

# **EL FORGE LIMITED**

## **BOARD OF DIRECTORS**

Sri.V.Srikanth, Chairman

Sri.V.Ramachandran, Director

Sri.K.V.Ramachandran, Vice Chairman & Managing Director

Smt.R.Sowmithri, Executive Director (Finance)

## **COMPANY SECRETARY**

Smt.R.Sowmithri

## **AUDITORS**

P.Rajagopalan & Co.

Chartered Accountants

## **BANKERS**

AXIS BANK LTD. Anna Salai, Chennai 600 002

IDBI Bank Ltd. Greams Road, Chennai 600 006

Edelweiss Asset Reconstruction Company Limited, Mumbai – 400 098

Asset Reconstruction Company (India) Ltd, Mumbai 400028

ROYAL BANK OF SCOTLAND, Harrington Road, Chennai 600 031

KOTAK MAHINDRA BANK LTD., Capitale, Anna Salai, Teynampet, Chennai 600 018

## **SHARE TRANSFER AGENTS**

M/s,INTEGRATED ENTERPRISES (INDIA) LTD.

No.1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai 17.

## **REGISTERED OFFICE**

21C, A.R.K. Colony, Eldams Road, Alwarpet, Chennai 600 018

Phone: (044) 42207800 Fax: (044) 42014708

E-mail:elforgeho@elforge.com

## **FACTORY**

1A, Sriperumbudur High Road (via) Singaperumal Koil

Appur Village, Kattangulathur Onrium, Kancheepuram Dist., PIN 603 204

Ph (044) 47112500, Fax (044) 4711 2523

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

## EL FORGE LIMITED

FINANCIAL HIGHLIGHTS		(Rs.in lakhs)			
	31.03.2015	31.03.2014	30.06.2013	30.06.2012	30.06.2011
	12 Months	9 Months	12 Months	12 Months	15 Months
REVENUE FROM OPERATIONS	5374.66	6649.60	7533.29	8330.07	10420.51
OTHER INCOME	21.04	90.30	103.98	1397.37	352.64
<b>PROFIT/LOSS(-) BEFORE TAX</b>	<b>(1777.04)</b>	<b>(1135.59)</b>	<b>(3382.03)</b>	<b>(841.98)</b>	<b>(977.64)</b>
TAXATION	0.00	0.00	0.00	-76.14	0.00
<b>PROFIT/LOSS(-) AFTER TAX</b>	<b>(1777.04)</b>	<b>(1135.59)</b>	<b>(3382.03)</b>	<b>(918.12)</b>	<b>(977.64)</b>
<b>Balance Sheet</b>					
<b>ASSETS EMPLOYED:</b>		-	-	-	-
<b>FIXED ASSETS – NET</b>	<b>9281.53</b>	<b>10304.39</b>	<b>10680.03</b>	<b>11461.83</b>	<b>11879.26</b>
INVESTMENTS	392.76	392.76	471.05	471.05	471.05
NET CURRENT ASSETS	-5723.54	-6667.31	-6259.78	3701.56	4054.66
NON CURRENT ASSETS	1624.46	1799.78	2394.53	--	--
<b>Total</b>	<b>5575.21</b>	<b>5829.62</b>	<b>7285.83</b>	<b>15634.44</b>	<b>16404.97</b>
		-			
EQUITY SHARE CAPITAL	2032.43	2032.43	2032.43	2032.43	862.95
PREFERENTIAL SHARE CAPITAL/ADV. FOR EQUITY	1211.12	1211.12	1211.12	1211.12	500.00
RESERVES & SURPLUS	-5498.88	-3651.62	-2516.01	659.97	504.16
LOAN FUNDS	7830.54	6237.69	6558.29	11793.92	14537.86
<b>Total</b>	<b>5575.21</b>	<b>5829.62</b>	<b>7285.83</b>	<b>15634.44</b>	<b>16404.97</b>
Figures for the year ended 30.06.2012 and 30.06.2011 are not comparable with subsequent years due to change in accounting classifications/formats					

# **EL FORGE LIMITED**

## **NOTICE OF THE ANNUAL GENERAL MEETING**

NOTICE is hereby given that 79<sup>th</sup> Annual General Meeting of EL FORGE LIMITED will be held on Monday the, 28<sup>th</sup> day of September, 2015 at 2.30pm at Narada Gana Sabha Trust, Mini Hall, 314, T.T.K.Road, Chennai -600 018 to transact the following business :

### **ORDINARY BUSINESS.**

1. To receive, consider and adopt the audited accounts for the year ended 31<sup>st</sup> March, 2015, the Auditors Report and the Directors Report thereon.
2. To appoint a Director in place of Mr.V.Ramachandran,(Din 00053007) who retires by rotation and being eligible offers himself for re-election.
3. To ratify the appointment of Auditors of the Company and authorise the Board to fix their remuneration.

To consider the ratification of the appointment of M/s.P.Rajagopalan & Co, Chartered Accountants, No.32, 2<sup>nd</sup> Cross Street, West CIT Nagar, Chennai 600035 as the Statutory Auditors of the Company to hold the remaining term of office from the conclusion of the 79<sup>th</sup> Annual General Meeting till the conclusion of the 81<sup>st</sup> Annual General Meeting and the Board is hereby authorised to fix their remuneration relating to Financial Year 2015-16.

### **SPECIAL BUSINESS**

#### **4. Appointment of Mrs.R.Sowmithri, Executive Director of the Company**

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

“Resolved that pursuant to the provisions of Sections 149, 150, 152 and all other applicable provisions and related provisions of the Companies Act, 2013 read with Companies (Appointment & Qualification of Directors) Rule 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Schedule V of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mrs.R.Sowmithri (DIN 00280988), as Executive Director of the Company not liable to retire by rotation, to hold office for 3 consecutive years from 30<sup>th</sup> March,2015 upto March, 29, 2018”.

#### **5. Change of Registered Office**

To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

Resolved that the the registered office of the company be and is hereby shifted from its present location at 21C, A.R.K.Colony, Eldams Road, Alwarpet, Chennai 600018 to 1A, Sriperumbudur High Road (via) Singaperumal Koil Appur Village, Kattangulathur Onrium, Kancheepuram Dist., PIN 603 204, under the jurisdiction of D5-Palur Police Station. This being out of the local limit of the town where present registered office of the company is situated; the Company Secretary, Smt.R.Sowmithri, be and is hereby authorized to file with the Registrar of Companies, Tamilnadu, at Chennai FORM INC 22 containing verification of the situation of the registered office of the company and other forms, either electronically or physically and further authorised to sign all the documents digitally or physically and further authorised to do all the necessary and incidental thing in the above regard.”

## **EL FORGE LIMITED**

### **6. Borrowing Powers of the Company**

To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

“Resolved that in super session of all the earlier resolutions passed by the shareholders of the Company in this regard, pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein referred to as the “Board” which term shall be deemed to include any committee thereof) for borrowing, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves provided that the total amount so borrowed by the Board shall not at any time exceed Rs.300 Crores or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

“Resolved Further that the Board be and is hereby authorised to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to his Resolution”

### **7. Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings.**

To consider and if thought fit, to pass with or without modification the following resolution as a special resolution.

“Resolved that in supersession of all the earlier resolutions passed by Shareholders of the Company in this regard, pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013, as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecation created by the Company, on such movable and immovable properties, both present and future and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of banks/financial institutions, other investing agencies to secure rupee/foreign currency loans and / or the issue of debentures whether partly or fully convertible or non-convertible and/or securities linked to ordinary shares and/or rupee/foreign currency convertible bonds/or bonds with share warrants attached (hereinafter collectively referred to as “Loans”) provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said loans for which the charge is to be created, shall not, at any time exceed Rs.300 Crores or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

“Resolved Further that the Board be and is hereby authorised to do all such acts, deeds, and things to execute all such documents, instruments and writings as may be required to give effect to this Resolution ‘.

**By Order of the Board**

**Place : Chennai**  
**Date : 13.08.2015**

**R.SOWMITHRI**  
**COMPANY SECRETARY**

## EL FORGE LIMITED

### Notes:

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy so appointed need not be a member of the Company. The proxy to be valid, shall be deposited with the Company not later than forty eight hours before the time for holding the meeting. Same person shall not be appointed as proxy on behalf for more than fifty members.**
2. The instrument appointing Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Members/Proxies should bring the attendance slips duly filled in for attending the meeting and annual report.
4. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of the all Items in the special business of the Notice set out above, is hereto annexed.
5. The Register of Members will be closed from 22<sup>nd</sup> September, 2015 to 28<sup>th</sup> September, 2015 both days inclusive.
6. As a result of the amendments introduced in Sections 205A to 205C of the Companies Act, 1956, unclaimed dividend for a period of 7 years has been transferred by the company to "Investor Education and Protection Fund" of Central Government.
7. Members are requested to communicate the change of address, if any, quoting their respective folios to the Share Transfer Agents of the Company.
8. As per the provision for nomination in the Companies Act, 1956. Shareholders may nominate persons who shall become entitled to the Shares upon the death of such holders.
9. The nomination has to be made in the form prescribed without any cost to the shareholders. Shareholders interested, are requested to contact the "Shares Department" El Forge Limited, No.21C, A.R.K.Colony, Eldams Road, Alwarpet, Chennai 600 018.
10. 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.
11. 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.
12. "The dividend declared during 2007-08" unclaimed as of date is in the unpaid dividend account. The shareholders who have not encashed their warrants may lodge the claim along with the warrant to the share department of the Company.
13. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, forms part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.

Name	Mr.V.Ramachandran
Age	67 Years
Qualification	B.E
Experience	Professional exposure of 3 decades in the Auto Component Industry
Other Directorships	The Vellore Electric Corporation Limited

## EL FORGE LIMITED

Committee Membership	Audit Committee Remuneration Committee
Shareholding	331720 shares
DIN	00053007

14. Website – Quarterly information on results and other developments are posted on the Company's Website. Members also note that the notice of the 79<sup>th</sup> Annual General Meeting and the Annual Report for 2014-15 will also be available on the Company's website : <http://www.elforge.com>
15. 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.
16. 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.
17. Members may also note that the Notice of the 79<sup>th</sup> Annual General Meeting and the Annual Report 2014-15 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 id : [accounts@elforge.com](mailto:accounts@elforge.com)

## EL FORGE LIMITED

### 1. Voting through Electronic means

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

#### The instructions for e-voting are as under:

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

## EL FORGE LIMITED

- 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) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM. **EVEN** (E Voting 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).
- V. The e-voting period commences on 25<sup>th</sup> September, 2015 (9a.m) and ends on 27<sup>th</sup> September, 2015 (5 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 21<sup>st</sup> September, 2015, 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 21<sup>st</sup> September, 2015.
- VII. Mrs.B.Venkatalakshmi, Practicing Company Secretary (Membership No. CP1005) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman/Managing Director of the Company.
- IX. The Results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer’s report shall be placed on the Company’s website [www.elforge.com](http://www.elforge.com) and on the website of NSDL within two(2) days of passing of the resolutions of the AGM of the Company and communicated to BSE Ltd. and [National Stock Exchange of India Ltd.](http://National Stock Exchange of India Ltd.)
2. For the convenience of the members, Attendance Slip is annexed to this notice. Members /Proxy Holders / Authorised Representative are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue.



# **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 Circular Resolution dated 30<sup>th</sup> March, 2015 and the terms and conditions of appointment of Executive Director approved at the Board Meeting held on 14<sup>th</sup> May,2015.

In terms of Sections 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.60,000/- (Rupees Sixty thousand only) per month in the grade of Rs.60000-5000-70000 and a special allowance of Rs.47000/- (Rupees forty seven 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 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 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.

## EL FORGE LIMITED

### 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.
4. Retirement and other benefits as per rules of the Company.

### 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 him Remuneration by way of Salary and perquisites specified above.

**Details of Director Seeking appointment at the ensuing Annual General Meeting fixed on 28<sup>th</sup> September, 2015 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>
Date of Appointment	30.03.2015
Expertise in specific Functional areas	Secretarial and Finance
List of other Directorships held Excluding foreign companies under Section 25 of the Companies Act, 1956 and Private Companies,	Chendur Forgings Ltd Wesco Engineers Ltd Coromandel Steels Ltd Spheroidal Castings Ltd Vimarsha Property Developers Pvt Ltd
Chairman / Member of the Committees of the Board of other Companies in which she is a Director	Member Audit Committee Shareholders/Investors Grievance Committee
No.of Shares held in The Company	400
Relationship between Directors Interse*	Nil
DIN	00280988

Mrs.R.Sowmithri Executive Director, may be deemed to be interested in the Resolution, since it relates to her 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.

## **EL FORGE LIMITED**

### **Item no 5**

The present Registered office is the rented premises at which the office has been functioning for the last four years. In order to have the registered office in the company owned premises so that it does not need to be changed every time the rented premises is changed the board decided to shift the registered office to the company's owned premises.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned in Item No.5 of the Notice.

Directors recommend to pass the resolution.

### **Item No.6**

The Company has an existing resolution passed by the shareholders in the meeting held on 26<sup>th</sup> September 2014 under section 293(1)(d) of the Companies Act, 2013 authorising the Board of Directors to borrow monies, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up capital and free reserves of the Company upto Rs.200 Crores.

Under the Companies Act, 2013, it is necessary to pass a fresh resolution under Section 180(1)(c) of the Companies Act, as a Special Resolution, to enable the Board of Directors of the Company to borrow monies as may be required, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the paid up capital and free reserves of the Company. Therefore the Board has proposed the borrowing upto Rs.300 Crores or the aggregate of the paid up capital and free reserves of the Company, which ever is higher as a Special Resolution under Item No.6

The Board recommends the resolution at Item No.6 of the Notice for approval of the shareholders by a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned in Item No.6 of the Notice.

### **Item No.7**

Further to the borrowing resolution powers to the Board of Directors to create charge / mortgage / hypothecation on the Company's assets, both present and future, in favour of the lenders etc., to secure the repayment of monies borrowed by the Company (including temporary loans obtained from the Company's Bankers in the ordinary course of business) for an amount upto Rs.300.00 Crores becomes necessary.

It is proposed to pass a resolution under Section 180(1)(a) of the Companies Act, 2013 as a Special Resolution to enable the Board of Directors of the Company for creation of charge / mortgage / hypothecation for an amount not exceeding Rs.300 Crores or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

The Board recommends the Resolution at Item No.7 of the Notice for approval of the shareholders by a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolution mentioned at Item No.7 of the Notice.

**By Order of the Board**

**Place : Chennai**  
**Date : 13.08.2015**

**R.SOWMITHRI**  
**COMPANY SECRETARY**

# EL FORGE LIMITED

## REPORT OF THE DIRECTORS

The Directors present the 79<sup>th</sup> Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2015.

### 1. Summarised Financial Results are given below

	(Rs.in lakhs)	
	For the year ended 31.03.2015	For the 9 Months ended 31.03.2014
Gross Sales	5775.40	6358.89
Other Income	21.04	847.64
Profit/(Loss) before Depreciation	(803.20)	(430.21)
Profit/(Loss) after Depreciation	(1777.04)	(1135.59)
Net Profit/(Loss) after tax	(1777.04)	(1135.59)

### 2. Company Performance

During the year the company continued to work with constrained funds as the bankers had stopped all working capital assistance to the Company. With the minimum funds available and the support from customers and suppliers the company made a turnover of Rs.5374.66 lakhs as compared to Rs.6649.61 lakhs for the previous accounting period of 9 months. As the operations were below breakeven levels the company incurred a loss of Rs.1777.04 lakhs during the year.

The management is taking steps to revive the company. Efforts are being made to mobilize funds for operations to exploit at the full potential of the Company. The company has taken all steps to cut down costs wherever possible and improve efficiency levels.

### 3. Dividend

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

### 4. Shakespeare Forgings Ltd

Shakespeare Forgings Ltd, UK has ceased to be a subsidiary company during the year. The business in UK had dropped due to the market conditions and it was not viable to continue manufacture in UK. There was also a need to infuse funds for maintaining the business at UK. Further the plant is required to be transferred from the present location to new location, which also require additional funds. Under these constraints the subsidiary company has found an investor to infuse required funds and continue operations.

The equity share capital of Shakespeare forgings Ltd was increased by GBP 250000 and the same was subscribed by the new investor. With the new infusion the shareholding of our company dropped to 37.5% compared to 100% holding previously. As it is no more a subsidiary of our company the accounts of Shakespeare forgings is not consolidated with our accounts and other details are no longer required to be furnished.

# **EL FORGE LIMITED**

## **5. Borrowings**

The total outstanding with the banks as on 31<sup>st</sup> March, 2015 has been Rs.139.54 Crores. During the year some of the Banks assigned their debts to Asset Reconstruction Companies. Export Import Bank of India had assigned their debts to Edelweiss Asset Reconstruction Co. Ltd. last year. During the year 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, Axis Bank Ltd and Royal Bank of Scotland still remain with the respective banks.

It is expected that consolidation of the debt with the Asset Reconstruction companies will happen in course of time. This is expected to facilitate obtaining fresh working capital loan, that will help to steer the company back to profitable operations and maximize value to all stake holders.

## **6. CORPORATE MATTERS**

### **6.01 Human Resources**

El Forge has always been a people driven Company and its employees remain its most valuable asset. Our employees have always extended full cooperation and support in good as well as difficult times, and have unstintingly put efforts 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 232

### **6.02 Particulars of Employees and Related Disclosures**

In terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, there is no employee drawing remuneration in excess of the limits set out in the rules. Hence details and disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are not provided in this report.

### **6.03 Directors**

Mr.V.Ramachandran, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-election.

Mrs.R.Sowmithri, was appointed as an Executive Director of the Company with effect from 30.03.2015. With this appointment the company has complied with the provisions of Companies Act, 2013 and Clause 49 of the Listing Requirements that had made it mandatory to appoint a woman director on the Board.

### **6.04 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.

## **7. Corporate Governance**

With reference to Corporate Governance guidelines as laid at in Clause 49 of the Listing Agreement, the Company has complied all possible requirements. Due to circumstances beyond its control the company, It has not been able to fill in the vacancies caused by the resignation of all independent directors during last year. The Company seeks time to fill in the vacancies. Annexure A contains report on corporate governance enclosed herewith.

At present the Company has four directors of which two are executive directors and two non executive promoter directors. As a result the audit committee, remuneration committee etc which need to be constituted with independent directors is not possible in the present circumstance. All the 4 directors have carried out the duties of the audit committee & remuneration committee. Due to this fact provisions of sections 177 and 178 of the Companies Act, 2013 have not been complied in full. Barring the aforesaid non compliance, all other stipulations have been complied with by the Company. The detailed report on Corporate Governance is annexed. The compliances have been reported and the Certificate from the Statutory Auditors have also been annexed to the Report on Corporate Governance.

## **8. Internal Control System and their adequacy**

The Company has adequate system of internal control with reference to the financial statements. All the transactions are properly authorised, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of the

## **EL FORGE LIMITED**

company checks and verifies the internal control and monitors them in accordance with policy adopted by your Company. The Company ensures proper and adequate systems and procedures commensurate with its size and nature of its business.

### **9. 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 2014-15 are annexed as Annexure B which forms part of this Report.

### **10. Management Discussion and Analysis**

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

### **11. 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 A to this report contains the details thereof.

### **12. Industrial Relations**

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

### **13. Fixed Deposits**

The Company has not accepted any fixed deposits during the year. 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, 2015, the outstanding deposits amount to Rs.104.26 lakhs .

# **EL FORGE LIMITED**

## **14. 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

## **15. Directors Responsibility Statement**

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that

- a) In the preparation of Annual Accounts the applicable accounting standards had been followed.
- b) The Directors had selected such accounting policies and applied them consistently and made judgements 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 31<sup>st</sup> March, 2015 and of the Profit or Loss of the Company for that period.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the Annual accounts on a going concern basis.
- 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.

## **16. 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.

## **17. Extract of the Annual Return:**

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

## **18. 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, your 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 31<sup>st</sup> March, 2015.

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

## **19. 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 2014-15 which were in conflict with the interest of the Company. Suitable disclosures as required under AS 18 have been made in Item No.20 of Note no.28 of financial statement.

## **EL FORGE LIMITED**

**Note.28 of the Notes on financial statements. Accordingly there are no transactions that are required to be reported in Form AOC-2 and as such does not form part of the report.**

### **20. 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.

### **21. Particulars of Loans, Guarantees or Investments**

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

### **22. 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.

### **23. Auditors**

The Statutory Auditors M/s P.Rajagopalan & Co, Chartered Accountants, retire at the close of this Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from the firm that their reappointment will be within the limits prescribed under Section 141(3)(g) of the Companies Act, 2013. The Board has recommended their re-appointment/ratification for a term of three years from 2014-15 to 2016-17. The necessary resolution is being placed before the shareholders for approval. The explanation to the audit remarks / qualification is given separate in addendum to the Directors Report.

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

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

### **25. Acknowledgements**

The Company places on record the co-operation of Bankers, State Bank of India, Axis Bank Limited, Union Bank of India, IDBI Bank Ltd, Royal Bank of Scotland (RBS), Export Import Bank of India, Indusind Bank, Kotak Mahindra Bank Ltd and Bank of Baroda and Asset Reconstruction companies - Asset Reconstruction Company(India) Ltd and Edelweiss Asset Reconstruction company Ltd..We also thank all our Customers, Suppliers and others connected with the business for their co-operation.We sincerely thank the shareholders for their support.

**For and on behalf of the Board of Directors**

**Place : Chennai  
Date : 13.08.2015**

**V.SRIKANTH  
CHAIRMAN**



# **EL FORGE LIMITED**

## **Addendum to Directors' Report. For 2014-15**

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

### **01. Statutory Dues**

The Company is facing funds constraint, due to this the Company has not been able to make regular payments for statutory dues. The Management is taking steps to clear the dues. During the year under report, the company has cleared certain specific dues relating to earlier period and also a part of the current dues.

### **02. Gratuity Fund**

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

### **03. Deferred Revenue Expenditure**

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

### **04. Bank Borrowings**

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

### **05. Suit Filed by Creditors**

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

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

### **07. Fixed Deposits.**

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

**08.** Shakespeare Forgings Ltd (SFL) has become an associate company as your company's holding has dropped to 37.5% of the capital of SFL.

### **09. Going Concern**

The Management has prepared the accounts relating to the year under report on a going concern basis as there has been no stoppage in the manufacturing operations or sale of our products. The world class plant attracts the auto majors and others with no let up in the orders and enquiries for quotations. Due to working capital inadequacies, we are not able to service all the orders on hand. Our forging products are known for their quality and the fact that customers returns or rejections are negligible confirms the quality.

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

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

**For and on behalf of the Board of Directors**

**Place : Chennai  
Date : 13.08.2015**

**V.SRIKANTH  
CHAIRMAN**

# EL FORGE LIMITED

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

### CONSERVATION OF ENERGY

- |   |  |   |
|---|--|---|
| 1 | Energy Conservation measure taken  | Furnace Oil gas and Power Consumption are closely Monitored to conserve energy. |
| 2 | Additional Investments and proposals if any being implemented for reduction of consumption of enery                                      | -----   |
| 3 | Impact of the measures at (1) and (2) Above for reduction of energy consumption and consequent impact on the cost of production of goods | -----   |

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

#### RESEARCH AND DEVELOPMENT (R & D)

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

FOREIGN EXCHANGE EARNINGS AND OUTGO		
1.	Activities relating to Exports	Overseas Markets are being constantly scanned and Requests for quotations from Customers overseas are answered and followed up to obtain orders.
2.	Initiatives taken to increase exports and development of new export markets for products and services and export plans.	1. Present and prospective buyers are being invited to see our production and Inspection facilities. 2. Quality systems are constantly being upgraded to meet international requirements.
3.	Total Foreign Exchange	
	(a) Used (Rs.)	0
	(b) Earned (Rs.)	79664105

# EL FORGE LIMITED

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

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

### 1. **Company's Philosophy on Code of Governance**

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

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

### 2. **Composition of Board**

There are only four members on the Board of Directors at present . The Board is comprised of whole time Director–Vice Chairman & Managing Director, the Executive Director (Finance), non executive Chairman and non executive promoter Director.

During the financial year 2014-2015, four Audit Committee Meetings were held on 15/05/2014, 11/08/2014, 14/11/2014 and 09/02/2015.

As a result of resignation of the independent Directors during the previous year 2013-14 the composition of the Board is not in conformity with the listing agreement. The Company is making efforts to appoint independent directors.

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

Name of the Director	Category	Attendance Particulars			No. of other Directorships and Committee Memberships / Chairman-Ships in other Indian Public Companies		
		Number of Board Meetings			Other Director-ships	Committee Member-ships	Committee Chairman-Ships
		Held	Attended	Last AG M			
Mr.V.Srikanth	Non Executive	4	4	Yes	2	2	--
Mr.K.V.Ramachandran	Executive	4	4	Yes	2	2	--
Mr.V.Ramachandran	Non-Executive & Non Independent	4	4	Yes	3	2	--

Mrs.R.Sowmithri has been appointed as Executive Director on 30.03.2015.

## EL FORGE LIMITED

### 3. Audit Committee

The Audit Committee was constituted in March 2002. The powers and the role of the Audit Committee are in accordance with Clause 49 II (C) and (D) of the Listing Agreements with the Stock Exchanges read with Section 177 of the Companies Act, 2013.

The terms of reference of the Audit Committee include:

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

During the financial year 2014-2015, four Audit Committee Meetings were held on 15/05/2014, 11/08/2014, 14/11/2014 and 09/02/2015.

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

Name of the Directors	Category	Number of Meeting attended during 2014-15	
		Held	Attended
Mr.V.Ramachandran Member	Non Executive Director	4	4
Mr.V.Srikanth	Non Executive Director	4	4
Mr.K.V.Ramachandran	Executive Director	4	4

After the resignation of the independent Directors, all the three directors of the company function as the audit committee and approve the financial results.

### 4. Remuneration of Directors

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

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

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

Name of the Directors	Category	Number of meeting attended during 2014-15	
		Held	Attended
Mr.V.Ramachandran	Non Executive Director	Nil	Nil
Mr.V.Srikanth	Non Executive Director	Nil	Nil
Mr.K.V.Ramachandran	Executive Director	Nil	Nil

## EL FORGE LIMITED

### Details of Remuneration paid to Board of Directors

Non-whole time Directors					
Name	Sitting Fees (Rs.)	Name	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr.V.Ramachandran	22000	V.Srikanth	442500	341904	784404
		K.V.Ramachandran	1800000	1301671	3107671
<b>Total</b>			2242500	1643575	3886075

Mr.V.Srikanth and Mr.K.V.Ramachandran have unpaid remuneration of Rs.50.10 lakhs. Mr.V.Srikanth has obtained remuneration only for 3 months from April 2014 to June 2014. He continues to discharge his responsibilities as a Non Executive Chairman.

#### Service Contracts, Severance Fees and Notice Period

Period of Contract of Vice Chairman : 5 Years from 1.4.2014

& Managing Director

Mr. V.Srikanth opted out as executive director from when his previous contract ended .

#### 5. Shareholders Committee

The Board functions as the Committee after the resignation of the independent directors. Mr.V.Ramachandran, heads this committee. The Committee meets at frequent intervals to consider, inter alia share transfers, shareholders' complaints etc.

During the Financial Year 2014-15 four Shareholders / Investors Grievance Committee Meetings were held on 15/05/2014, 11/08/2014, 14/11/2014 and 09/02/2015.

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

Name of Members	Category	No. of Meetings attended During the year 2014-2015
Mr.V.Srikanth	Non Executive Director	4
Mr.V.Ramachandran	Non Executive & Non Independent Director	4
Mr.K.V.Ramachandran	Executive Director	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.

## EL FORGE LIMITED

### 6. General Body Meetings.

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

Financial Year	Location of the meeting	Date	Time
2011-2012	Nagar Hall, South India Hire Purchase Association, Deshbandu Plaza, 1 <sup>st</sup> Floor, No.49, Whites Road, Royapetta, Chennai 600 014	Dec 17, 2012	10.45 am
2012-13	Nagar Hall, South India Hire Purchase Association, Deshbandu Plaza, 1 <sup>st</sup> Floor, No.49, Whites Road, Royapetta, Chennai 600 014	Dec 30, 2013	10.30 am
2013-14	Narada Gana Sabha Mini Hall, 314, T.T.K.Road Alwarpet, Chennai 600018	Sep 26, 2014	2.30 pm

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

### 7. Subsidiary Companies

During the year Shakespeare forgings ceased to be a subsidiary. The company has no subsidiaries now.

### 8. Disclosures

Details of related party transactions :

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

Pecuniary relationship or transactions of the Non-executive Directors

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

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

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

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

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

Details of Non-compliance, penalties, strictness imposed on the Company by Stock Exchange or SEBI or any Statutory Authority or any matter related to Capital markets during the last three years.

None.

## EL FORGE LIMITED

9. **Secretarial Audit**

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

10. **Means of communication**

The quarterly, half-yearly and full year results are published in Trinity Mirror and Makkal Kural. The quarterly results are posted on the Web site : <http://www.elforge.com>

11. **Management Discussion and Analysis Report**

– Forms part of the annual report

12. **General Shareholders information**

Annual General Meeting

Date and Time : 28.09.2015 at 2.30 pm

Venue : Narada Gana Sabha Trust Mini Hall, No.314, T.T.K.Road,  
Alwarpet, Chennai 600018

Book Closure Date : 22/09/2015 to 28/09/2015 (both days inclusive)

Cut off date for e-voting : 21<sup>st</sup> September, 2015

E-Voting : 25<sup>th</sup> September, 2015 (9.00 am) to 27<sup>th</sup> September, 2015 (5.00 pm)

b) **Financial Calendar**

The Financial Year of the Company comprise a period from April to March (12 Months). The results for every quarter beginning from April is declared within 45 days from the end of the quarter and the audited results were declared in August as permitted under the listing agreement.

c) **Date of Book Closure**

The Directors decided to close the Register of Members on 22<sup>nd</sup> September, 2015 to 28<sup>th</sup> September 2015 both days inclusive.

d) **Listing on Stock Exchanges**

The Company's shares are listed on the Bombay Stock Exchange.

Bombay Stock Exchange Ltd,  
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. During the year Madras Stock Exchange (MSE) has closed operations. Consequent to this the trading permitted in the National Stock Exchange (NSE) has also been stopped.

e) **Stock Code**

Bombay Stock Exchange Limited

Code No.531144



## EL FORGE LIMITED

f).

### **Market Price Data**

The details of monthly highest and lowest closing quotations of the equity shares of the Company at the Bombay Stock Exchange and National Stock Exchange during the financial year 2014-15 are as under:

Month	<i>Quotations at Bombay Stock Exchange (BSE)</i>		<i>Quotations at National Stock Exchange (NSE)</i>	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2014	3.62	3.00	3.15	2.85
May 2014	4.05	3.00	3.80	3.10
June 2014	6.60	4.16	6.60	4.00
July 2014	6.10	4.50	5.80	4.70
August 2014	6.45	4.84	6.00	5.15
September 2014	9.78	5.00	9.75	4.85
October 2014	10.58	6.52	10.40	6.70
November 2014	8.35	6.95	8.30	6.95
December 2014	8.35	6.39	8.15	6.50
January 2015	7.15	5.50	7.90	6.35
February 2015	6.65	4.83	--	--
March 2015	6.20	4.19	--	--

g) **Registrars and Share Transfer Agents**

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

h) **Share Transfer System**

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

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

i) **Investor Services**

### **Complaint received during the year**

Nature of the Complaints	<i>For the Year 2014-15</i>	
	Received	Cleared
Relating to Transfer, Transmissions, Dividend, Demat and Remat and Change of Address etc.	4	4

## EL FORGE LIMITED

j) **Distribution of Shareholdings as on 31<sup>st</sup> March, 2015**

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

k) **Pattern of Shareholding as on 31<sup>st</sup> March, 2015**

Sl.No.	Category	No.of Shares	% of Shareholding
1.	Promoters	8385858	41.26
2.	Corporate Bodies	2042255	10.05
3.	Mutual Funds	1605	0.01
4.	Bank's	990	0.01
6.	NRI's/Foreign Nationals	50329	0.25
7.	Public	9843297	48.42
	Total	<b>20324304</b>	<b>100.00</b>

l) **Dematerialisation of shares and liquidity**

About 96% of the shares have been dematerialised as on March, 31, 2015. The Equity shares of the Company are permitted to be traded in dematerialised form.

Demat ISIN No allotted to the Company is INE 158F01017

## EL FORGE LIMITED

### 13. Address for Correspondence :

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

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

### 14. Insider Trading

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

### 15. Compliance with Non-mandatory Requirements

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

- 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.
- iv) 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 31<sup>st</sup> March, 2015

Place : Chennai  
Date : 13.08.2015

K.V.RAMACHANDRAN  
VICE CHAIRMAN & MANAGING DIRECTOR

# **EL FORGE LIMITED**

## **ANNEXURE C TO THE DIRECTORS' REPORT**

### **Management Discussion and Analysis**

#### **Overview**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, guidelines issued by the Securities and Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements as well as for the various estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

#### **Economic Situation**

The global economy grew by 3.4% in 2014, same in the last year as per International Monetary Fund (IMF). The outlook for 2015 remains muted at 3.5%.

The Infrastructure sector received an impetus from higher budgetary allocation along with raising the FDI limit in sectors such railways, infrastructure and defense. The new government has also taken various initiatives to improve the business environment. These policy reforms have raised Investors' confidence. Consequently GDP grew by 7.3% in Financial Year 2015 compared to 6.9% in Financial Year 2014 as per the CSO's (Central Statistical Office) new calculation method.

#### **Indian Automobile Industry**

Domestic Sales : Total automobile sales in the year 2015 grew by 7% to 197 lakhs units from 184 lakhs units in Financial year 2014. Passenger Vehicle segment grew by 4% to 26 lakhs units in Financial Year 2015 compared to 25 lakhs units in the previous years. Commercial vehicle segment recorded 3% drop in sales to 6.14 lakhs units from 6.32 lakhs units sold in 2014.

Export Sales : The export of automobiles grew by 15% in Financial Year 2015 to 35 lakhs from 31 lakhs units in Financial Year 2014. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers grew by 4%, 11%, 15% and 18% respectively in Financial Year 2015 over the previous Financial Year 2014.

#### **Opportunities & Threats**

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

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

#### **Risk Management**

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

#### **Commodity Price Risk**

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

# EL FORGE LIMITED

## Financial Review

Summary of Statement of Profit and Loss Account is given below

(Rs. in Lakh)

	2014-15 (12 months)	2013-14 (9 months)	Inc/(Dec)%
<b>Income</b>			
Sales (net of excise duty)	5374.66	6649.61	(39.38)
Other Income	21.04	90.30	(82.52)
<b>Total</b>	<b>5395.70</b>	<b>6739.91</b>	<b>(39.96)</b>
<b>Expenditure</b>			
Material Costs	2900.79	3270.91	(33.49)
Stock differential	45.36	153.96	(77.90)
Employee benefits expense	1015.97	1017.51	(25.11)
Other expenses	1895.05	1924.96	(26.17)
Depreciation and Amortisation expenses	973.85	705.38	3.54
Finance Cost	230.43	214.12	(19.29)
<b>Total</b>	<b>7061.25</b>	<b>7286.84</b>	<b>(27.32)</b>
Profit before exceptional items	(1665.55)	(546.93)	128.40
Exceptional items	(111.49)	(588.66)	(85.80)
Profit before tax	(1777.04)	(1135.59)	17.37

	2014-15	2013-14	Inc/(Dec)%
<b>Tax Expenses</b>			
Current Tax	--	--	--
Deferred tax	--	--	--
Profit before tax	(1777.04)	(1135.59)	17.37
Basic Earnings per	-8.74	-5.19	0.09%
Share(Rs.)	Rs.10/-	Rs.10/-	Rs.10/-
Notes Based on Annualised figures for 2013-14			

## 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 54.43% of the sale value compared to 57% in the previous period. This is due to the product mix than actual decrease 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 any additions to the fixed assets.

### Summary of Balance Sheet is given below :

(Rs. in Lakh)

	As at 31.03.2015	As at 31.03.2014 9 months	Inc/(Dec)%
<b>Sources of Funds</b>			
Shareholders ' Funds	(2255.33)	(4050.67)	(44.32)
Non Current liabilities	7830.54	6237.69	25.54
Current Liabilities	10263.46	12254.23	(16.25)
<b>Total</b>	<b>15838.67</b>	<b>18083.85</b>	<b>(12.42)</b>
<b>Application of Funds</b>			
Fixed Assets	9281.52	10304.37	(9.93)
Investments	392.76	392.76	--
Loans & other Non current assets	1624.45	1799.78	(9.74%)
Current Assets	4539.93	5586.92	(18.74)
<b>Total</b>	<b>15838.67</b>	<b>18083.85</b>	<b>(12.62)</b>

### Cash Flow Statements

	2014-15 (12 months)	2013-14 9 months
Profit /(Loss) from operations	(1777.04)	(1135.59)
Inc / (Dec) in net working capital	(569.76)	(965.45)
Net cash flow from operating activities	(2106.16)	(469.98)
Payment for acquisition of assets net	151.11	1092.64
Cash outflow for investing activities	--	--
Proceeds from sale of immovable Properties	(40.40)	(45.95)
Cash flow from financing activities	1914.65	668.61
Net cash inflow / (outflow)	(40.40)	(45.95)

### 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 evolution of the scheme.

On the business front, the automobile segment is expected to improve in Financial Year 2016 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.

# **EL FORGE LIMITED**

## **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 232

## **Foreign Exchange Risk**

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

## **Outlook**

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

## **Internal control systems and their adequacy**

The Company has an internal control system that is geared towards achieving efficiency in operations, optimum utilisation of resources, effective monitoring and compliance with all applicable laws and regulations. The Company has in place a proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and stated properly and applicable statutes and Corporate policies are duly complied with.

## **Cautionary Statement**

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

# **EL FORGE LIMITED**

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

We hereby certify that for the year ended 31<sup>st</sup> March, 2015 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 2014-15 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 change in accounting policies for reckoning interest on Banks.
  - c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

**Place : Chennai  
Date : 13/08/2015**

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

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



# **EL FORGE LIMITED**

## **ANNEXURE E TO THE DIRECTORS' REPORT AUDITORS REPORT ON CORPORATE GOVERNANCE**

To  
The Members  
M/s.EL Forge Limited

We have examined the compliance of conditions of Corporate Governance by M/s.EL Forge Limited, for the year ended 31<sup>st</sup> March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that 1) The Board does not have independent directors at present and the function of all committees have been discharged by the Board consisting of all 3 Directors. Registrars of the Company have maintained the records of Investor Grievances and certified that as at 31st March, 2015 there were no Investor Grievances remaining unattended / pending for more than 30 days. The shareholder / Investment Grievances committee relies on this report.

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

**For P.RAJAGOPALAN & CO  
CHARTERED ACCOUNTANTS**

**Place : Chennai  
Date : 13.08.2015**

**R.VENKATESH  
PARTNER  
(M.No.028368)**

# EL FORGE LIMITED

## ANNEXURE F TO THE DIRECTORS' REPORT

Form No.MGT 9  
Extract of ANNUAL RETURN

As on the Financial year ended 31.03.2015  
(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.21C, A.R.K.Colony, Eldams Road, Alwarpet,  
and contact details Chennai 600018 – Ph (044) 42207800 Fax (044) 42014707  
e mail : [elforgeho@elforge.com](mailto:elforgeho@elforge.com) Website [www.elforge.com](http://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.	Income from sale of land.		

### 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

## EL FORGE LIMITED

Category of Shareholders	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				% change 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	1311188	9664	1320852	6.50	Nil
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	8376194	9664	8385858	41.26	Nil
<b>(2) Foreign</b>									
a) NRIs-	--	--	--	--	--	--	--	--	--
Individuals									
b) Other Individuals	--	--	--	--	--	--	--	--	--
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	8376194	9664	8385858	41.26	Nil
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1605	--	1605	0.01	1605	--	1605	0.01	Nil
b) Banks/FI	990	--	990	0.01	990	--	990	0.01	Nil
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt.	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others specify	--	--	--	--	--	--	--	--	--
<b>Sub Total (B)(1)</b>	2595	--	2595	0.01	2595	--	2595	0.01	Nil

## EL FORGE LIMITED

<b>2. Non-Institutions</b>									
a) Bodies Corp.									
1) Indian	1954321	55436	2009757	9.89	986819	1055436	2042255	10.05	0.16
2) Overseas	--	--	--	--	--	--	--	--	--
<b>b) Individuals</b>									
1) Individual share Holders holding nominal share capital upto Rs.1 lakhs	3391832	473297	3865129	19.02	3374524	473277	3847821	18.93	0.09
2) 1) Individual share Holders holding nominal share capital excess of Rs.1 lakhs	5761937	216659	5978596	29.42	5788457	216659	6005116	29.55	0.13

Category of Shareholders	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) Others-clearing members</b>									
- Trusts	81849	520	82369	0.41	40139	520	40659	0.20	0.21
Corporate Body									
Foreign bodies	--	--	--	--	--	--	--	--	--
NRI	--	--	--	--	--	--	--	--	--
Foreign Nationals	--	--	--	--	--	--	--	--	--
Limited Liability Partnership	--	--	--	--	--	--	--	--	--
Unclaimed Securities suspense a/c	--	--	--	--	--	--	--	--	--
Foreign portfolio Investors Corporate	--	--	--	--	--	--	--	--	--
<b>Sub Total(B)(2)</b>	11189939	745912	11935851	58.72	10171939	1745892	11935851	58.73	0.01
<b>C) Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A + B + C)</b>	19568728	755576	20324304	100.00	18568748	1755556	20324304	100.00	--

## EL FORGE LIMITED

### (ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share Holding during the year
		No.of Shares	% of total shares of the Co.	% of shares pledged/ Encumbered to total shares	No.of Shares	% of total shares of the Co.	% of shares pledged/ Encumbered to total shares	
1.	Chendur Forgings Ltd	7065006	34.76	98.98	7065006	34.76	98.98	Nil
2.	Srikanth V	511012	2.51	100.00	511012	2.51	100.00	Nil
3.	V.Ramachandran	331720	1.63	0.00	331720	1.63	0.00	Nil
4.	K.V.Ramachandran	118119	0.58	100.00	118119	0.58	100.00	Nil
5.	V.Subha	113578	0.56	0.00	113578	0.56	0.00	Nil
6.	K.J.Ramaswamy	112500	0.55	0.00	112500	0.55	0.00	Nil
7.	Chitra Venkataraman	76450	0.38	86.92	76450	0.38	86.92	Nil
8.	Ramachandran K.V	14026	0.07	100.00	14026	0.07	100.00	Nil
9.	K.V.Srikanth	12500	0.06	0.00	12500	0.06	0.00	Nil
10.	P.L.Reddy	8100	0.04	0.00	8100	0.04	0.00	Nil
11.	V.Balu	6708	0.03	0.00	6708	0.03	0.00	Nil
12.	Nandini Ramachandran	4000	0.02`	0.00	4000	0.02`	0.00	Nil
13.	Nandini Srikanth	3277	0.02	0.00	3277	0.02	0.00	Nil
14.	Ananya Srikanth	3195	0.02	0.00	3195	0.02	0.00	Nil
15.	Rohini Ramasamy	1300	0.01	0.00	1300	0.01	0.00	Nil
16.	V.Srikanth	1190	0.01	100.00	1190	0.01	100.00	Nil
17.	Ramachandran K.V	1021	0.01	100.00	1021	0.01	100.00	Nil
18.	R.Visweswaran	487	0.00	0.00	487	0.00	0.00	Nil
19.	R.Visweswaran	1189	0.00	0.00	1189	0.00	0.00	Nil
20.	Srihari K.R.	300	0.00	0.00	300	0.00	0.00	Nil
21	Manasvini K.R.	200	0.00	0.00	200	0.00	0.00	Nil
		8385878	41.26	91.88	8385878	41.26	91.88	Nil

### (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 Shareholding during the year	
			No.of Shares	% of total shares of the Company	No.of Shares	% of total shares of the Company
1.	Prime Broking Co.India Ltd		1347287	6.63	1347287	6.63
2.	Indira Vasudevan		750000	3.69	750000	3.69
3.	Tumpudi Muralidhar Bhagwat		490950	2.42	490950	2.42
4.	N.Jayakumar		289435	1.42	289435	1.42
5.	Ramasubramanian S		200200	0.99	200200	0.99
6.	Dixit Gunvanthri Shah		200000	0.98	200000	0.98
7.	Jyothi Hareesh Shah		200000	0.98	200000	0.98

## EL FORGE LIMITED

8.	Madhu Vadera Jayakumar		158400	0.78	158400	0.78
9.	Snehalatha Singhi		126596	0.62	126596	0.62
10.	Charu D Shah		115050	0.57	115050	0.57

### (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		
	Datewise increase in shareholding during the year Acquisition of shares	Nil			
	At the end of the year	512202	2.52	512202	2.52
2.	Mr.K.V.Ramachandran (Vice Chairman & Managing Director)				
	At the beginning of the year	133166	0.66		
	Datewise increase in shareholding during the year Acquisition of shares	Nil			
	At the end of the year	133166	0.66	133166	0.66
3.	Mr.V.Ramachandran Director (Non Executive)				
	At the beginning of the year	331720	1.63		
	Datewise increase in shareholding during the year Acquisition of shares	Nil			
	At the end of the year	331720	1.63	331720	1.63
4.	Mrs.R.Sowmithri Executive Director				
	At the beginning of the year	400	0.001		
	Datewise increase in shareholding during the year Acquisition of shares	Nil			
	At the end of the year	400	0.001	400	0.001

## EL FORGE LIMITED

### VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl.No.	Particulars of Remuneration	V.Srikanth	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	442500 101963	1800000 539716	1785000 32400
2.	Commission Performance Bonus Long Term Incentive Plan (LTIP)	-- -- --	-- -- --	-- -- --
3.	Other – Retirement Benefits	--	--	--
	Total	544463	2339716	1817400
	Ceiling as per the Act	% of the Net Profit	% of the Net Profit	NA

Mr.V.Srikanth ceased to be the Executive Chairman with effect from close of business on 30<sup>th</sup> June, 2014 and hence remuneration figures are given for 3 months

#### B Remuneration to Other Directors

##### 1. Non Executive Directors

Particulars of Remuneration	Mr.V.Srikanth	Mr.V.Ramachandran	Total Amount
Fee for attending Board / Committee Meetings	Nil	Rs.22,000	Rs.22,000
Commission	Nil	Nil	Nil
Others please specify	Nil	Rs.22,000	Rs.22,000

#### II Penalties / Punishment / Compounding of offences

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

# **EL FORGE LIMITED**

## **ANNEXURE G TO THE DIRECTORS' REPORT**

### **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2015**

(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  
21C, 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 31<sup>st</sup> March, 2015, 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 31<sup>st</sup> March, 2015 according to the provisions of

1. The Companies Act 2013(the Act) and the rules made thereunder;
2. The securities contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder
5. 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;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Scheme and Employee Stock Purchase Scheme) Guidelines 1999;



## **EL FORGE LIMITED**

- e) The Securities and Exchange Board of India (Issue and List of Debt Securities) Regulations 2008.
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents ) Regulations, 1993 regarding the Companies Act dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009
6. The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998. The other laws as may be applicable specifically to the Company are: Based on the reports of the heads of the Department of Factories located at Appur and the compliance reports made by the Occupier of the factories submitted to the Board of Directors of the Company, I report that the Company has substantially complied with the provisions of those Acts that are applicable to Companies having factories which manufacture Automobile Parts , The Petroleum Act, Environmental Protection Act 1986, other laws related to maintenance of Factories, Laws related to Human resources including Employees Provident Fund Act, Employees State Insurance Act. Based on the information, explanations and management representation, the Company has substantially complied with the Tax Laws applicable to the Company.

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

- (i) Secretarial Standard on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI)
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) namely BSE

During the period under review, the Company has complied with provisions of Act, Rules, Regulations, Listing Agreement with Stock Exchanges, Guidelines, Standards etc. mentioned above, subject to the following observations:

I further report that

- 1. The Board of Directors of the Company is duly constituted with 2 Executive Directors and 2 Non Executive 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.
- 2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda terms before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members, views are captured and recorded as part of the minutes.
- 3. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

**Date :13.08.2015**

**Place : Chennai**

**ACS/FCS No. 669**

**CP No. CP1005**

# **EL FORGE LIMITED**

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

### **01. Financial Statements, their period, etc.,**

We have audited the accompanying standalone Financial Statements of EL Forge Limited ('the Company') which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year ended 31st March, 2015 and a summary of significant accounting policies and other explanatory information.

### **02. Management's Responsibility for the Financial Statements**

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

### **03. Auditor's Responsibility**

- (01) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- (02) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
- (03) We believe that the audit evidence, we have obtained, is sufficient and appropriate to provide a basis for our audit opinion.

# EL FORGE LIMITED

## Independent Auditor's Report on the Financial Statement (Standalone), continued. To the Members of EL Forge Limited, CIN:L34103TN1934PLC000669

### 04. Emphasis Matters

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

- (01) Item No.12 (Relating to Non-Disclosure of details under Employees Benefit) AS-15 (reversed) in Note 28 on Financial Statements, Non-Payment of contribution to Employees Gratuity Plan agreed upon with Life Insurance Corporation of India, amounting to Rs. 207.29 Lakh (as at 31-03-2015), amount determined based on the information available with the Company. Further no Actuarial Valuation report has been obtained by the company. Accordingly, the disclosure under AS-15, namely, Employees' Benefit has not been made and no amount has been charged to Statement of Profit & Loss on account of actuarial gain or loss.
- (02) Item No 13 (Relating to Penalty and Interest) in Note 28 on Financial Statements, Interest & penalty leviable, if any, for non remittance of statutory dues, on account of delay / short remittance of statutory dues is not ascertainable at present.
- (03) The deferred revenue expenses and deferred interest amounting to Rs.332.75 lakh and Rs.1202.28 lakh respectively, has not been charged to Statement of Profit and Loss but shown as assets, under the grouping Non-Current Assets, please refer Item No.06 in Note No. 28 on Financial Statements.
- (04) The company has obtained bank loans, both long terms and short term, from various banks, under consortium. On the basis of our examination and according to the information and explanation given to us, we are of the opinion that during the year the company has defaulted in repayment of dues to the banks. A few banks (Assignor) have assigned their loan amounts (Along with their rights, claims, benefits, etc.) to two Asset Reconstruction Companies (ARC'S), invoking the option under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Based on the information available with the company, the amount due to the Assignor has been transferred to and is shown in the respective name of the ARC'S, under the grouping Secured Loans, Long Term Borrowings, or the case maybe, Short Term Borrowings. Accordingly, the company has not shown the amount defaulted to Assignor, just before assignment, under the Note No.04 (01), on Financial Statements, regarding default of the Loan and other related details. However, the amount due to the remaining banks continues to be shown and the amount defaulted is Rs. 809.30 Lakh and Rs 616.34 Lakh, towards principal and interest respectively, as at 31.03.2015.
- (05) A few creditors have filed cases against the company, before the Honourable Madras High Court, under section 433 of the Companies Act, 1956, for winding up of the company. The company has taken up the matter; and it has been explained that company has been contesting the case and/ or following directions given by the Honourable Madras High Court.
- (06) Item No.07 of Note No.28 on the Financial Statements, relating to diminution in the value of Investments made by the company.
- (07) The company has paid all the fixed deposits which have matured and claimed; but the company has not paid the Fixed Deposits matured but not claimed. The amount of such deposits works out to Rs 104.26 Lakh, as at 31-03-2015; since the amount is due for payment, the same has been included and/ or shown under the under the grouping Current Liabilities.

# EL FORGE LIMITED

## **Independent Auditor's Report on the Financial Statement (Standalone), continued. To the Members of EL Forge Limited, CIN:L34103TN1934PLC000669**

- (08) Shakespeare Forgings Ltd (SFL), a company incorporated in United Kingdom (UK) was a wholly owned subsidiary (WOS) of the Company. During the Financial Year under report, the UK based wholly owned subsidiary (WOS) of the company has ceased to be 100% foreign subsidiary February 2015) and has become as Associate Company (in UK) concern within the meaning of the Companies Act 2013. The books of account of the aforesaid associates company, relating to the financial year 2014-15, are yet to be audited, by the UK based Chartered Accountants. Accordingly, any adjustment relating to carrying amount as at 31-03-2015 of the investment, made by the Company in SFL, will be determined and accounted based on the audited financial statements. We also invite your attention to Item No.18 in Note No.28 on Financial Statements
- (09) As said at the beginning of the paragraph, we have not qualified or modified our opinion on the aforesaid matters, including their impacts, on the Financial Statements.

### **05. Basis for Qualification of Opinion:**

- (01) Going Concern:
- (a) The Company's operating results has been materially affected due to various factors during earlier years and also during the financial year ended 31st March, 2015, under report, and the Company has huge accumulated losses as on the aforesaid date, which has eroded the entire net worth of the company. Accordingly, the appropriateness of the going concern assumption is dependent on the Company's ability to establish consistent profitable operations as well as raising, obtaining or infusing adequate/ required fund to meet its short term and long term obligations
- (b) At the end of the Financial Year 2014-15, net worth of the company has been totally eroded and become negative of an amount of minus Rs.5009.92 Lakh [ (01) after excluding amount of (a) Rs.1219.03 Lakh shown under capital Reserve (other than share premium) in the Notes 02, Reserves and Surplus, on Financial Statements; (in other words, this capital reserve has not been considered as part of reserve, Since it has been created on account of revaluation of fixed Assets/ conversion of fixed assets into stock in-trade); (b) Rs.1535.56 Lakh, relating to Deferred Interest and Deferred Revenue Expenses (Since in our opinion, these items are not an asset that can be realized, in the ordinary course of business, but only can be written off or charged as an expense), Note 12, Other Non-Current Assets, on Financial Statements; and (02) further accumulated loss of the Company amounting to Rs. 8981.89 Lakh (which includes Current year loss) as on the Balance Sheet date; in other words, the accumulated loss has also been considered to determine the net worth (This loss, i.e., deficit, has already been set off with available Surplus and shown as a overall negative figure in the Financial Statement) ].
- (c) Further, the Company's Current Liabilities (as at 31st March, 2015) have also exceeded its Current Assets by an amount of Rs. 5723.54 Lakh. These factors also raise doubts about the ability of the Company to continue as a going concern.
- (d) In case the going concern concept is vitiated, necessary adjustments will be required on the carrying amount of Assets and Liabilities (as at 31st March, 2015) which are not ascertainable, at this stage.

# **EL FORGE LIMITED**

## **Independent Auditor's Report on the Financial Statement (Standalone), continued. To the Members of El Forge Limited, CIN :L34103TN1934PLC000669**

### **(02) Change in the Method of accounting**

With effect from the Financial Year 2013-14 (Comprising a period of 9 months), the company has changed the method of accounting of Interest on Bank Borrowings (both short term and long term borrowings) from mercantile method to cash method. Accordingly, an amount (as determined by the management, based on the information available with them, and relied upon by the auditors) of Rs.1590.99 Lakh, relating to 12 months, comprising the period from April, 2014 to March, 2015 (i.e., Current Financial Year under report) has not been provided in the books of account and the same has not been charged as an expense in the Statement of Profit and Loss Account for the year under report. Had the aforesaid interest been provided, as per the earlier method of accounting, consistently followed by the company, the operating loss, for the year under report, would have been more by an amount of Rs.1590.99 Lakh and the Net worth, as at March 2015, of the company would have been less by an amount (or in other words, the minus figure of the net worth would be more by the amount of Rs.2641.82 Lakh (including the non-provided amount of Rs.1050.83 Lakh relating to earlier financial year 2013-14). In our opinion, the method of accounting the aforesaid Bank Interest, is not in accordance with the provisions of Sections 128, 129 and 134 of the Companies Act, 2013 read with Companies (Accounts) Rules 2014.

### **06. Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, the Loss for the year ended on that date and the cash flows for the year ended on that date.

### **07. Reason for Qualification**

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

#### **(01) Regarding Going Concern**

- (a) The company has been incurring loss for the last 7 consecutive (immediately preceding) financial years, and has huge accumulated loss. The net worth of the company has become negative. The company is not in a position to meet its financial obligations.
- (b) Accordingly, we are of the view that preparing the financial statements on going concern basis may not be relevant. Hence, we have qualified the same. However, we are not in a position to quantify the same, since the impact of the above could not be ascertainable as on the date.

# EL FORGE LIMITED

## Independent Auditor's Report on the Financial Statement (Standalone), continued.

### To the Members of El Forge Limited, CIN :L34103TN1934PLC000669

- (02) Regarding change in the accounting method:
- (c) Section 128(1) of the Companies Act, 2013 requires that books of account of a company should be kept on accrual basis and according to the double entry system of accounting. Section 134(2)(c) and Section 134(5) of the Companies Act, 2013 cast a responsibility on the Board to include, in the Directors' Report, among other matter, "Directors' Responsibility Statement", in relating to the Financial Statements. Accordingly, selection of the method of accounting (including changing one method to another method) and following such methods, adopting proper accounting policies and procedures are the primary responsibility of the management of the company. Considering the statutory obligation rest with the Management of the Company, the reason advanced by the management in the above regard has been considered by us and included in the following paragraphs, regarding the change in the method of accounting.
  - (d) In continuation of the above, for the two financial years [Namely current financial year 2014-15 (a period of 12 months comprising of the months from 01-04-2014 to 31-03-2015) & 2013-14 (a period of 9 months comprising of the months from 01-07-2013 to 31-03-2014), the company has not paid any amount towards Bank Interest, since the company has acute financial constraints, in meeting its short term and long term obligations; accordingly the company has not charged any interest (Expenses) on the bank borrowings (both Long Term and Short Term) obtained by the company from the banks. Considering the overall level of the financial position of the Company, during the financial year 2013-14, and as a prudent measure, the company decided to change method of accounting of expenses (Interest on bank borrowings) from Mercantile Method (Accrual Basis) to Cash Method (Cash Basis), with effect from the Financial Year 2013-14 and continued the same for the current financial year 2014-15 also.
  - (e) In our opinion, the above practice is not in accordance with the provisions of the Companies Act 2013. Hence, we have qualified the same together with the amount involved thereof.

### 08. Report on other Legal and Regulatory Requirements

- (01) As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, and the basis of the such verification of books and records of the company, as we considered appropriate and according to information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable, to the company for the year under report.
- (02) As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from my examination of those books

## **EL FORGE LIMITED**

### **Independent Auditor's Report on the Financial Statement (Standalone), continued. To the Members of El Forge Limited, CIN :L34103TN1934PLC000669**

- (c) The report on the accounts of the branch offices, as required by clause (c) of sub-section (8) of section 143 of the Act, is not applicable for the year under report, since Company has not appointed any branch auditor, to audit the branch accounts, and accordingly dealing with the report of Branch Auditors, in preparing our report does not arise;
- (d) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- (e) Subject to the our observations, in the aforesaid paragraph, relating to basis for qualified opinion, in our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) On the basis of written representations received from the directors as on 31-03-2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31-03-2015, from being appointed as a director in terms of Section 164(2) of the Act.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
  - (A) The company has disclosed the impact of all the pending litigations on its financial position in its financial statement; please refer Item No.04 and 15 of Note No.28 on Financial Statements
  - (B) The company does not have any long term contracts including derivative contracts, which will have foreseeable material loss;
  - (C) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company, except in the case of the Financial Year 2007-08, amounting to Rs.3.74 Lakh; please refer Item No 16 of Note No.28 on Financial Statements, relating to Investor Education and Protection Fund

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

Place: Chennai  
Date: 13.08.2015

R.VENKATESH  
Partner  
MNo:028368

# **EL FORGE LIMITED**

## **Annexure to the Independent Auditor's Report on the Financial Statements (Standard alone)**

**Addressed to the Members of El Forge Limited, CIN: L34103TN1934PLC000669)**

[Referred in Paragraph 08(01) of the aforesaid Auditors' Report]

As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 and on the basis of such checks as we considered appropriate, we further state, on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable, that:

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

- (01) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (02) The Management has the policy of physical verification of fixed assets once in every two years, which is, in my opinion, reasonable intervals, considering the nature of fixed assets and size of the company. Accordingly, the Management has carried out physical verification of these fixed assets at the year end;
- (03) No material discrepancies were noticed by the Management on such physical verification; and
- (04) Considering the observations made in the aforesaid sub-paragraph, the remaining part of the Clause of the Order, relating to "Whether the same (i.e., material discrepancies) have been properly dealt with in the books of account" is not applicable to the Company for the year under report; and accordingly, we have not made any observation thereon.

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

- (01) The Management has the policy of physical verification of Inventories once in every year, which is, in our opinion, a reasonable interval, considering the nature of inventories, volume of the inventories, nature of business and size of the Company. Accordingly, the Management has carried out physical verification of these inventories at the year end;
- (02) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the company and the nature of its business;
- (03) The remaining part of the Clause of the Order, relating to "Reporting of inadequacies in procedures of physical verification of inventory" is not applicable for the year under report; and accordingly, we have not made any observation thereon.
- (05) The company is maintaining proper records of Inventories;
- (06) No material discrepancies were noticed by the Management on such physical verification; and
- (07) 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.



# EL FORGE LIMITED

## Annexure to the Independent Auditor's Report on the Financial Statements (Standard alone)

Addressed to the **Members of El Forge Limited, CIN: L34103TN1934PLC000669**

[Referred in Paragraph 08(01) of the aforesaid Auditors' Report]

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

- (01) The Company has not granted, during the year under report, any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (02) Considering the observations made in the aforesaid sub-paragraph, the remaining part of the Clause of the Order, given below, is not applicable to the Company for the year under report.
  - (a) Whether receipt of the principal amount and interest are also regular; and
  - (b) If overdue amount is more than Rupees One Lakh, whether reasonable steps have been taken by the Company for recovery of the principal and interest
- (03) Accordingly, we have not made any observation, relating to the above.

### **04. Clause 3(iv) of the Order, relating to internal control system**

- (01) We are of the opinion that there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- (02) The remaining part of the Clause of the Order, relating to "Whether there is a continuing failure to correct major weaknesses in internal control system" is not applicable to the company for the year under report; and accordingly, we have not made any observation in this regard.

### **05. Clause 3(v) of the Order, relating to Deposits**

In our opinion and according to the information and explanations given to us, the Company has accepted 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. The company has filed details of deposits, in the prescribed form, with Registrar of Companies, Tamil Nadu, at Chennai, as required by the companies Act, 2013, relating to the aforesaid deposits. 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 deposits works out to Rs 104.26 Lakh, as at 31-03-2015; since the amount is due for payment the same has been included and/ or shown under the under the grouping Current Liabilities in the Balance Sheet. 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. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, on the Company in respect of deposits accepted.

- (01) As required by Paragraph 4 of the order, we give reason for our unfavourable or qualified remarks (Answers):
- (02) The company has not repaid the amount of deposits outstanding and falls due. Hence, we have qualified the same together with the amount remaining unpaid.

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

The company has maintained pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013. We have broadly reviewed the aforesaid cost records, maintained by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

# EL FORGE LIMITED

## Annexure to the Independent Auditor's Report on the Financial Statements (Standard alone)

Addressed to the **Members of El Forge Limited, CIN: L34103TN1934PLC000669**

[Referred in Paragraph 08(01) of the aforesaid Auditors' Report]

### 07. Clause 3(vii) of the Order, relating to Statutory Dues

(01) Unpaid undisputed amount:

(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 311.76 Lakh has been outstanding towards statutory dues, as at the last day of the financial year under report, for a Period of more than six months from the date they became payable.

(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.

(02) 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	2.08	Year – 2001	Employees Insurance court, Chennai
2	Income Tax	Income Tax Demand	0.03	Assessment Year 2004 – 05	CIT Appeals, Chennai
3	Income Tax	Income Tax Demand	75.60	Assessment Year 2007 – 08	CIT Appeals, Chennai
4	The Service Tax	Service Excise Demand	24.77	2002 – 03 to 2010 – 11	Commissioner Appeals of Central Excise & Service Tax, Chennai
5	The Central Excise	Excise Demand	1.47	2003 – 04 to 2006 -07	Commissioner of Central Excise Chennai IV Commissionerate
6	The Central Excise	Excise Demand	1.72	2002 to 2005	Customs, Excise and Service Tax Appellate Tribunal
7	The Central Excise	Excise Demand	5.22	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

### 08. Clause 3(viii) of the Order, relating to Accumulated Loss

01. Unfavourable or qualified observations (Answer)

(a) Without considering the consequential effects, if any, of matter described in the Basis for Qualified Opinion paragraph of our auditors' report, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and immediately preceding financial year. The company's has accumulated loss amounting to Rs. 8981.89 Lakh at the end of the financial year under report.

(b) As required by Paragraph 4 of the Order, we give reason for our unfavourable or qualified remarks (Answers): Since the company has incurred loss during the year under report and has been incurring loss during preceding

## **EL FORGE LIMITED**

years, the aggregated amount has exceed the share capital and reserves, resulting in erosion of networth more than 50% .

### **09. Clause 3(ix) of the Order, relating to Repayment of Loans**

#### **(01) Unfavourable or qualified observations (Answer)**

- (a)* Out of consortium of banks, a few banks (Assignor) have assigned their loan amounts (Along with their rights, claims, benefits, etc.) to two Assets Restructuring Companies (ARC), invoking the option under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Based on the information available with the company, the amount due to the Assignor has been transferred to and shown in the respective name of the ARC. Accordingly, the amount assigned by the Assignor, no longer appears in the name of the bank; these amount have been excluded for the purpose of this clause;
- (b)* In continuation of the above, based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has defaulted in repayment of dues to financial institutions / banks amounting to Rs 809.29 Lakh and Rs. 616.33 Lakh towards principal and interest respectively as at 31.03.2015

- (02) As required by Paragraph 4 of the Order, we give reason for our unfavourable or qualified remarks (Answers): As per the information and explanations given to us, the company has not entered into any agreement with ARC, hence it is not possible to classify the amount, in terms of the requirement of Schedule III to the Companies Act, 2013. Hence, the aforesaid observation.

### **10. Clause 3(x) of the Order, relating to Guarantee**

#### **01. Unfavourable or qualified observations (Answer)**

- a. The company has given a guarantee, much earlier to the 12-09-2013, the date from which Section 185 of the Companies Act, 2013 has come into force for loans taken by a domestic company from its banker. The domestic company is not in a position to repay the loan amount to its Banker. Their Banker issued notice under the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). Considering the aforesaid facts, in our opinion, the guarantee given is prejudicial to the interest of the company.
- b. As required by Paragraph 4 of the Order, we give reason for our unfavourable or qualified remarks (Answers): In the aforesaid circumstance, as it appears to us, the guarantee could be invoked by the banker at any time; hence we considered the same as prejudicial to the interest of the Company.

## **EL FORGE LIMITED**

### **11. Clause 3(xi) of the Order, relating to application of Term Loan**

01. The Company has not taken any Term Loan from banks or financial institution during the year under report.
02. Regarding the Term Loan taken by the Company from bank, during the earlier years, the Company has applied such Term Loan for the purpose for which the loans were obtained.

### **12. Clause 3(xii) of the Order, relating to Fraud**

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

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

Place: Chennai  
Date: 13.08.2015

R.VENKATESH  
Partner  
MNo:028368

# EL FORGE LIMITED

BALANCE SHEET AS AT 31st March 2015						
Sl. No.	PARTICULARS	Note No.	As at 31st March 2015		(Rs. in Lakhs) As at 31st March 2015	
I.	<u>EQUITY AND LIABILITIES</u>					
1.	Shareholder's funds					
	(a) Share Capital	1	3,243.55		3,243.55	
	(b) Reserves and Surplus	2	(5,498.88)		(3,651.62)	
				(2,255.33)		(408.07)
2.	Share application money pending allotment	3		-		-
3.	Non- current liabilities					
	(a) Long-term borrowings	4	7,830.54		6,237.69	
	(b) Deferred Tax liabilities (Net)		-		-	
	(c) Other Long term liabilities		-		-	
				7,830.54		6,237.69
4.	Current Liabilities					
	(a) Short term borrowings	5	5,229.30		4,677.08	
	(b) Trade payables	6	2,518.43		2,838.55	
	(c) Other current liabilities	7	2,493.17		4,716.03	
	(d) Short term provisions	8	22.57		22.57	
				10,263.47		12,254.23
				15,838.68		18,083.85
II	<u>ASSETS</u>					
1.	Non-current assets					
	(a) Fixed assets	9				
	(i) Tangible assets		8,977.44		10,000.30	
	(ii) Intangible assets					
	(iii) Capital work-in-progress		304.09		304.09	
	(iv) Intangible assets under development					
	(b) Non-current investments	10	392.76		392.76	
	(c) Deferred tax assets (net)					
	(d) Long-term loans and advances	11	19.10		193.46	
	(e) Other non-current assets	12	1,605.36		1,606.32	
				11,298.75		12,496.93
2.	Current assets					
	(a) Current investments					
	(b) Inventories	13	1,172.60		1,408.58	
	(c) Stock in trade (Land)	14	1,131.16		1,131.16	
	(d) Trade receivables	15	1,506.13		2,379.28	
	(e) Cash and Bank Balances	16	12.19		52.59	
	(f) Short-term loans and advances	17	330.97		298.13	
	(g) Other current assets	18	386.88		317.18	
				4,539.93		5,586.92
	TOTAL			15,838.68		18,083.85

For P.Rajagopalan & Co.,  
Chartered Accountants  
Reg No. Of The Firm: 003408

R. Venkatesh  
Partner  
M. No.028368

Place: Chennai  
Date: 13.08.2015

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

**On Behalf Of Board**  
V. Srikanth  
Chairman  
DIN 0076856

K.V. Ramachandran  
Vice Chairman &  
Managing Director  
DIN 00322331

# EL FORGE LIMITED

<b>STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2015</b>				
				Rs.in Lakh
	<b>PARTICULARS</b>	<b>Note No.</b>	<b>2014-15 (12 Months)</b>	<b>2013-14 (9Months)</b>
I	Revenue from operations	19	5,374.66	6,649.61
II	Other Income	20	21.04	90.30
III	<b>Total Revenue (I + II)</b>		<b>5,395.70</b>	<b>6,739.91</b>
IV	Expenses			
	a)Cost of Materials Consumed	21	2,900.59	3,270.91
	b)Changes in inventories of finished goods, work in progress and Stock-in- trade	22	45.36	153.96
	c)Employee benefits expense	23	1,015.97	1,017.51
	d)Finance Costs	24	230.43	214.12
	e)Depreciation and amortization expense		973.84	705.38
	f)Other expense	25	1,895.05	1,924.96
	<b>Total Expense (a to f)</b>		<b>7,061.25</b>	<b>7,286.84</b>
V	Profit before exceptional and extraordinary items and tax (III-IV)		<b>(1,665.55)</b>	<b>(546.93)</b>
VI	Exceptional Items		111.49	588.66
VII.	Profit before tax (V-VI)		<b>(1,777.04)</b>	<b>(1,135.59)</b>
VIII	<b>Tax expense:</b>		0.00	
	(1) Current tax		0.00	0.00
	(2) Prior period tax provision		0.00	0.00
	<b>Total</b>		<b>0.00</b>	<b>0.00</b>
IX	Profit/(Loss) for the year (VII - VIII)		<b>(1,777.04)</b>	<b>(1,135.59)</b>
X	<b>Earnings per equity share(of Rs.10each):</b>			
	(1) Basic		Rs -8.74	Rs.-5.59
	(2) Diluted		Rs -8.74	Rs.-5.59

For P.Rajagopalan & Co.,  
Chartered Accountants  
Reg No. Of The Firm: 003408

R. Venkatesh  
Partner  
M. No.028368

Place: Chennai  
Date: 13.08.2015

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

**On Behalf Of Board**  
V. Srikanth  
Chairman  
DIN 0076856

K.V. Ramachandran  
Vice Chairman &  
Managing Director  
DIN 00322331

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014-15

(Rs. In Lakh)

Particulars	As at 31-03-2015	As at 31-03-2014
<b>01. Share Capital :</b>		
<b>(01) Authorised Share Capital</b>		
(a) Equity Share Capital		
(A) Number of Equity Shares	26,000,000	26,000,000
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of Authorised Equity Share Capital	2,600.00	2,600.00
(b) Preference Share Capital		
(A) Number of Preference Share	1,300,000	1,300,000
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Authorised Preference Share Capital	1,300.00	1,300.00
(c) Summary Authorised Share Capital		
(A) Equity Share Capital	2,600.00	2,600.00
(B) Preference Share Capital	1,300.00	1,300.00
<b>(C) Total</b>	<b>3,900.00</b>	<b>3,900.00</b>
<b>(02) Issued, subscribed and Fully Paid up</b>		
(a) Equity Share Capital		
(A) Number of Equity Shares	20,324,304	20,324,304
(B) Face Value per Equity Share (in Rs.)	10	10
(C) Total Amount of paid up Equity Share Capital	2,032.43	2,032.43
(b) Preference Share Capital		
(A) Number of Preference Share	1,211,123	1,211,123
(B) Face Value per Preference Share (in Rs.)	100	100
(C) Total Amount of Paid up Preference Share Capital	1,211.12	1,211.12
(c) Summary Issued, subscribed & Paid up Capital		
(A) Equity Share Capital	2,032.43	2,032.43
(B) Preference Share Capital	1,211.12	1,211.12
<b>(C) Total</b>	<b>3,243.55</b>	<b>3,243.55</b>
<b>(03) Share Reconciliation (Shares in Numbers)</b>		
(a) Equity Share of Rs.10/= each (in No.)		
(A) No. of shares at the beginning	20,324,304	20,324,304
(B) No. of shares issued during the year/ period	0	0
(C) Sub-Total	20,324,304	20,324,304
(D) Less: Adjusted/ Redeemed/ Buyback	0	0
(E) Closing Balance	20,324,304	20,324,304

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014-15

(Rs. In Lakh)

Particulars	As at 31-03-2015	As at 31-03-2014
(b) Preference Share of Rs. 100/= Each (in No.)		
(A) No. of shares at the beginning	1,211,123	1,211,123
(B) No. of shares issued during the year/ period	0	0
(C) Sub-Total	1,211,123	1,211,123
(D) Less: Adjusted/ Redeemed/ Buyback	0	0
<b>(E) Closing Balance</b>	<b>1,211,123</b>	<b>1,211,123</b>
<b>(04) Shareholding more than 5%</b>		
(a) Equity Shares		
(A) Chendur Forgings Ltd		
(i) No. Equity Shares	7,065,006	7,065,006
(ii) Percentage	34.76%	34.76%
(B) Prime booking Company India Limited.		
(i) No. Equity Shares	1347287	1347287
(ii) Percentage	6.63%	6.63%
(b) Preference Shares		
(A) State Bank of India (No of shares & %)	545931 & 45.08%	545931 & 45.08%
(B) Axis Bank Ltd (No of shares & %)	307206 & 25.37%	307206 & 25.37%
(C) Union Bank of India (No of shares & %)	108202 & 8.93%	108202 & 8.93%
(D) Export & Import Bank of India (No of shares & % )	209817 & 17.32%	209817 & 17.32%
(E) IDBI (No of shares & % )	39967 & 3.30%	39967 & 3.30%
<b>(05) Conversion of Preference shares to Equity Shares</b>		
(a) Purly at the option of the bank		
(b) Extend of option: either fully or partly		
<b>(06) Redemption of Preference shares to Equity Shares</b>		
(a) If the option of conversion is not exercised		
(b) If the option of conversion is exercised, redemption		
(A) on 01-04-2016	one third	one third
(B) on 01-04-2017	one third	one third
(C) on 01-04-2018	one third	one third
<b>(07) Other details</b>		
(a) Equity Shares allotted for acquisition of Subsidiary		
(A) Shakespeare Forgings Limited, UK		
(i) Total	12.65	12.65
(ii) For a consideration other than cash	0.50	0.50
(iii) For a consideration	12.15	12.15
<b>02. Reserves &amp; Surplus:</b>		
<b>(01) Capital Reserves (Share Premium)</b>		
(a) Opening Balance (Since last Balance Sheet)	2,263.98	2,263.98
(b) Add: Additions/ Transfers/ Created	0.00	0.00
(c) Sub-Total	2,263.98	2,263.98



# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014 – 15

(Rs. in Lakh)

Particulars	As at 31-03-2015	As at 31-03-2014
(d) Less: Utilized/ Adjusted (Right Issue Expenses)	0.00	0.00
(e) Closing Balance	2,263.98	2,263.98
<b>(02) Capital Reserves *</b>		
(a) Opening Balance (Since last Balance Sheet)	1,219.03	1,219.03
(b) Add: Additions/ Transfers/ Created	0.00	677.76
(c) Sub-Total	1,219.03	1,896.79
(d) Less: Transfers/ Utilized/ Adjusted	0.00	677.76
(e) Closing Balance	1,219.03	1,219.03
<b>(03) Surplus: Closing Balance of Profit &amp; Loss A/c</b>		
(a) Opening Balance [ Surplus/ Defecit (-) ]	-7,134.63	-5,999.03
(b) Add:/ Less Adjustments **	-70.22	0.00
(c) Sub-Total	-7,204.85	-5,999.03
(d) Add: Profit/ Loss (-) [Per Statement of Profit & Loss A/c ]	-1,777.04	-1,135.59
(e) Add: Adjustments General Reserve	0.00	0.00
(f) Sub-Total	-1,777.04	-1,135.59
(g) Less: Transfers to general Reserves	0.00	0.00
(h) Less: Provisions for Dividend	0.00	0.00
(i) Less: Provisions for Dividend Tax	0.00	0.00
(j) Closing Balance	-8,981.89	-7,134.63
<b>(04) Summary of Closing Balance</b>		
(a) Capital Reserves (Share Premium)	2,263.98	2,263.98
(b) Capital Reserves (Other then Share Premium)	1,219.03	1,219.03
(c) Surplus/ Defecit (-)	-8,981.89	-7,134.63
<b>Total</b>	<b>-5,498.88</b>	<b>-3,651.62</b>
* Fixed Assets (Land) Converted into stock in trade		
**Depreciation relating to earlier years, as per schedule II to the Companies Act, 2013		
<b>03. Share Application Money Pending Allotments</b>		
(01) Amount Pending Allotment	0.00	0.00
<b>04. Long term Borrowings:</b>		
<b>(01) Term Loans</b>		
(a) From Banks		
(A) Secured	1,160.65	6,159.04
(B) Unsecured	0.00	0.00
<b>(C) Total</b>	<b>1,160.65</b>	<b>6,159.04</b>
(b) From Others (ARCS)		

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014 – 15

**Rs. in Lakh**

Particulars	As at 31-03-2015	As at 31-03-2014
(A) Due from Related Parties		
(i) Secured	0.00	0.00
(ii) Unsecured	0.00	54.19
(iii) Sub- Total	0.00	54.19
(B) Due from Others(ARCS)		
(i) Secured	6,669.89	0.00
(ii) Unsecured	0.00	24.46
(iii) Sub- Total	6,669.89	24.46
(C) Total		
(i) From Related Parties	0.00	54.19
(ii) From Others (ARCS)	6,669.89	24.46
(iii) Total	6,669.89	78.65
(c) Summary of Term Loans		
(A) From Banks	1,160.65	6,159.04
(B) From Others (ARCS)	6,669.89	78.65
<b>(C) Total</b>	<b>7,830.54</b>	<b>6,237.69</b>
(d) Term of repayment of Term Loan(Existing bank)		
(A) During the year 2014-15	0.00	1,165.37
(B) During the year 2015-16	364.57	1,359.60
(C) During the year 2016-17	390.61	1,456.71
(D) During the year 2017-18	390.61	1,456.71
(E) During the year 2018-19	379.43	1,886.01
Repayment schedule shown only remaining bank loan		
(e) Default of Repayment of Loans		
(A) First date of default	01/07/2011	01/07/2011
(B) Total Amount of Principal defaulted(remaining bank)	809.30	1,680.00
(C) Total Amount of interest defaulted(remaining bank)	616.34	1,109.62
(D) Default continued	Yes	Yes
(E) Amt defaulted as on the balance sheet date	1,425.64	2,789.62
(f) Securities Details		

(A) Term Loans from Banks & Assets Reconstruction company (ARC's)

- a) Pari Passu first charge on all immovable Properties of the Company.
- b) Pari Passu first charge on all movable fixed assets of the company excluding those movable fixed assets exclusively charged to The Royal Bank of Scotland N.V
- c) Pari Passu second charge on the company's entire stock of raw materials, stores and spares, finished goods and book debts that are not factored.

(B) All Term Loans are fully Guaranteed by Directors Mr. V. Srikanth and Mr. K.V. Ramachandran.

(C) During the year State Bank of India, Exim Bank, Union bank of india have assigned there debts to ARC's.

State bank of india to Assets Reconstruction company (India) limited and Exim Bank and Union Bank of india to Edelweiss Assets Reconstruction Company Limited. As a Result the debts and security passes on from Bank the respective bank to ARC's.

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014 – 15

Rs. in Lakh

Particulars	As at 31-03-2015	As at 31-03-2014
<b>(02) Loans and Advances from Related Parties</b>		
(a) Secured	0.00	0.00
(b) Unsecured	0.00	0.00
Total	0.00	0.00
<b>(03) Long Term maturities of Financial Obligations</b>		
(a) Hire Purchase	0.00	0.00
<b>(04) Summary of Long Term Borrowings</b>		
(a) Term Loans	7,830.54	6,237.69
(b) Deposits	0.00	0.00
(c) Loans and Advances from Related Parties	0.00	0.00
(d) Long Term maturities of Financial Obligations	0.00	0.00
<b>Total</b>	<b>7,830.54</b>	<b>6,237.69</b>
<b>05. Short Term Borrowings</b>		
<b>(01) Loans Payable on Demand</b>		
(a) From Bank		
(A) Secured	1,679.82	4,137.35
(B) Unsecured	0.00	0.00
Total	1,679.82	4,137.35
(b) From Others (ARC)		
(A) Secured	3,027.21	0.00
(B) Unsecured	0.00	0.00
Total	3,027.21	0.00
(c) Summary of Loan Payable on Demand		
(A) From Bank	1,679.82	4,137.35
(B) From Others	3,027.21	0.00
<b>Total</b>	<b>4,707.03</b>	<b>4,137.35</b>
<b>(02) Loans and Advances from Related Parties</b>		
(a) From Related Parties	54.19	0.00
(b) From Others	0.00	0.00
<b>Total</b>	<b>54.19</b>	<b>0.00</b>

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014 – 15

Rs. in Lakhs

Particulars	As at 31-03-2015	As at 31-03-2014
<b>(03) Deposits</b>		
(a) Secured	0.00	0.00
(b) Unsecured	468.08	539.73
Total	468.08	539.73
<b>(04) Summary of Short Term Borrowings</b>		
(a) Loan Payable on Demand	4,707.03	4,137.35
(b) Lonas and Advances from Related Parties	54.19	0.00
(c) Deposits	468.08	539.73
Total	5,229.30	4,677.08
<b>(05) Security (Loans Payable on Demand)</b>		
(a) The cash credit including packing credit accounts are secured by a paripassu first charge on current assets by hypothecation of raw materials, stores and spares,		
(b) finished goods and book debts that are not factored and also secured by a pari passu second charge on immovable and movable properties and in addition,		
<b>(06) Guarantee given</b>		
(a) Secured Loans are fully guranteed by the Directors Mr. V. Srikanth and Mr. K.V. Ramachandran		
<b>06. Trade Payables :</b>		
(01) Dues to MSME*	0.00	0.00
(02) Others	2,518.43	2,838.55
<b>Total</b>	<b>2,518.43</b>	<b>2,838.55</b>
*MSME stands for Micro Small and Medium Enterprises		
<b>07. Other Current Liabilities</b>		
(01) Current maturities of Long Term Debts	1,173.87	2,845.37
(02) Unclaimed Dividends	8.41	8.41
(03) Sundry Creditors for Expenses and others	1,233.52	1,508.71
(04) Bills Acceptances	77.37	353.54
<b>Total</b>	<b>2,493.17</b>	<b>4,716.03</b>
<b>08. Short Term Provisions</b>		
(01) Provision for Taxation	22.57	22.57
(02) Provision for proposed dividend	0.00	0.00
(03) Provision for Tax on proposed dividend	0.00	0.00
<b>Total</b>	<b>22.57</b>	<b>22.57</b>

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014 – 15

Rs. in Lakh

Particulars	As at 31-03-2015	As at 31-03-2014
<b>09. Fixed Assets- Tangible :</b>		
Gross Block *	15,924.53	15,903.34
Depreciation till date	6,947.09	5,903.04
Net Block	8,977.44	10,000.30
<b>* Details sheet Attached.</b>		
<b>10. Non-current investments</b>		
(01) Trade investments	0.00	0.00
(02) Other investments (At Cost)		
(a) in Equity Instruments (Quoted)	0.01	0.01
Indusind Bank Ltd 436 (436) No.of Shares of Rs.10/- each		
Sub-Total	0.01	0.01
(b) in Equity Instruments (Unquoted)		
Sai Regency power corporation Ltd., 15000 (15000) No.of Shares of Rs.10/- each	18.93	18.93
Shakespeare Forgings Ltd -UK* 150000 (150000) Nos. of GBP 1	373.82	373.82
Sub-Total	392.75	392.75
(c) Aggregate amount of Investments		
(A) Aggregate amount of Quoted Investment	0.01	0.01
(B) Aggregate amount of Unquoted Investment	392.75	392.75
<b>(C) Aggregate amount of above</b>	<b>392.76</b>	<b>392.76</b>
(d) Market value Quoted Investments	3.59	2.17
(e) Aggregate provision for diminution in value of investments	0.00	0.00
(f) Investments are made in the following type of entity	0.00	0.00
(A) Associate Company(Previous year Subsidiary),	373.82	373.82
<b>11. Long Term Loans and Advances</b>		
(01) Advance paid to subsidiary	0.00	172.61
(02) Advance against Capital Goods	19.10	20.85
<b>Total</b>	<b>19.10</b>	<b>193.46</b>

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014 – 15

Rs. in Lakh

Particulars	As at 31-03-2015	As at 31-03-2014
<b>12. Non-Current Assets</b>		
(01) Advance, Deposits, etc.	69.80	70.76
(02) Deferred Interest	1,202.81	1,202.81
(03) Deferred Revenue Expenditures	332.75	332.75
<b>Total</b>	<b>1,605.36</b>	<b>1,606.32</b>
<b>13. Inventories</b>		
(01) Raw-Materials / Die Tools Steel	575.38	674.67
(02) Work-In-Progress	20.26	22.49
(03) Finished goods	393.17	428.54
(04) Stores and Spares	165.89	242.96
(05) Loose Tools	7.13	21.39
(06) Flash Stock	10.77	18.52
<b>Total</b>	<b>1,172.60</b>	<b>1,408.58</b>
<b>14. Stock-in-Trade</b>		
(01) Land (Convert from Fixed Assets)	1,131.16	1,131.16
<b>Total</b>	<b>1,131.16</b>	<b>1,131.16</b>
<b>15. Trade Receivables</b>		
(01) Outstanding for a period more than 6 months		
(a) Secured & Considered Good	0.00	0.00
(b) Unsecured & Considered Good	998.90	941.88
(c) Doubtful	0.00	0.00
Sub-Total	998.90	941.88
(02) Others		
(a) Secured & Considered Good	0.00	0.00
(b) Unsecured & Considered Good	507.23	1,437.40
(c) Doubtful	0.00	0.00
Sub-Total	507.23	1,437.40
(03) Total		
(a) Secured & Considered Good	0.00	0.00
(b) Unsecured & Considered Good	1,506.13	2,379.28
(c) Doubtful	0.00	0.00
<b>Total</b>	<b>1,506.13</b>	<b>2,379.28</b>

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014-15

Rs. in Lakh

Particulars	As at 31-03-2015	As at 31-03-2014
<b>16. Cash and Cash Equivalents</b>		
(01) Balances with banks;		
(a) On Earmarked Accounts	8.41	8.41
(b) On margin Money Account		
Against Borrowings	0.00	30.55
(c) In Current Account	2.04	8.01
(02) Cash on Hand;		
(a) Free Legal tender	1.74	5.62
(b) With repatriation restrictions	0.00	0.00
<b>Total</b>	<b>12.19</b>	<b>52.59</b>
<b>17 Short Tem Loan and advances:</b>		
(01) Advance to Employees	25.14	13.81
(02) Prepaid Expenses	12.38	17.74
(03) Balance with Central Excise	293.45	266.58
<b>Total</b>	<b>330.97</b>	<b>298.13</b>
<b>18. Other current assets:</b>		
(01) Tax deducted at source	21.49	18.01
(02) Advances for Purchase	20.48	29.91
(03) Other Advances	147.17	128.37
(04) Receivables from statutory Authorities	197.74	140.89
<b>Total</b>	<b>386.88</b>	<b>317.18</b>

# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014-15

	<b>Rs. in Lakh</b>	
<b>Particulars</b>	<b>For the Year 2014-15 (12 months)</b>	<b>For the Year 2013-14 (9 months)</b>
<b>19. Revenue from Operations</b>		
(01) Sale of Products	5,304.02	5,907.82
(02) Sale of Services	71.03	3.90
(03) Other Operating Income (sale of Flash)	400.35	447.17
(04) Sub-Total	5,775.40	6,358.89
(05) Less: Central Excise	400.74	466.62
<b>(06) Net Revenue From Operations</b>	<b>5,374.66</b>	<b>5,892.27</b>
(07) Other Operating Income	0.00	757.34
<b>(08) Net Revenue From Operations</b>	<b>5,374.66</b>	<b>6,649.61</b>
<b>20. Other Income</b>		
(01) Dividend Income	0.02	0.35
(02) Sales of Fixed Assets (Exceptional Items)	0.00	0.00
(03) Other Non-Operating Income	21.03	89.95
<b>Total</b>	<b>21.04</b>	<b>90.30</b>
<b>21. Raw Materials Consumed</b>		
(01) Opening Stock	674.67	727.58
(02) Add: Purchases	2,801.30	3,218.00
(03) Sub-Total	3,475.97	3,945.58
(04) Less: Sales	0.00	0.00
(05) Amount net of Sales	3,475.97	3,945.58
(06) Less: Closing Stock	575.38	674.67
<b>(07) Raw Materails consumed</b>	<b>2,900.59</b>	<b>3,270.91</b>
<b>22.Changes in inventories*</b>		
(01) Inventories, at the beginning		
(a) Finished Goods	428.54	578.29
(b) Work-in-Progress	22.49	19.56
(c) Stock-in-Trade	0.00	0.00
(d) Flash Stock	18.52	25.66
Sub-Total	469.56	623.52
(02) Inventories, at the End		
(a) Finished Goods	393.17	428.54
(b) Work-in-Progress	20.26	22.49
(c) Stock-in-Trade	0.00	0.00
(d) Flash Stock	10.77	18.52
Sub-Total	424.20	469.56
<b>(03) Change in Inventories</b>	<b>45.36</b>	<b>153.96</b>

\*Inventory menas finished goods, work in progress and StoStock-in- trade



# EL FORGE LIMITED

## Notes on Financial Statements relating to the Financial Year 2014-15

	Rs. in Lakh	
Particulars	For the Year 2014-15 (12 months)	For the Year 2013-14 (9 months)
<b>23. Employee Benefit Expenses</b>		
(01) Salaries & Wages	439.40	510.31
(02) Contribution to PF, ESI, etc	142.77	75.29
(03) Welfare Expenses	433.80	431.91
<b>Total</b>	<b>1,015.97</b>	<b>1,017.51</b>
<b>24. Finance Cost</b>		
(01) Interest Expenses	227.21	210.49
(02) Other Borrowing Cost	3.22	3.63
<b>Total</b>	<b>230.43</b>	<b>214.12</b>
<b>25. Other Expenses:</b>		
(01) Consumption of stores and spare parts.	147.53	150.99
(02) Power and fuel.	724.36	866.12
(03) Job Charges	157.73	172.91
(04) Repairs to buildings.	0.00	0.48
(05) Repairs to machinery.	126.44	81.36
(06) Rent.	40.84	34.28
(07) Insurance .	24.75	21.14
(08) Rates and taxes, excluding, taxes on income.	6.79	27.10
(09) Travelling and Conveyance	65.42	58.93
(10) Packing and Forwarding	441.53	354.49
(11) Payment to Auditors:		
(a) As Auditors (Statutory audit Fees)	1.75	1.25
(b) For Taxation matters	0.22	0.17
(c) For Certificate	0.00	0.00
(12) Miscellaneous expenses,	157.69	155.74
<b>Total</b>	<b>1,895.05</b>	<b>1,924.96</b>
<b>26. Exceptional Item</b>	<b>111.49</b>	<b>588.66</b>

Expenses note relating to current year

Note:

Other details are given in the subsequent note.

## EL FORGE LIMITED

Note : 9 Fixed Assets –Tangible											
Name of the Fixed Assets	Opening Balance As at 01-04-2014	Additions during the year	Deletions/ Tranfer during the year	Closing Balance as at 31-03-2015	Opening Balance As at 01-04-2014	Addition during the year	Adjust ment	Deducat ion during the year	Closing Balance as at 31-03-2015	As at 31-03-2015	As at 31-03-2014
Land	73.32	0.00	0.00	73.32	0.00	0.00	0.00	0.00	0.00	73.32	73.32
Land (Lease Hold)	6.88	0.00	0.00	6.88	0.00	0.00	0.00	0.00	0.00	6.88	6.88
Building	2168.88	0.00	0.00	2168.88	515.85	67.61	10.61	0.00	594.06	1574.81	1653.04
Plant & machinery	13070.12	21.19	0.00	13091.31	5014.85	851.57	39.47	0.00	5905.89	7185.42	8055.26
Furnitutre & Fixtures	250.08	0.00	0.00	250.08	112.24	39.52	5.61	0.00	157.38	92.71	137.84
Vehicle	34.62	0.00	0.00	34.62	25.72	2.93	0.92	0.00	29.57	5.05	8.90
Office Equipments	299.44	0.00	0.00	299.44	234.38	12.21	13.60	0.00	260.18	39.25	65.06
<b>Total</b>	<b>15903.34</b>	<b>21.19</b>	<b>0.00</b>	<b>15924.53</b>	<b>5903.04</b>	<b>973.84</b>	<b>70.22</b>	<b>0.00</b>	<b>6947.09</b>	<b>8977.44</b>	<b>10000.30</b>

# EL FORGE LIMITED

## Fund Flow Statement for the year Ended 31.03.2015

Rs. in Lakh

Particulars	For the year 2014-15	For the year 2014-15	For the year 2013-14	For the year 2013-14
01. Cash Flow from Operations				
(01) Net Profit before Tax		(1777.04)		(1135.59)
(02) Adjustment for				
(a) Depreciation	973.84		705.38	
(b) Interest Expenses	230.43		214.12	0.00
(c) Other Income	0.00		0.00	
(d) Profit on Sales of Fixed Assets	0.00		(752.69)	
(e) Interest Income	2.99		2.99	
(f) Dividend Received	0.02		0.35	
(g) Sales of Investments	0.00		0.00	
(h) Revaluation Reserve	<u>0.00</u>		<u>0.00</u>	
		<u>1207.28</u>		<u>170.15</u>
(03) Operating Profit before working Capital Changes		(569.76)		(965.44)
(04) Adjustment for Increase/ Decrease in				
(a) Trade & Other Receivables	770.62		(164.35)	
(b) Inventories	235.97		208.32	
(c) Sundry Creditors	(2542.99)		451.49	
(d) Miscellaneous Expenses/Deferred Rev. Exp	0.00		0.00	
(e) Convesrion Fixed Assets to Stock	<u>0.00</u>		<u>0.00</u>	
		<u>(1536.40)</u>		<u>495.45</u>
(05) Cash Generation from Operation		(2106.16)		(469.99)
(06) Less the Following				
(a) Tax Paid/ Provided	0.00		0.00	
(b) Extraordinary items	0.00		0.00	
(c) Misc. receipts	0.00		0.00	
(d) Deferred sales Tax Liability	<u>0.00</u>		<u>0.00</u>	
		0.00		0.00
(07) Net Cash from Operaing Activities		<u>(2106.16)</u>		<u>(469.99)</u>
02. Cash Flow from Investing Activities				
(01) Purchase or Sale of Fixed Assets				
(a) Purchase of fixed assets, Including CWIP	(21.21)		(498.72)	
(b) Sale Proceeds of Fixed assets	0.00		921.67	
(c) Deduction on account of Conversion	0.00		0.00	
(d) Deduction on Investment	0.00		78.29	
(02) Interest Received	(2.99)		(2.99)	
(03) Dividend Received	(0.02)		(0.35)	
(04) Purchase or Sale of Investments			0.00	
(a) Purchase	0.00		0.00	
(b) Sales	0.00		0.00	

# EL FORGE LIMITED

## Fund Flow Statement for the year Ended 31.03.2015

Rs. in Lakh

Particulars	For the year 2014-15	For the year 2014-15	For the year 2013-14	For the year 2013-14
(05) Advances & Non-Current Assets	0.00		0.00	
(a) Paid	0.00		0.00	
(b) Realised	175.33		594.75	
(06) Purchase or Sale of Goodwill			0.00	
(a) Additions	0.00		0.00	
(b) Deletion	<u>0.00</u>		<u>0.00</u>	
(07) Net Cash Flow from Investing Activities		151.11		1092.65
03. Cash Flow from Financing Activities				
(01) From Term Loan/ Deferral Loan			0.00	
(a) Obtained	0.00		(320.60)	
(b) Re-Paid	1592.85		0.00	
(02) From Capital			0.00	
(a) Additions	0.00		0.00	
(b) Withdrawn	0.00		0.00	
(03) From Unsecured Loans			0.00	
(a) Obtained	0.00		0.00	
(b) Re-Paid	0.00		(133.89)	
(04) From Short (Bank Borrowings)	552.22		(214.12)	
(05) Interest Paid	(230.43)		0.00	
(06) Dividend and Tax Thereon	<u>0.00</u>		<u>0.00</u>	(668.61)
(07) Net Cash Flow from Financing Activities		<u>1914.64</u>		
04. Net Increase/ Decrease in Cash & Cash Equivalent (04= 01+02+03)		<u>(40.40)</u>		<u>(45.95)</u>
05. Cash & Cash Equivalent- Opening Balance		52.59		98.54
06. Cash & Cash Equivalent- Closing Balance		12.19		52.59
07. Net Increase/ Decrease in Balances		<u>(40.40)</u>		<u>(45.95)</u>

For P.Rajagopalan & Co.,  
Chartered Accountants  
Reg No. Of The Firm: 003408

V. Srikanth  
Chairman  
DIN 0076856

R. Venkatesh  
Partner  
M. No.028368

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

K.V. Ramachandran  
Vice Chairman &  
Managing Director  
DIN 00322331

Place: Chennai  
Date: 13.08.2015

# EL FORGE LIMITED

**El Forge Limited, CIN L34103TN1934PLC000669**  
**Chennai**

**Notes No.27** on Financial Statements as at 31-03-2015, relating to Significant Accounting Policies, forming an integral part of Financial Statements

## 01. Accounting Convention

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

## 02. Use of Estimates

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

## 03. System of Accounting

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

## 04. Expenditure during construction period

In case of new projects and substantial expansion of existing fixed assets, expenditure incurred including attributable interest and financing costs prior to commencement of commercial production is capitalized.

## 05. Fixed Assets

### (01) Tangible

Fixed Assets are shown at cost less accumulated Depreciation. Cost includes cost of purchase/acquisition or construction and all other direct expenses (For example Transport, Transit Insurance, Loading and Unloading, installation and Erection Expenses, attributable interest and financial cost) till such assets are put in to use and includes allocation of pre operative Expenses. Till the Assets are put into use, the same shall be shown under the head Capital Work in Progress. Fixed Assets have been accounted net off central excise, wherever applicable.

## **EL FORGE LIMITED**

### **(02) Intangible**

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

### **06. Depreciation and Amortization**

(01) Depreciation on all Fixed Assets has been charged under Straight Line Method (SLM) and Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

(02) Depreciation on additions to fixed assets is calculated on pro-rata basis from the date of addition (i.e., date of use) and in the case sale/ dispose depreciation shall be calculated up to the date of sale / disposal.

(03) Leasehold Land premium has been amortized on pro-rata basis, based on the lease period.

### **07. Impairment**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount

### **08. Inventories**

(01) Raw Material, Stores and Spares and Work in Progress are valued at cost. Finished goods are valued at cost or Net realizable value whichever is lower

(02) Cost on the Inventories comprises of cost of purchases, cost of conversion and other cost of manufacturing and other costs incurred in bringing the inventories to their present location and condition permission

### **09. Revenue Recognition and Expenses**

#### **(01) Revenue Recognition**

Revenue is recognized only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, excise duty and net of discounts, rebates, sales tax. Dividend income is recognized when the right to receive payment is established. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

#### **(02) Expenses**

(a) Expenses (i.e., relating to above revenue) are accounted in the year in which the revenue is recognized.

(b) The other expenses not related to (a) above, shall be, normally, charged to Statement of Profit and Loss, in the same year in which they are incurred (i.e., on the mercantile basis), unless the same is accounted on cash basis.

# EL FORGE LIMITED

**El Forge Limited, CIN L34103TN1934PLC000669**  
**Chennai**

**Notes No.27** on Financial Statements as at 31-03-2015, relating to Significant Accounting Policies, forming an integral part of Financial Statements

## 10. Foreign Currency Transactions

### (01) Initial Reorganization

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

### (02) Subsequent Reorganization

Monetary items, denominated in foreign currency, are restated/ reported using yearend foreign currency rate. Non-monetary items are carried at cost, using the rate of foreign exchange on the date of the transaction; and the gain or loss on account of realization or payments shall be shown in statement of profit and loss, as exchange rate difference.

## 11. Taxation

Tax expenses for the year comprises of current tax (Either normal tax or Minimum alternate tax), as per the provisions of Income Tax Act, 1961, and deferred tax. Deferred income tax reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws those are enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Deferred tax assets and deferred tax liabilities are off-set, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws

## 12. Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard – 17, “Segment Reporting” (Specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014). segment Reporting Policies.

(01) Identification of Segments : Primary – Business Segment : The Company has identified four reportable segments viz., Forgnings and Land Developments on the basis of the nature of products, the risk and return profile of individual business and the internal business reporting systems.

(02) Secondary – Geographical Segment the Aanalysis of geographical segment is based on geographical location of the customers.

# EL FORGE LIMITED

**El Forge Limited, CIN L34103TN1934PLC000669**  
**Chennai**

**Notes No.27** on Financial Statements as at 31-03-2015, relating to Significant Accounting Policies, forming an integral part of Financial Statements

(03) Property Development

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

13. Provisions and Contingent Liabilities

(01) Provisions

A provision (subject to the method of accounting followed by the company, including recognizing particular item of expenses) is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(02) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

14. Investment :

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are long term investments and classified as non-current Investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Provision for diminution in the value of Non-Current investments is made only if such a decline is other than temporary.



# EL FORGE LIMITED

**EL Forge Limited**

**CIN: L34103TN1934PLC000669**

**Notes No. 28** on Financial Statements as at 31-03-2015, 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. Accounting Period**

The current year figures may not be comparable with the previous year figures, since the current year comprises of a period of 12 (Twelve) months (01-04-2014 to 31-03-2015) as against 9 (Nine) months of previous year (01-07-2013 to 31-03-2014).relating to previous year, to comply with the requirement of Companies Act, 2013.

## **04. Contingent Liabilities & Commitments**

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

Sl. No.	Particulars	As at 31-03-2015	As at 31-03-2014
01	E.S.I under Appeal	2.08	2.08
02	Demands raised by SIPCOT for the Leasehold	13.00	13.00
03	Demand from Income Tax	75.60	75.60
04	Demand from Central Excise & service tax	41.68	47.10
05	Guarantees given to		
	(a) Foreign Bank (for credit limits of subsidiary company	0.00	183.63
	(b) Bank against the loan taken by a company	650.00	650.00
06	Pending contracts (on Account of capital Assets)	0.00	100.00
07	Air Freight under negotiation	0.00	111.49

## **05. Confirmation of Balance**

The Company has sent letters for confirmation of Balance as at 31.03.2015 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.

# **EL FORGE LIMITED**

**EL Forge Limited**

**CIN: L34103TN1934PLC000669**

**Notes No. 28** on Financial Statements as at 31-03-2015, relating to other information, forming an integral part thereof

**06. Miscellaneous Expenditure**

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

**07. Non-Provision for diminution in the value of Investments**

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

**08. Excise duty on the finished goods pending clearance.**

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

**09. 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

**10. Netting off Interest Income**

Interest Expenses is shown after setting off interest receipts (Income) amounting to Rs. 12.36 Lakh (Previous year Rs.2.99 Lakh).

**11. 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

**12. 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.

(02) An amount of Rs.207.29 Lakh (Previous year Rs.96.30 Lakh) has been outstanding in respect of the above fund as on 31.03.2015, 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.

# EL FORGE LIMITED

**EL Forge Limited**  
**CIN: L34103TN1934PLC000669**

**Notes No. 28** on Financial Statements as at 31-03-2015, relating to other information, forming an integral part thereof

## **13. Penalty and Interest**

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

## **14. 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. 1590.99 Lakh not provided during the year (Previous year Rs.1050.83 Lakh)

## **15. 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

<b>SL. NO.</b>	<b>Name of the creditor</b>	<b>Amt of Claim</b>	<b>Nature of Claim</b>
1	Southern Packaging	2.02	legal notice
2	AMW MGM Forgings	3.66	Legal Notice
3	Federal Express Corporation	10.43	Legal Notice
4	Lifetime Safe Solutions	0.91	Legal Notice
5	PCK Buderus (India) Special Steels P Ltd	63.18	Legal Notice
6	ISMT Ltd	16.51	Legal Notice
7	TVS Dynamic Global Freight Services Ltd	106.58	Suit under Section 433 of the Companies Act, 1956
8	Usha Martin Ltd	68.99	Suit under Section 433 of the Companies Act, 1956
9	Damco India Pvt Ltd	97.07	Suit under Section 433 of the Companies Act, 1956
10	Goel Steel Company	25.37	Suit under Section 433 of the Companies Act, 1956
11	Mohinder Agencies	16.40	Legal Notice
	Total	411.12	

## **EL FORGE LIMITED**

### **16. 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, 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.

### **17. Asset Reconstruction Company**

- (01) The company has borrowed money, both Long Term and Short Term, from a few banks, under consortium. The total outstanding with the banks as at 31st March, 2015 is Rs.13924.54 Lakh (Previous year Rs. 13924.54Lakh). During the current financial year, some of the Banks has assigned (Assignor) their debts to various Asset Reconstruction Companies (ARC's). Export Import Bank of India had assigned their debts to Edelweiss Asset Reconstruction Co. Limited during the previous year. During the current financial year, 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, Axis Bank Ltd and Royal Bank of Scotland still remains with the respective banks.
- (02) The current liabilities of long term debts were classified as current liabilities in the previous year. Now the current maturities of IDBI Bank and Axis Bank alone are shown under current liability.
- (03) Due the assignment of debts by banks to the ARC's, the exact due date for the repayment of the Long term Loan (Included in the debts assigned by the Assignor) is not known, since finalization of the terms and conditions between the company and ARC is under process. Accordingly, during the current financial year, the entire amount of long term loan with Edelweiss Asset Reconstruction Company Limited and Asset Reconstruction Company (Inida) Limited are classified as Long Term Borrowing. This has resulted in changing a short term classification (as per the previous year) into a long term classification (During the Current Financial Year) by an amount of Rs. 1671.50 Lakh (Previous year Rs.Nil);
- (04) Exact classification of the debts assigned shall be done, in the year of finalisation of the terms and conditions with the ARC.

# **EL FORGE LIMITED**

**EL Forge Limited**

**CIN: L34103TN1934PLC000669**

**Notes No. 28** on Financial Statements as at 31-03-2015, relating to other information, forming an integral part thereof

## **18. Wholly Owned Subsidiary an Associate Company**

- (01) There has been a change in the shareholding pattern of Shakespeare Forgings Ltd, the wholly owned subsidiary in UK. Due to market and environmental requirements, additional funds infusement 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. Accordingly, SFL has been become Associate Company and ceased to be a WOS.
- (03) For the year under report, the Audited Financial Statements of SFL is not yet ready. The initial investment made by the Company has been continued to be carried without adjusting for any loss or gain, due to aforesaid change. The same shall be considered, based on the Audited Financial Statements of SFL.
- (04) The Company does not have any other subsidiary or Joint venture or Associate Company, within the meaning of the Companies Act, 2013.
- (05) Relying on the Notification No. G.S.R. 723(E) dated the 14th October, 2014, issued by Ministry Of Corporate Affairs, by amending Rule 6 of the Companies (Accounts) Rules, 2014, [exempting company which does not have a subsidiary or subsidiaries but has one or more associate companies or joint ventures or both, for the consolidation of financial statement in respect of associate companies or joint ventures or both, as the case may be, for the financial year 2014-15], your company has not prepared the Consolidated Financial Statements for the year under report ”

# EL FORGE LIMITED

## EL Forge Limited

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**Notes No. 28** on Financial Statements as at 31-03-2015, relating to other information, forming an integral part thereof

### 19. 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 31-03-15	As at 31-03-14
01	Expenditure in foreign currency on account of		
	Travelling	0	0.10
	Membership & Subscription	0	0.64
02	Foreign Exchange Earnings (Export-FOB Value)	796.64	1582.50
03	Earning per Shares		
	(01) Net Profit after Tax	-1777.04	-1135.59
	(02) Adjusted Net Profit after Tax	-1777.04	-1135.59
	(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	-8.74	-5.59
	Diluted EPS	-8.74	-5.59
05	Raw Martial Consumed (Amount)		
	Total	2900.59	3270.91
	Indigenous	2900.59	3270.91
	Imported	0	0
06	Raw Martial Consumed (in Percentage)		
	Total	100.00	100.00
	Indigenous	100.00	100.00
	Imported	0	0
07	Stores & Spares Consumed (Amount)		
	Total	212.79	211.12
	Indigenous	212.79	211.12
	Imported	0	0
06	Stores & Spares Consumed (in Percentage)		
	Total	100.00	100.00
	Indigenous	100.00	100.00
	Imported	0	0

# EL FORGE LIMITED

**EL Forge Limited**

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**Notes No. 28** on Financial Statements as at 31-03-2015, relating to other information, forming an integral part thereof

## **20. Related Party Disclosure, as per AS-18**

### **(01) List of Related Parties**

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

### **(02) Transaction Amount (In Rs. Lakh)**

<b>Particulars</b>	<b>FY 2014-15</b>	<b>FY 2013-14</b>
(01) On account of Salaries		
Mr.K.R.Srihari	9.69	7.34
(02) Transaction with Related Parties		
(a) On Account of Interest	1.08	2.70
(i) Director's Relatives		
(b) On Account of Sales		
Associates : Shakespeare Forgings Ltd, UK	673.69	1237.90

# EL FORGE LIMITED

**EL Forge Limited**  
**CIN: L34103TN1934PLC000669**

**Notes No. 28** on Financial Statements as at 31-03-2015, relating to other information, forming an integral part thereof

## 21. Segment Reporting

- (01) 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)

Rs. in Lakh			
Sl. No.	Particulars	For the Year 2014-15	For the Year 2013-14
01	Segment Revenue		
	(03) Forgings	5374.66	5892.26
	(04) Land & Developments	0	757.34
	(05) Total Revenue	5374.66	6649.60
02	Segment Results [ Profit/ Loss (-) ]		
	(01) Forgings	-1567.65	-1769.11
	(02) Land & Developments	0	757.33
	(03) Net Profit/ Loss (-) before Interest	-1567.65	-1011.77
03	Interest cost	230.43	214.12
03	Other Income	21.04	90.29
04	Net Profit/ Loss (-)	-1777.04	-1135.59

- (02) 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.

### Signatories to all Notes on Financial Statements

As per our Annexed Report  
For P.Rajagopalan & Co.,  
Chartered Accountants  
Reg No. Of The Firm: 003408

R. Venkatesh  
Partner  
M. No.028368

Place: Chennai  
Date : 13.08.2015

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

**On Behalf Of Board**  
V. Srikanth  
Chairman  
DIN 0076856

K.V. Ramachandran  
Vice Chairman &  
Managing Director  
DIN 00322331