year ended March 31, 2018

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2018
		Rs. In Lacs	Rs. In Lacs
<b>Income</b>			
Revenue from operations (including excise duty on sale of goods)	2.1	4,311.10	3,542.98
Other income	2.2	6.89	0.02
<b>Total Income</b>		<b>4,317.99</b>	<b>3,543.00</b>
<b>Expenses</b>			
Cost of materials and services consumed	2.3	2,601.03	1,866.33
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.4	24.40	60.98
Excise Duty on sale of goods		2,625.43	1,927.31
Employee benefits expense		65.12	287.74
Finance costs	2.5	737.22	652.07
Depreciation and amortisation expense	2.6	340.22	298.79
Other expenses	2.7	685.37	821.96
	2.8	1,141.38	958.24
<b>Total Expenses</b>		<b>5,594.74</b>	<b>4,936.11</b>
<b>Profit/ (Loss) before exchange gain/ (loss) on swap contracts, exceptional items and tax</b>		<b>(1,276.75)</b>	<b>(1,393.11)</b>
Exchange gain/ (loss) on swap contracts		-	-
Profit/ (Loss) before exceptional items and tax		(1,276.75)	(1,393.11)
Exceptional Items	2.9	(113.55)	204.84
<b>Profit/ (Loss) before extraordinary items and tax</b>		<b>(1,163.20)</b>	<b>(1,597.94)</b>
Extraordinary Items		-	-
<b>Profit/ (Loss) before tax</b>		<b>(1,163.20)</b>	<b>(1,597.94)</b>
<b>Tax expense:</b>			
(a) Current tax expense		-	-
(e) Deferred Tax		-	-
<b>Tax expense</b>		<b>-</b>	<b>-</b>
<b>Net profit / (Loss) for the period</b>		<b>(1,163.20)</b>	<b>(1,597.94)</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss			
Remeasurement of Defined Benefit Plans		-	-
Tax on the same		-	-
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-	-
B (i) Items that will be reclassified to Profit or Loss			
The effective portion of gains and loss on hedging instruments in a cash flow hedge Translation difference		-	-
(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>(1,163.20)</b>	<b>(1,597.94)</b>
Earnings per equity share (Face value Re.10 each) (for continuing operations)			
- Basic (in Rs.)		(5.72)	(7.86)
- Diluted (in Rs.)		(5.72)	(7.86)
Earnings per equity share (Face value Re.10 each) (for discontinued operations)			
- Basic (in Rs.)		-	-
- Diluted (in Rs.)		-	-
Earnings per equity share (Face value Re.10 each) (for discontinued operations and continuing operations)			
- Basic (in Rs.)		-	-
- Diluted (in Rs.)		-	-

Statement on Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Statement of Profit and Loss

As per our annexed report  
For L. Mukundan and Associates  
CHARTERED ACCOUNTANTS  
Reg No. of the Firm: 010283S

(L. Mukundan)  
PARTNER  
MNo: 204372

PLACE:CHENNAI  
DATE : 30.05.2018

On behalf of Board

V. SRIKANTH  
CHAIRMAN  
DIN No.00076856

K. V. RAMACHANDRAN  
Vice Chairman & Managing Director  
DIN No.00322331

R. SOWMITHRI  
Executive Director & Company Secretary  
DIN No.00280988  
PLACE:CHENNAI  
DATE : 30.05.2018

# EL FORGE LIMITED

## Cash Flow Statement for the period ended March 31, 2018

Particulars	March 31, 2018	March 31, 2017
	Rs. in lacs	Rs. in lacs
<b>Cash flow from operating activities</b>		
<b>Profit / (Loss) for the year</b>	<b>(1,163.20)</b>	<b>(1,597.94)</b>
Adjustments for :		
Depreciation, amortisation and impairment - net of capitalisation	685.37	821.96
Other amortisations- Preference Debt additional charges	123.61	99.72
Loss / (Profit) on disposal of tangible assets	(4.94)	1,200.24
Finance costs - net of capitalisation	216.62	189.06
Dividend income	(0.03)	(0.02)
Provision reversals/write back	(113.55)	(995.40)
<b>Operating profit before working capital changes</b>	<b>(256.12)</b>	<b>(282.38)</b>
Adjustments for changes in :		
Liabilities and provisions	(2,675.21)	1,765.90
Trade receivables	1,075.72	(211.79)
Inventories	347.87	112.22
Other non-current and current assets	375.99	141.30
<b>Cash generated from operations</b>	<b>-</b>	<b>-</b>
Income tax paid	-	-
<b>Net cash flow from operating activities</b>	<b>[A] (1,131.76)</b>	<b>1,525.27</b>
<b>Cash flow from investing activities</b>		
Payments for acquisition of assets	(23.13)	(11.04)
Proceeds on sale of fixed assets	213.35	230.01
Proceeds from sale of investments (net)	11.44	-
Deposits - (given)/receipt back	(3.17)	33.43
Dividend received	0.03	0.02
<b>Net cash flow from investing activities</b>	<b>[B] 198.52</b>	<b>252.40</b>
<b>Cash flow from financing activities</b>		
Repayments of long-term borrowings	(4,229.43)	(390.61)
Proceeds from short-term borrowings	5,396.62	-
Repayments of short-term borrowings	-	(1,198.26)
Finance cost paid	(216.62)	(189.06)
<b>Net cash flow (used in) financing activities</b>	<b>[C] 950.57</b>	<b>(1,777.93)</b>
<b>Net cash Inflow</b>	<b>[A+B+C] 17.33</b>	<b>(0.2)</b>
<b>Opening cash and cash equivalents</b>	<b>5.29</b>	<b>5.56</b>
<b>Closing cash and cash equivalents [Refer Note 1.7 a. to the Financial Statements]</b>	<b>22.62</b>	<b>5.32</b>

As per our annexed report  
For L Mukundan and Associates  
CHARTERED ACCOUNTANTS  
Reg No. of the Firm: 0102835

(L Mukundan)  
PARTNER  
MNo: 204372

PLACE:CHENNAI  
DATE : 30.05.2018

On behalf of Board

V. SRIKANTH  
CHAIRMAN  
DIN No.00076856

K. V. RAMACHANDRAN  
Vice Chairman & Managing Director  
DIN No.00322331

R. SOWMITHRI  
Executive Director & Company Secretary  
DIN No.00280988  
PLACE:CHENNAI  
DATE : 30.05.2018

# EL FORGE LIMITED

## Note : 1.1 Fixed Assets -Tangible

Name of the Fixed Assets	Gross - Block			Depreciation			Net Block	
	Opening Balance As at 01-04-2017	Additions during the year	Deletions/ Transfer during the year	Closing Balance as at 31-03-2018	Opening Balance As at 01-04-2017	Addition during the year	Deduction during the year	Closing Balance as at 31-03-2018
Land	73.32	0.00	0.00	73.32	0.00	0.00	0.00	73.32
Land (Lease Hold)	6.88	0.00	0.00	6.88	0.00	0.00	0.00	6.88
Building	2111.21	0.00	0.00	2111.21	685.79	66.82	0.00	752.62
Plant & machinery	9515.81	23.13	416.39	9122.55	5474.56	616.27	208.23	5862.60
Furniture & Fixtures	228.81	0.00	2.20	226.61	209.38	2.07	2.13	209.33
Vehicle	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Office Equipments	252.92	0.00	3.74	249.18	239.36	0.20	3.55	236.01
Total	12188.95	23.13	422.33	11789.75	6609.09	685.37	213.91	7080.55
								4709.21
								5579.86

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

## Notes annexed to and forming part of the Financial Statements

Particulars	As at March 31, 2018		As at March 31, 2017		As at 1st April, 2016	
	Nos	Rs. In Lacs	Nos	Rs. In Lacs	Nos	Rs. In Lacs
<b>1.2 NON-CURRENT INVESTMENTS</b>						
I) Investment in Equity Instruments						
b) in Equity Instruments (Quoted)						
Indusind Bank Ltd 436 (436) No.of Shares of Rs.10/- each	436	0.01	436	0.01	436	0.01
b) in Equity Instruments (Unquoted)						
(i) 75,000 shares (As at March 31, 2017 – 75000) of Rs. 10/-each fully paid up in Sai Regency Power Corporation Ltd		-	75,000	11.43	75,000	11.43
(ii) 1,50,000 shares (As at March 31, 2017 – 1,50,000) of GBP 1 each fully paid up in Shakesphere Forgings Ltd-UK	150,000	373.82	150,000	373.82	150,000	373.82
Sub Total		373.83		385.26		385.26
Less: Impairment in Value of Investments						
Total Investment in Equity Instruments (Net)		373.83		385.26		385.26
<b>1.3 OTHER NON-CURRENT FINANCIAL ASSETS</b>						
(Unsecured, considered good)						
a) Security Deposits		9.21		14.21		15.01
b) Others						
i. Sales Tax Deposits		2.73		2.73		2.73
ii. EB Deposits		27.95		19.78		52.41
iii. Other Deposits		0.08		0.08		0.08
		30.76		22.59		55.22
<b>1.4 OTHER NON-CURRENT ASSETS</b>						
b) Capital Advances						
i. Unsecured, considered good		7.41		24.19		44.35
		7.41		24.19		44.35
<b>1.5 INVENTORIES</b>						
(a) Raw materials and Components		115.05		437.24		515.35
(b) Work-in -progress		20.28		20.41		20.58
(c) Finished goods		160.74		188.91		251.14
(d) Flash Stock		9.88		6.00		4.56
(e) Stock-in-trade - Traded goods		1,131.16		1,131.16		1,131.16
		1,437.11		1,783.72		1,922.79
(f) Stores, spares and consumable tools		98.66		99.91		73.07
		1,535.77		1,883.63		1,995.85
<b>1.6 TRADE RECEIVABLES</b>						
Trade Receivables - Unsecured						
(i) Secured						
(i) Considered good		448.15		1,523.86		1,312.09
(ii) Considered doubtful						
Less: Allowance for doubtful debts		448.15		1,523.86		1,312.09
Age analysis of trade receivables						
Outstanding for more than six months from the date they are due		0.66		1,042.05		1,001.01
Others		447.49		481.81		311.08
		448.15		1,523.86		1,312.09
<b>1.7 CASH AND BANK BALANCES</b>						
a. Cash and Cash Equivalents						
i) Balances with Banks in Current account		14.41		1.30		1.29
ii) Balance with Banks On Earmarked Accounts		3.74		3.74		3.74
iii) Cash and stamps on hand		4.47		0.28		0.53
		22.62		5.32		5.56

# EL FORGE LIMITED

## Notes annexed to and forming part of the Financial Statements

Particulars	As at March 31, 2018	As at March 31, 2017	As at 1st April, 2016
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
<b>1.8 OTHER CURRENT ASSETS</b> (Unsecured, Considered Good unless otherwise stated)			
a) Material advances	303.64	301.40	300.11
b) Balances with government authorities			
(i) Central Excise	243.22	304.62	376.55
(ii) TDS Receivables	30.57	28.20	23.77
(iii) Vat Credit	20.08	34.59	92.53
(iv) GST Receivables	47.44	-	-
	341.31	367.41	492.85
c) Staff Advance	21.97	24.56	19.86
d) Prepaid Expenses	-	-	1.70
e) Others	-	-	-
i. Deferred Revenue Expenditures	-	332.75	332.75
ii. Deferred Interest	1,202.81	1,202.81	1,202.81
	1,202.81	1,535.56	1,535.56
<b>Total (a to e)</b>	<b>1,869.73</b>	<b>2,228.93</b>	<b>2,350.08</b>
<b>1.9 SHARE CAPITAL</b>			
Authorised:			
2,60,00,000 Equity shares of Rs.10/- each	2,600.00	2,600.00	2,600.00
Issued, Subscribed and Paid up:	2,600.00	2,600.00	2,600.00
20324304(Previous year-20324304) Equity shares of Rs.10/- each	2,032.43	2,032.43	2,032.43
Of the above equity shares :			
a) 12,99,800 shares were allotted as fully paid-up by way of Bonus shares by capitalisation of General Reserve, Share Premium and acquisition compensation.	2,032.43	2,032.43	2,032.43
b) 18,90,000 equity shares were allotted as fully paid-up pursuant to Amalgamation of Chendur Forge Exports Limited with the Company.			
c) 7,00,000 equity shares were allotted as fully paid-up pursuant to Conversion of FCD.			
d) 12,65,329 equity shares were allotted out of which 50329 equity share have been allotted for consideration other than cash. This share were allotted to foreign nationals as part consideration of acquisition of the shares of SFL Limited UK.			
<b>TOTAL</b>	<b>2,032.43</b>	<b>2,032.43</b>	<b>2,032.43</b>
<b>1.10 OTHER EQUITY</b>			
a) Securities Premium Account			
Balance as at the beginning of the period	2,263.97	2,263.97	2,263.97
Add: Pursuant to business combination	-	-	-
Add: Premium on issue of shares	-	-	-
Less: Utilized/ Adjusted (Right Issue Expenses)	-	-	-
Balance as at the end of the period	2,263.97	2,263.97	2,263.97
The reserve has been created when equity shares have been issued at a premium. This reserve may be utilised to issue fully paid-up bonus shares, buy-back of equity shares or writing off expenses incurred on issue of equity shares.			
b) Capital Reserve			
Balance as at the beginning of the year	1,219.03	1,219.03	1,219.03
Add: Additions/ Transfers/ Created	-	-	-
Less: Transfers/ Utilized/ Adjusted	-	-	-
Balance as at the end of the period	1,219.03	1,219.03	1,219.03

# EL FORGE LIMITED

## Notes annexed to and forming part of the Financial Statements

Particulars	As at March 31, 2018	As at March 31, 2017	As at 1st April, 2016
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
<b>c) Retained Earnings (Surplus in Statement of Profit and Loss)</b>			
Balance as at the beginning of the year	-11,963.85	-10,365.90	-8,981.89
Add: Current year profit	-1,163.20	-1,597.95	-1,607.34
Less:			
Ind AS impact on Retained Earnings on transition date	-	-	223.33
Balance as at the end of the year	-13,127.05	-11,963.85	-10,365.90
	-9,644.04	-8,480.84	-6,882.89
<b>1.11 NON CURRENT BORROWINGS</b>			
a) Secured Borrowings at Amortised Cost *			
i. Preference Share -Liability	1,211.12	1,087.51	987.79
ii. Term Loan from banks	-	379.43	770.04
iii. Term Loans from Asset Reconstruction Company	2,819.89	6,669.89	6,669.89
	4,031.01	8,136.83	8,427.72
<b>1.12 CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>			
Secured Borrowings at amortised cost			
Loans from Banks	-	518.34	1,751.60
(Includes Cash Credit, Working capital demand loans, Packing credit, etc)			
Loans from Others( Asset Reconstruction Company)	3,027.21	3,027.21	3,027.21
Unsecured Borrowings at amortised cost			
Intercompany Deposits	6,254.96	340.00	305.00
	9,282.17	3,885.55	5,083.81
<b>1.13 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES</b>			
Trade payables - including acceptances			
i. Micro enterprises and small enterprises	-	-	
[ Refer note 28(07) to the Financial Statements ]			
ii. Other Trade Payables	2,554.32	3,086.48	2,814.40
	2,554.32	3,086.48	2,814.40
<b>1.14 CURRENT FINANCIAL LIABILITIES - OTHERS</b>			
a) Current maturities of Long-term debts at amortised cost *	-	1,955.09	1,564.48
b) Interest accrued and due on borrowings	65.22	251.45	171.13
c) Unclaimed Dividend	3.74	3.74	3.74
d) Public Deposits	87.36	87.77	90.90
e) Employee Benefits	361.36	356.10	363.00
	517.68	2,654.15	2,193.25
<b>1.15 OTHER CURRENT LIABILITIES</b>			
a) Advance from Customers	86.25	151.66	131.85
b) Statutory Liabilities	256.10	307.96	285.40
	342.35	459.62	417.25
<b>1.16 CURRENT - PROVISIONS</b>			
a) Provision for employee benefits			
i. Post retirement benefits- Gratuity	170.48	173.34	178.18
	170.48	173.34	178.18
<b>1.17 CURRENT TAX LIABILITIES (NET)</b>			
Provision for taxation (net of advance tax)	22.57	22.57	22.57
	22.57	22.57	22.57



# EL FORGE LIMITED

Notes annexed to and forming part of the Financial Statements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Rs. In Lacs	Rs. In Lacs
<b>2.1 REVENUE FROM OPERATIONS</b>		
a) Sale of products		
Manufactured Goods		
Steel Forgings	3,853.48	3,155.01
(A)	3,853.48	3,155.01
b) Revenue from services		
Labour Charges	152.70	192.53
(B)	152.70	192.53
c) Other operating revenues		
Sale of Flash	304.92	195.44
(C)	304.92	195.44
(A+B+C)	4,311.10	3,542.98
<b>2.2 OTHER INCOME</b>		
a) Dividend income from		
Non-current investments	0.03	0.02
b) Profit on sale of assets	4.94	-
c) Miscellaneous Receipts	1.92	-
	6.89	0.02
<b>2.3 COST OF MATERIALS CONSUMED</b>		
Opening Stock	437.24	515.35
Purchases	2,278.84	1,788.24
Less Closing Stock	-115.05	-437.24
	2,601.03	1,866.33
<b>2.4 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
a) Changes in Inventories		
- Work-in-progress	0.12	0.18
- Finished goods	28.16	62.24
- Flash Stock	(3.88)	(1.44)
Net change	24.40	60.98
<b>2.5 EMPLOYEE BENEFITS EXPENSE</b>		
a) Salaries, wages and bonus	477.36	409.98
b) Contribution to provident, gratuity and other funds	13.52	14.59
c) Welfare expenses	246.34	227.50
	737.22	652.07

# EL FORGE LIMITED

## Notes annexed to and forming part of the Financial Statements

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Rs	Rs
<b>2.6 FINANCE COSTS</b>		
a) Interest Expense	215.84	188.28
b) Interest Expenses on preference share liability	123.61	99.72
c) Other borrowing costs	0.77	0.79
	<b>340.22</b>	<b>288.79</b>
<b>2.7 DEPRECIATION AND AMORTISATION EXPENSE</b>		
<b>A) Tangible assets</b>		
(i) Buildings	66.82	66.82
(ii) Plant and equipment	545.15	625.21
(iii) Electrical Installations	70.87	70.87
(iv) Furniture and fittings	2.07	34.64
(v) Office equipments	0.16	10.40
(vi) Lab Equipments	0.26	14.02
(vii) Computers	0.04	-
(viii) Vehicles	-	-
Total on Tangible assets (A)	<b>685.37</b>	<b>821.96</b>
<b>B) Intangible assets</b>		
(I) Brand / Trademarks - Acquired	-	-
(ii) Softwares - Acquired	-	-
Total on Intangible assets (B)	<b>-</b>	<b>-</b>
<b>Total (A + B)</b>	<b>685.37</b>	<b>821.96</b>
<b>2.8 OTHER EXPENSES</b>		
Consumption of Stores and Spare Parts	65.32	63.45
Power & Fuel	571.26	441.43
Job Charges	77.93	69.28
Repairs & Maintenance - Building	6.07	3.33
Repairs & Maintenance - Machinery	88.16	73.14
Repairs & Maintenance - Others	43.38	55.98
Payments to Auditors	2.75	1.78
Insurance	6.45	8.22
Printing and stationery	4.86	4.57
Travelling and conveyance	65.41	49.14
Rent	33.08	37.39
Rates and taxes	15.16	8.08
Miscellaneous expenses	161.55	142.45
	<b>1,141.38</b>	<b>958.24</b>
<b>2.9 EXCEPTIONAL ITEMS</b>		
a) Deferred revenue expenditure written off	332.75	-
b) Bad and Doubtful debt written off	1,047.34	-
c) Obsolete stock written off	440.99	-
d) Liability no longer required written off	-1,934.63	-1,200.15
e) Interest on late fee on TDS	-	204.75
f) Loss on sale of assets	-	1,200.24
	<b>-113.55</b>	<b>204.84</b>

# EL FORGE LIMITED

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**Notes to the Ind-AS financial statements for the year ended March 31, 2018.**

**Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof**

## **01. Company Overview**

- (01) EL Forge Ltd (the earlier name was Ellore Electric Supply Company limited) incorporated during 1934, and started its forging operations during 1963. The Company is engaged in the business of manufacturing Rough Steel Forgings i.e. fuel injection forgings, steering rods, tie rods, engine and gear boxes, starter items etc. for automobile industry. The company exports its products to the US, China, etc. It has a manufacturing unit at Appur Village, near Chennai.
- (02) Established OME's are the major clients of the Company.
- (03) The present installed capacity of forgings is 12000 TPA
- (04) On Quality front, the Appur plant is ISO / TS 16949 -2009 accredited.

## **02. Basis of Preparation of Financial Statements**

- (01) Basis of preparation and compliance with IndAS
- (a) For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, to the extent applicable, and the presentation requirements of the Companies Act, 2013. In accordance with the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (Ind AS) notified under Section 133 read with Rule 4A of Companies (Indian Accounting Standards) Rules, 2015, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind ASs") with effect from April 1, 2017 and the Company is required to prepare its financial statements in accordance with Ind ASs for the year ended March 31, 2018. These financial statements as and for the year ended March 31, 2018 (the "Ind AS Financial Statements") are the first financial statements, the Company has prepared in accordance with Ind AS.
- (b) The Company had prepared a separate set of financial statements for the year ended March 31, 2017 and March 31, 2016 in accordance with the Accounting Standards referred to in section 133 of the Companies Act, 2013 (the "Audited Previous GAAP Financial Statements"), which were approved by the Board of Directors of the Company on 26-05-2016 and 26-05-2017 respectively. The management of the Company has compiled the Special Purpose Comparative Ind AS Financial Statements using the Audited Previous GAAP Financial Statements and made required Ind AS adjustments. The Audited Previous GAAP Financial Statements, and the Special purpose Comparative Ind AS Financial Statements, do not reflect the effects of events that occurred subsequent to the respective dates of approval of the Audited Previous GAAP Financial Statements.
- (c) The Company has followed the provisions of Ind AS 101-"First Time adoption of Indian Accounting Standards" (Ind AS 101), in preparing its opening Ind AS Balance Sheet as of the date of transition, i.e. April 1, 2016. In accordance with Ind AS 101, the Company has presented reconciliations of Shareholders' equity under Previous GAAP and Ind ASs as at March 31, 2017, and April 1, 2016 and of the Profit/ (Loss) after Tax as per Previous GAAP and Total Comprehensive Income under Ind AS for the year ended March 31, 2017.
- (d) These financial statements were approved for issue by the Board of Directors on 30-05-2018

# EL FORGE LIMITED

## (02) Basis of measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, measuring certain financial assets and liabilities, at Fair value as required by relevant Ind ASs. The Fair value measurement is described below:

- (a) The Company does not have any financial instruments, such as, derivatives and accordingly, measures financial instrument, at fair value at each balance sheet date does not arise. Accordingly, the principle of Fair value, in respect of the above, has not been stipulated here.
- (b) A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
  - (i) Fair value for measurement and /or disclosure purpose in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.
  - (ii) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
- (c) All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
  - (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
  - (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
  - (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

- (d) For other fair value related disclosures refer note no 46.

## (03) Functional and presentation currency

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional Currency. All financial information presented in Rupees has been rounded to the nearest Lakh with two decimals.

## (04) Standards issued and effective:

The amendments to standards that are issued, and has become effective, are disclosed below.

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Company from April 1, 2017.

### (a) Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

# EL FORGE LIMITED

**Notes to the Ind-AS financial statements for the year ended March 31, 2018.**

**Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof**

**(b) Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company will adopt these amendments from their applicability date.

**03. Significant Accounting Policies**

The Company has applied following accounting policies to all periods presented in the Ind AS Financial Statement.

**(01) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes and other indirect taxes excluding excise duty. Excise duty (up to 30-06-2017); after that Excise Duty is not in force due to GST, i.e., Goods and Services Tax) is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty. However, sales tax/ value added tax (up to 30-06-2017) and GST (with effect from 01-07-2017) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, they are excluded from revenue.

Revenue from sales is recognised when all significant risks and rewards of ownership of the commodity sold are transferred to the customer which generally coincides with delivery. Revenues from sale of byproducts are included in revenue.

Export Benefits or Incentives - Export incentive in the nature of duty draw back or "Duty Entitlement Pas Book" under "Duty Exemption Scheme", framed by the government, are recognised in the Statement of Profit & Loss when the right to receive credit as per terms of the scheme is established in respect of export made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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

Interest income is recognised using effective rate of interest method.

**(02) Property, Plant and Equipment**

**(a) Assets completed or put into use**

Under the previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses, if any. On the date of transition to IND AS, all tangible assets other than Land and Capital work in progress have been measured at fair value and same has been considered as deemed cost as at 01-04-2017 (date of transition). The Company has applied principles of Ind AS 16 Property, Plant and Equipment retrospectively from date of acquisition in respect of Land and Capital work in progress and considered the same as deemed cost in accordance with Ind AS 101 First Time adoption.

# EL FORGE LIMITED

## Notes to the Ind-AS financial statements for the year ended March 31, 2018.

### Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof

The Company has applied Ind AS 16 with retrospective effect for all of its property, plant and equipment as at the transition date, 01-04-2017.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/ other expenses in statement of profit and loss.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is de-recognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### (b) Assets under construction or Capital work in progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized when the asset is available for use but incapable of operating at normal levels until the period of commissioning has been completed. Revenue generated from production during the trial period is credited to capital work in progress.

#### (c) Depreciation

Assets in the course of development or construction and freehold land are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use. Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on Straight Line Method (SLM) over its expected useful life (determined by the management based on technical estimates), as follows:

The estimated useful lives of assets are as follows:

Buildings 30 years  
Plant and Equipments 15 years  
Furniture and Fixtures 10 years  
Office equipments 5 years

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the statement of profit and loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively, if expectations differ from previous estimates, the change(s) is (are) accounted for as a change in an accounting estimate in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

# EL FORGE LIMITED

**Notes to the Ind-AS financial statements for the year ended March 31, 2018.**

**Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof**

## **(d) Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognized.

## **(03) Loans and Borrowings**

- (a) After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (hereinafter referred as EIR) method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.
- (b) Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

## **(04) Borrowing Costs**

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## **(05) Inventories**

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value. Costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

- (a) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- (b) Finished goods and work in progress: Cost includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on moving weighted average basis.
- (c) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Obsolete inventories are identified and written down to net realisable value. Slow moving and defective inventories are identified and provided to net realisable value.

# EL FORGE LIMITED

**Notes to the Ind-AS financial statements for the year ended March 31, 2018.**

**Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof**

## **(06) Impairment of Non-financial assets**

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. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

## **(07) Taxation**

### **(a) Current income tax**

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss [either in Other Comprehensive Income (OCI) or in equity]. Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



# EL FORGE LIMITED

## Notes to the Ind-AS financial statements for the year ended March 31, 2018.

### Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (08) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

#### (09) Employee benefit schemes

##### Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

##### Compensated absences:

Compensated absences accruing to employees and which can be carried to future periods but where there are restrictions on availment or encashment or where the availment or encashment is not expected to occur wholly in the next twelve months, the liability on account of the benefit is determined actuarially using the projected unit credit method.

##### Post-employment benefits

#### (a) Defined contribution plan

Retirement benefits, in form of superannuation, are a defined contribution scheme. The Company has no obligation, other than the contribution payable to the superannuation fund. The Company recognizes contribution payable to the superannuation scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

#### (b) Defined benefit plans – Gratuity and Provident fund

##### Gratuity

The Company has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed five years or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. Presently the Company's gratuity plan is unfunded.

# EL FORGE LIMITED

## Notes to the Ind-AS financial statements for the year ended March 31, 2018.

### Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets if any. This cost is included in employee benefit expense in the statement of profit and loss. The liability or asset recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets if any. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and are never reclassified to profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

### Provident Fund

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Balco Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the Government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is administered by the Government.

The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

### Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### Post-retirement medical benefits (PRMB)

The Company has framed a scheme with a view to provide medical benefits to the regular employees of the Company and their spouses subsequent to their retirement on completion of tenure including retirement on medical grounds and voluntary retirement on contributory basis. Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the plan assets. In case where there is no plan asset, full provision is recognised in the balance sheet.

### (10) Provision for liabilities and charges, Contingent liabilities and contingent assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable IndAS.

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

# EL FORGE LIMITED

**Notes to the Ind-AS financial statements for the year ended March 31, 2018.**

**Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof**

## **(11) Foreign currency transactions**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian rupee, which is the Company's functional and presentation currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

Measurement of foreign currency items at the balance sheet date

Foreign currency monetary assets and liabilities denominated in foreign currencies are translated at the functional currency at the exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

## **Exchange differences**

Exchange differences arising on settlement or translation of monetary items are recognized as income or expense in the period in which they arise with the exception of exchange differences on gain or loss arising on translation of non-monetary items measured at fair value which is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

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.

## **(12) Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

## **(13) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue are accounted for based on the cost price. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/ expenses/ assets/ liabilities".

## **(14) Cash Flow Statement**

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## **(15) Research and development**

Revenue expenditure towards research and development is charged to the statement of profit and loss in the year it is incurred. Capital expenditure on research and development related to property, plant and equipments is included in the cost of related property, plant and equipments.

# EL FORGE LIMITED

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**Notes to the Ind-AS financial statements for the year ended March 31, 2018.**

**Notes No. 27, relating to Significant Accounting Policies, forming an integral part thereof**

## **(16) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition. Company as a lessee.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

## **(17) Use of Estimates and Judgments**

The preparation of the financial statements in conformity with IndAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are elaborated in note No. 05, 10, 11, 15 and 16 of the Notes on Financial Statements, shown in the immediately succeeding notes.

# EL FORGE LIMITED

CIN: L34103TN1934PLC000669

Notes No. 28 on Financial Statements as at 31-03-2018, 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.

## 03. Contingent Liabilities & Commitments

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

Sl. No.	Particulars	As at 31-03-2018	As at 31-03-2017
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	21.43	19.96
05	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, 2018 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

The company has written off all deferred revenue expenditure, except deferral interest, since negation with lender is under progress.

## 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. 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

## 08. Netting off Interest Income

Interest Expenses is shown after setting off interest receipts (Income) amounting to Rs. 3.68 Lakh (Previous year Rs.Nil).

## 09. 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

# EL FORGE LIMITED

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**Notes No. 28 on Financial Statements as at 31-03-2018, relating to other information, forming an integral part thereof**

## 10. 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 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.170.48 Lakh (Previous year Rs. 173.34 Lakh) has been outstanding in respect of the above fund as on 31-03-2018, 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.

## 11. Penalty and Interest

- (01) 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.
- (02) 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.285.86 Lakh, including Rs.81.11, charged during the year, (Previous year Rs. 204.75 Lakh), has been provided in the books of account. The amount charged may be different from the amount, which may be demanded subsequently by the authorities concerned.

## 12. 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. Nil is not provided during the year (Previous year Rs. 1786.71Lakh), since the company has settled the agreed amount, with slight delay, which may result in paying an amount of Rs.200.00 Lakh (Approximately).

## 13. 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 31-03-2018	As at 31-03-2017	Nature of Claim
1	Southern Packaging	0.00	1.97	Legal notice
2	AMW MGM Forgings	0.00	3.66	Legal notice
3	Federal Express Corporation	0.00	10.43	Legal notice
4	Lifetime Safe Solutions	0.00	0.91	Legal notice
5	PCK Buderus (India) Special Steels P Ltd	0.00	63.18	Legal notice
6	ISMT Ltd	0.00	16.51	Legal notice
7	TVS Dynamic Global Freight Services Ltd	0.00	66.58	Suit Filed*
8	Usha Martin Ltd	66.99	68.99	Suit Filed *
9	Damco India Pvt Ltd	0.00	43.42	Suit Filed *
10	Goel Steel Company	0.00	6.57	Suit Filed *
11	Mohinder Agencies	0.00	16.40	Legal Notice
12	Sun Flag Iron & Steel Co Pvt. Ltd.	82.76	151.84	Suit Filed *
	Total	149.75	448.46	

\*under the Companies Act, 1956/ Companies Act 2013

# EL FORGE LIMITED

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CIN: L34103TN1934PLC000669

**Notes No. 28 on Financial Statements as at 31-03-2018, relating to other information, forming an integral part thereof**

## **14. 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.

## **15. 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 31-03-2018 is Rs. Nil Lakh (Previous year Rs. 12689.38 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 2013-14, 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 has been settled, as per the mutual terms between the lender and the Company.
- (02) The current liabilities of long term debts, relating to IDBI Bank and Axis Bank, were classified as current liabilities in the earlier year, but in the current year, there is no balance.
- (03) Exact classification of the debts assigned shall be done, in the year of finalization of the terms and conditions with the ARC.

## **16. 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.
- (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.

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Notes No. 28 on Financial Statements as at 31-03-2018, relating to other information, forming an integral part thereof

## 17. 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 2017-18	FY 2016-17
(01) On account of Salaries		
Mr.K.R.Srihari	9.52	9.40
(02) Transaction with Related Parties		
(a) On Account of Interest		
(i) Director's Relatives	5.47	6.72

## 18. 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 2017-18	For the Year 2016-17
01	Segment Revenue		
	Forgings	4245.98	3255.24
	Land & Developments	0.00	0.00
	Total Revenue	4245.98	3255.24
02	Segment Results [ Profit/ Loss (-) ]		
	Forgings	-943.43	-1104.33
	Land & Developments	0.00	0.00
	Net Profit/ Loss (-) before Interest	-943.43	-1104.33
03	Interest cost	340.22	288.79
04	Other Income	6.89	0.02
05	Unallocable Items	113.56	204.84
06	Net Profit/ Loss (-)	-1163.20	-1597.94

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.



# EL FORGE LIMITED

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Notes No. 28 on Financial Statements as at 31-03-2018, relating to other information, forming an integral part thereof

## 19. Exercising 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.

## 20. Notes relating to First time adoption of Ind AS

(01) Reconciliation of equity from Previous GAAP to Ind AS is stated as under:

Particulars	April 1, 2016	March 31, 2017
Equity as per previous GAAP	7106.23	8604.45
Ind AS adjustments		
1) Additional earnings on preference liability	452.59	
2) Amortisation of additional charges on preference liability	-229.26	-99.72
Ind AS adjustments on transition date		223.33
Equity as per Ind AS	6882.90	8480.84

(02) Reconciliation of net profit for the year ended March 31, 2017

Particulars	March 31, 2017
Net profit as per previous GAAP	1498.23
1) Additional Charges on preference liability	-99.72
Net profit as per Statement of Profit and loss	1597.95

(03) Reconciliation of material items of Balance Sheet as per Ind AS with Previous GAAP as at April 1, 2016

	As per Ind AS	As per Previous GAAP	Increase/ (decrease)
Liabilities			
Non - Current Borrowing	8427.72	7439.93	987.79

(04) Reconciliation of material items of Balance Sheet as per Ind AS with Previous GAAP as at March 31, 2017

	As per Ind AS	As per Previous GAAP	Increase/ (decrease)
Liabilities			
Non - Current Borrowing	8136.83	7049.32	1087.51

(05) Reconciliation of material items of Statement of Cash Flows for the year ended March 31, 2017 as per Ind AS with Previous GAAP

	As per Ind AS	As per Previous GAAP	Increase/ (decrease)
Cash generated from operations	1525.29	1522.92	2.37
Net cash used in investing activities	252.40	254.77	(2.37)
Net cash used in financing activities	1777.93	1777.93	0.00
Cash and cash equivalents at the beginning of the year	5.56	5.56	0.00
Cash and cash equivalents at the end of the year	5.32	5.32	0.00

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## Footnote

### (a) Additional Charges on Preference liability

- (i) As per Para 18 of Ind AS 32 a preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability.
- (ii) Under Previous GAAP Redeemable Preference Shares are classified as Equity Share Capital, However as per Ind AS 32 -Financial Instrument Presentation the same shares are to be classified as Liability.
- (iii) Further as per Para 35 of Ind AS 32 Interest, dividends(including dividend distribution tax), losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss
- (iv) Further, the Company as at the date of issue has to PV the cash flow at market rate of preference shares and differences have to be disclosed as additional paid in equity [w.r.to pref shares related to equity holders] and as part of retained earnings [for other than equity holders].

### (b) The details of amounts added to retained earnings is as follows:

(i) Total preference share capital value	1211.12
(ii) Less: fair value of preference liability on transaction date	-758.53
(iii) Difference to be added to retained earnings as on transaction date	452.59

### (c) During the year 2016-17, further additional charges accounted as interest expenses amounting to ₹ 99.72 lakhs.

### (06) Payments to directors (other than managing director and executive director)

	Year ended, 31-03- 2018	Year ended, 31-03-2017
Sitting fees	0.25	0.25
Consultancy fees	0.00	0.00

### (07) Financial instruments

#### a. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2018 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Investments	0.00	0.00	373.84	373.84	373.84
Trade receivables	448.15	0.00	0.00	448.15	448.15
Cash and cash equivalents	22.62	0.00	0.00	22.62	22.62
Other financial assets	39.97	0.00	0.00	39.97	39.97
<b>Liabilities</b>					
Borrowings from banks	4031.01	0.00	0.00	4031.01	4031.01
Borrowings from others	9282.17	0.00	0.00	9282.17	9282.17
Trade payables	2554.32	0.00	0.00	2554.32	2554.32
Other financial liabilities	517.68	0.00	0.00	517.68	517.68

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The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investments	0.00	-	385.26	385.26	385.26
Trade receivables	1523.86	-	-	1523.86	1523.86
Cash and cash equivalents	5.32	-	-	5.32	5.32
Other financial assets	36.80	-	-	36.80	36.80
<b>Liabilities</b>					
Borrowings from banks	10610.27	0.00	0.00	10610.27	10610.27
Borrowings from others	3367.21	0.00	0.00	3367.21	3367.21
Trade payables	3086.48	0.00	0.00	3086.48	3086.48
Other financial liabilities	699.05	0.00	0.00	699.05	699.05

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2018 and 2017 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2018	As at March 31, 2017
Trade receivables	448.15	1523.86
Cash and cash equivalents	22.62	5.32
Other financial assets	39.97	36.80
	510.73	1565.98

c. Interest income/(expenses), gains/(losses) recognized on financial assets and liabilities

	As at March 31, 2018	As at March 31, 2017
(a) Financial assets at amortised cost		
Interest income on other financial assets	3.69	0.00
(b) Financial liabilities at amortised cost		
Interest expenses on borrowings from banks, others and overdrafts	339.45	288.00

## (08) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

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## **Credit risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables and other receivables.

## **Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Company is not exposed to concentration of credit risk to any one single customer since the services are provided to and products are sold to customers who are spread over a vast spectrum and hence, the concentration of risk with respect to trade receivables is low. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

## **Exposure to credit risk**

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2018 and 2017 was as follows:

	As at March 31, 2018	As at March 31, 2017
Other investments	373.84	385.26
Trade receivables	448.15	1523.86
Cash and cash equivalents	22.62	5.32
Other financial assets	39.97	36.80
	884.57	1951.25

There is no other class of financial assets that is past due but not impaired other than trade receivables. The age analysis of trade receivables have been considered from the date of invoice. The ageing of trade receivables, net of allowances that are past due, is given below:

	As at March 31, 2018	As at March 31, 2017
Period (in days)		
Past due 181 - 360 days	0.66	17.08
More than 360 days	0.00	1024.97

Financial assets that are past but not impaired

## **Liquidity risk:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have liquidity to meet its liabilities, under normal and stressed conditions. Company ensures that it has sufficient cash to meet expected operational expenses, servicing of financial obligations. In addition, the Company has concluded arrangements with parties to meet its obligations.

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The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements (As at 31 03 2018)

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	4031.01	0.00			
Borrowings from others	9282.17	0.00			
Trade payables	2554.32	0.00			
Other financial liabilities	517.68	0.00			
	16385.17	0.00	0.00	0.00	0.00

As at March 31, 2017

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	10610.27	0.00			
Borrowings from others	3367.21	0.00			
Trade payables	3086.48	0.00			
Other financial liabilities	699.05	0.00			
	17763.01	0.00	0.00	0.00	0.00

## Currency risk:

The Company's exposure in USD, Euro and other foreign currency denominated transactions gives rise to Exchange rate fluctuation risk. Company's policy in this regard incorporates:-

- Forecasting inflows (no outflows) denominated in US\$ for a twelve month period
- Estimating the exposure in foreign currency, in terms of timing and amount.

The Company's exposure to foreign currency risk as at March 31, 2018 was as follows:

All amounts in respective currencies as mentioned (in lacs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency demand loan	Net Balance Sheet exposure
USD	0.00		0.00	0.00	0.00
EUR	-		0.00	-	0.00
GBP	-	0.33	-	-	0.00

The Company's exposure to foreign currency risk as at March 31, 2017 was as follows:

All amounts in respective currencies as mentioned (in lacs)

	Cash and cash equivalents	Trade receivables	Trade payables	Foreign currency demand loan	Net Balance Sheet exposure
USD	0.00	0.83	0.00	0.00	0.00
EUR	0.00	0.56	0.00	0.00	0.00
GBP	0.00	10.20	0.00	0.00	0.00

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At the reporting date the interest rate profile of the Company's interest –bearing financial instruments were as follows:

	Carrying amount	
	As at March 31, 2018	As at March 31, 2017
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	0.00	0.00
Financial liabilities		
- Borrowings from banks	4031.01	10610.27
- Borrowings from others	9282.17	3367.21
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	0.00	0.00
- Bank overdrafts	0.00	0.00

## (09) Capital management

The Company's capital comprises equity share capital, share premium, retained earnings (Deficit) and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The total capital as on March 31, 2018 is ₹ -7,611.61 (Previous Year: ₹ -6,448.41).

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows:

		As at March 31, 2018	As at March 31, 2017
Debt		4031.01	10091.93
Less: cash and bank balances		22.62	5.32
Net debt	A	4053.63	10097.25
Equity	B	-7611.61	-6448.41
Net debt to Equity ratio	A/B	-0.53	-1.57

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

## (10) Contribution towards 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 audit report.

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## 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 31-03-18	As at 31-03-17
01	Expenditure in foreign currency on account of		
	Travelling	0	0
	Membership & Subscription	0	0
02	Foreign Exchange Earnings (Export FOB Value)	95.55	66.44
03	Earning per Shares		
	(01) Net Profit / Loss (-) after Tax	-1163.20	-1597.94
	(02) Adjusted Net Profit / Loss (-) after Tax	-1163.20	-1597.94
	(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	-5.72	-7.86
	Diluted EPS	-5.72	-7.86
05	Raw Martial Consumed (Amount)		
	Total	2601.03	1866.33
	Indigenous	2601.03	1866.33
	Imported	0	0
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	120.23	124.70
	Indigenous	120.23	124.70
	Imported	0.00	0.00

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Sl.No.	Particulars	As at 31-03-18	As at 31-03-17
08	Stores & Spares Consumed (in Percentage)		
	Total	100.00	100.00
	Indigenous	100.00	100.00
	Imported	0.00	0.00

## Signatories to all Notes on Financial Statements (Standalone)

As per our Annexed Report  
For L Mukundan and Associates  
Chartered Accountants  
Firm Registration No.010283S

On Behalf of Board of Elforge Ltd

V. Srikanth (DIN 0076856),  
Chairman

Director  
L MUKUNDAN  
Membership No. 204372  
Partner

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

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

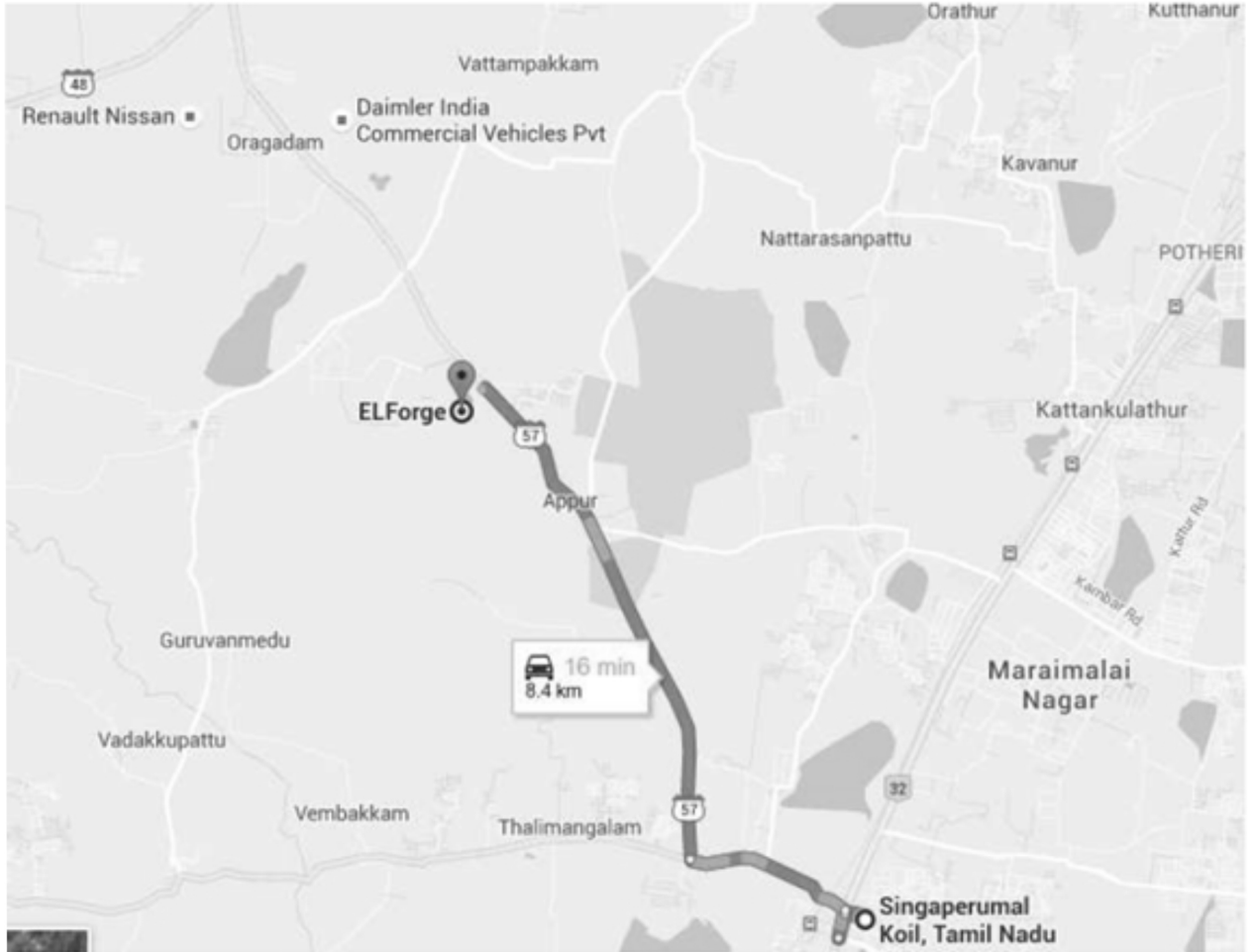
Place: Chennai  
Date: 30-05-2018

Place: Chennai  
Date: 30-05-2018



# EL FORGE LIMITED

## AGM VENUE ROUTE MAP



# **Book Post**

**To**

**From :**

**EL FORGE LIMITED**

**No.21E, A.R.K. Colony,**

**Eldams Road, Alwarpet,**

**Chennai - 600 018.**