



Notice To Shareholder

NOTICE IS HEREBY GIVEN THAT THE SIXTY EIGHTH ANNUAL GENERAL MEETING OF MM FORGINGS LIMITED will be held at Narada Gana Sabha (Mini Hall), 314, T.T.K. Road, Chennai- 600 018 on Wednesday 27 August 2014 at 11.45 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vidyashankar Krishnan, (holding DIN No. 00081441) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s.G.Ramesh Kumar & Co., Chartered Accountants, Registration No.200/ 18663 as Statutory Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri. N. Srinivasan (holding DIN 00116726), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation be and is hereby appointed as an Independent Director of the Company and who shall hold office for five consecutive years from 01 April 2014 and the provisions of Sec.152 (6)and (7) in respect of retirement of directors by rotation shall not be applicable to appointment of Shri. N Srinivasan as an Independent Director.”

“RESOLVED FURTHER subject to the approval of shareholders and subject to the provisions of Companies Act, 2013, and other applicable provisions, if any (including any amendment thereto), Shri. N. Srinivasan, be paid, in addition to the sitting fees for attending the meetings of Board or Committee thereof, a Commission from the net profit of the Company, for a period of five years commencing from 01 April 2014 as may be decided by the Board from time to time.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri V. Vaidyanathan, (holding DIN 00081792), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation be and is hereby appointed as an Independent Director of the Company and to hold office for five consecutive years from 01 April 2014and the provisions of Sec.152 (6)and (7) in respect of retirement of directors by rotation shall not be applicable to appointment of Shri V Vaidyanathan as an Independent Director.

“ RESOLVED FURTHER subject to the approval of shareholders and subject to the provisions of Companies Act, 2013, and other applicable provisions, if any (including any amendment thereto), Shri. V. Vaidyanathan be paid, in addition to the sitting fees for attending the meetings of Board or Committee thereof, a Commission from the net profit of the Company, for a period of five years commencing from 01 April 2014 as may be decided by the Board from time to time.”

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri A. Gopalakrishnan (holding DIN 06414546) Director of the Company who



was appointed to fill the casual vacancy caused by resignation of Shri V. Narayanan and who shall hold office up to the date of the Annual General Meeting, being the period up to which Shri V. Narayanan would have held office if it had not been vacated and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director and who shall hold office for five consecutive years from 01 April 2014 and the provisions of Sec.152 (6) and (7) in respect of retirement of Directors by rotation shall not be applicable to appointment of Mr A. Gopalakrishnan as an Independent Director."

"RESOLVED FURTHER subject to the approval of shareholders and subject to the provisions of Companies Act, 2013, and other applicable provisions, if any (including any amendment thereto), Shri. A. Gopalakrishnan, be paid, in addition to the sitting fees for attending the meetings of Board or Committee thereof, a Commission from the net profit of the Company, for a period of five years commencing from 01 April 2014 as may be decided by the Board from time to time."

7. To ratify the appointment of Cost Auditors for the year 2014-15 by passing the following resolution as an Ordinary Resolution:

"RESOLVED THAT, subject to such guidelines and approval as may be required from the Central Government the reappointment of Shri S. Hariharan, Cost Accountants, Tiruchirapali, as Cost Auditor to audit the cost records maintained by the Company for the Financial Year 2014-15 on a remuneration of ₹ 60,000 plus Out of pocket expenses of ₹ 15,000, totaling ₹ 75,000 and future remuneration as may be decided by the Board be and is hereby ratified."

By Order of the Board
For **MM FORGINGS LIMITED**

J.SUMATHI

Company Secretary
Membership No. 8621

Date : 14 May 2014
Place : Kodaikanal



IMPORTANT NOTES:

1. Pursuant to Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer books of the Company will remain closed from 26 August 2014 to 27 August 2014 (both days inclusive) for annual closing.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **PURSUANT TO SECTION 105 OF THE COMPANIES ACT, 2013, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
4. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company.
5. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred ₹ 165,834 pertaining to the dividend for the year 2005 - 2006, on 27 September 2013, to the Investor Education and Protection Fund of the Central Government. The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends in respect of the financial years from 2007 – 2013, as on the date of the 67th Annual General Meeting (AGM) held on 29 August 2013, on the website of the IEPF viz. www.iepf.gov.in and on the Website of the Company, www.mmforgings.com. Members who have not encashed their dividend, are advised to write to the Company immediately claiming dividends declared by the Company.
6. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
8. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
9. Electronic copy of the Annual Report for 2014 will be sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.



10. Electronic copy of the Notice of the 68th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 68th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
11. Shareholders seeking any information with regard to accounts are request to send their queries at least 7 days before the meeting so as to able the company to keep the informations ready.
12. Member / Proxy holder bring the attendance slip duly filled in voting through electronic means for attending the meeting.
13. Reappointment of Director retiring by rotation. Reappointment of Shri. Vidyashankar Krishnan retiring by rotation Shri. Vidyashankar Krishnan is liable to retire by rotation at the 6th AGM, and being eligible has offered himself for reappointment.

Shri Vidyashankar Krishnan is a Post Graduate in Engineering from IIT, Chennai with 24 years of experience in the Company, serving on the Board since April 1997. In February 1999 he became the Managing Director. His accomplishments include major expansion at Viralimalai Plant, setting up of new Plant near Chennai, setting up of Wind farm and also Company's foray into machined components. The Company has posted considerable growth under his stewardship. With effect from 24 October 2012, he was appointed as Vice Chairman and was designated as Vice Chairman and Managing Director.

14. **Voting through electronic means**

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "M M Forgings Ltd" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. Incase the sequence



number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Praveen Kumar with sequence number 1 then enter PR00000001 in the PAN field.

Please enter any one of the details in order to login. Incase both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for M M Forgings Ltd on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) **The voting period begins on 21 August 2014 at 9.00 a.m. and ends on 23 August 2014 at 6.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 11 July 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com. (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (D) 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).
- (E) 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 11 July 2014.
- (F) Shri M. Damodaran, Practicing Company Secretary (Membership No. 5081) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.



- (G) 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 of the Company.
- (H) The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.mmforgings.com and on the website of CDSL within two(2) days of passing of the resolutions through Postal Ballot of the Company and communicated to the BSE Limited and NSE Ltd.
15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

ITEM NO. 4:

Shri N. Srinivasan, has been on the Board of MM Forgings Limited since the company went public in 1994. He is the chairman of the Audit Committee.

Shri N. Srinivasan is a Post Graduate in Chemical Engineering from Illinois Institute of Technology, USA. He is presently the Vice Chairman and Managing Director of The India Cements Limited, a major corporate entity in South, with turnover of around ₹ 5,000 crores whose activities span Cement, Sugar, Trading and Finance.

Shri N. Srinivasan does not hold any shares in the company.

A notice along with deposit of ₹ 100000/- has been received from a member proposing Shri. N.Srinivasan as a candidate for the office of Director of the Company

In the opinion of the Board, Shri N. Srinivasan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri N. Srinivasan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri N. Srinivasan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri N. Srinivasan as an Independent Director, for the approval by the shareholders of the Company.

Except Shri N. Srinivasan, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange

ITEM NO. 5

Shri. V. Vaidyanathan as a Technocrat Executive, established a 100% EOU which has the largest manufacturing facility in the world for the production and computer chip packaging with Japanese collaboration. He is the Member of the Board of Medical Research Foundation for 29 years, which is running

the famous Sankara Nethralaya for 31 years. He is a Director of this company since 1979 and has taken active part in all activities including expansion and implementation of all projects started by the company.

He was involved in the development of high capacity diesel engine components machining, such as Crankshaft, Camshaft, Con. Rod, etc. in a very reputed diesel engine manufacturing company in the country. He has set up number of component manufacturing units for automobile plants in various parts of the country. These units were manufacturing automobile components ranging from small forgings and castings to big components such as, Crankcase, Oil sump, Water Pump, Cylinder Block, etc. He has wide experience in setting up facilities for heat treatment plants, windmill plants, captive generator plants, to name a few.

He is the Chairman of the Stakeholders Committee and a member of the Audit Committee, CSR Committee and Nomination and Remuneration Committee of the company.

Shri Vaidyanathan holds 6000 shares (0.05%) in the company.

A notice along with deposit of ₹ 100,000/- has been received from a member proposing Shri.V. Vaidyanathan, as a candidate for the office of Director of the Company

In the opinion of the Board, Shri Vaidyanathan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri Vaidyanathan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Vaidyanathan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Vaidyanathan as an Independent Director, for the approval by the shareholders of the Company.

Except Shri Vaidyanathan, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

ITEM NO. 6:

Shri A. Gopalakrishnan, was appointed in a casual vacancy which had arisen on account of the resignation of Shri. V. Narayanan. He is a member of Stakeholders committee, Audit Committee, CSR Committee and Nomination and Remuneration Committee.

Shri A. Gopalakrishnan has an overall industrial experience of 45 years. He started his career in the Central Tool Room of the Aircraft Division of Hindustan Aeronautics Ltd., Bangalore. Thereafter he was moved to their Foundry and Forge Division. He served 17 years at Hindustan Aeronautics Ltd. at various positions in different departments of the Foundry and Forge Division and resigned as Engineer and joined with Steel and Industrial Forgings Ltd, Thrissur, also a public sector company. He joined as department head and rose to the level of the production manager in charge of complete manufacturing activities of the company. He served there for 8 ½ years and resigned to join M M Forgings Ltd as Works Manager at Plant 1, Singampunari. He ultimately retired from the corporate role of Executive Director- Operations, wherein he was responsible for all manufacturing activities.

Shri A. Gopalakrishnan has vast experience in manufacturing and project implementation of forging facilities and all round experience of a forging plant. He has actively participated for the implementation of Steel and

Industrial Forgings Ltd and established SIFL as one of the quality forging company among its competitors. He holds a Mechanical Engineering Diploma, and has successfully undergone various important technical training including, an Advanced Training in Metal Forming and Machine building Technology, conducted by the United Nations Industries Development Organisation at Moscow, representing India, for 3 months and was adjudged as the meritorious candidate among the 15 candidates who attended the training from 10 countries.

Shri A. Gopalakrishnan holds 800 (0.01%) shares in the company.

A notice along with deposit of ₹ 100,000/- has been received from a member proposing Shri. A. Gopalakrishnan, as a candidate for the office of Director of the Company

In the opinion of the Board, Shri A. Gopalakrishnan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Shri A. Gopalakrishnan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri A. Gopalakrishnan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri A. Gopalakrishnan as an Independent Director, for the approval by the shareholders of the Company.

Except Shri A. Gopalakrishnan, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange

ITEM NO. 7 :

Pursuant to the provisions contained in Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the appointment and remuneration paid to Shri S. Hariharan, cost auditor appointed at the Board meeting dated 14 May 2014, ought to be ratified by the shareholders subsequently.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

The above resolution does not affect any other company.

The letter of appointment of Shri S. Hariharan setting out the terms and conditions of his appointment and remuneration is available for inspection.

**Form No. MGT-11****Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L51102TN1946PLC001473

Name of the company: M M FORGINGS LIMITED

Registered office: 'GUINDY HOUSE', 95, Anna Salai, Guindy, Chennai - 600032

1	Name(s) of Member(s) including joint holders, if any (in Block Letter(s))	
2	Registered Address of the Sole/ First named Member	
3	Registered Folio No. / DPID No. / Client ID No. (* Applicable to investors holding shares in demat form)	
4	No. of Shares held	

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name :

Address :

E-mail ID : Signature :or failing him,

2. Name :

Address :

E-mail ID : Signature :or failing him,

3. Name :

Address :

E-mail ID : Signature :or failing him,

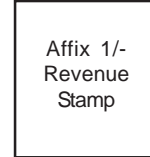
As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual general meeting of the company, to be held on the 27 August 2014 at 11.45 A.M at Narada Gana Sabha (Mini Hall) , 314, TTK Road, Chennai – 600018 and at any adjournment thereof in respect of all the resolutions as are indicated below:

SL. No.	RESOLUTIONS	For	Against
	Ordinary Business		
1	Ordinary Resolution : For adoption of Audited Financial Statements for the year 31 March 2014		
2	Ordinary Resolution: For the vacancy caused by retirement by rotation of Shri Vidyashankar Krishnan		
3	Ordinary Resolution: For Reappointment of Statutory Auditors M/S Ramesh Kumar & Co. and fixing his remuneration Special Business		
4	Ordinary Resolution: For appointment of Shri N. Srinivasan as Independent Director of the Company under the provisions of Section 149 of the Companies Act, 2013		
5	Ordinary Resolution: For appointment of Shri V. Vaidyanathan as Independent Director of the Company under the provisions of Section 149 of the Companies Act, 2013		

SL. No.	RESOLUTIONS		
	Ordinary Business	For	Against
6	Ordinary Resolution: For appointment of Shri A. Gopalakrishnan as Independent Director of the Company under the provisions of Section 149 of the Companies Act, 2013		
7	Ordinary Resolution: Ratifying the appointment of Cost Auditor, Shri. S. Hariharan		

Signed this

Signature of shareholder



Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**Cameo Corporate Services Limited**

Unit: M M Forgings limited
"Subramaniam Building, Fifth Floor,
No. 1, Club House Road, Chennai – 600002

Change of Address (physical shares)

Place:
Date:
Folio No (s)
(To be filled by the Shareholders)

Dear Sirs,

Kindly take on record my address for your future communications.

Name and New Address : _____

To handover at the entrance of the Meeting Hall

Attendance Slip

Name of the attending Member _____

Member's Folio No/ DP Id _____ No. of Shares _____

Member's of the Proxy _____

(To be filled in if the Proxy attends instead of the Member)

I, hereby record my presence at the 68th Annual General Meeting of M M Forgings Limited at 'Narada Gana Sabha' (Mini Hall), 314, T.T.K.Road, Chennai - 600018, at at 11.45 a.m. on Wednesday, 27th day of August, 2014.

Member's / Proxy Signature

Note: Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.

E-VOTING PARTICULARS

EVSN (Electronic Voting Sequence Number)	USER ID	Existing Password*
IS 140716003	Folio No. / Client ID	PAN Number / Bank Account No / Date of Birth

*voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
Thursday 21 August 2014 at 9.00 a.m.	Saturday 23 August 2014 at 6.00 p.m.

Board of Directors

Chairman

Shri. N. Srinivasan

Vice Chairman and Managing Director

Shri. Vidyashankar Krishnan

Company Secretary

Smt. J. Sumathi

Chief Financial Officer

R.Venkatakrishnan

Registered Office

95, Anna Salai, Guindy, Chennai – 600 032

Phone : 044 -22352153

Fax No. 044- 22352160

E-mail : mmforge@mmforgings.com

Solar site

Bommakkotai/ Kalayar Karisalkulam
Village, Aruppukottai- 626105,
Virudhunagar District

Bankers

Share Transfer Agents

Directors

Shri. V. Vaidyanathan

Shri. A. Gopalakrishnan

Jt. Managing Director

Shri. K. Venkatramanan

Auditors

M/s. G. Ramesh Kumar & Co.

Membership No. 200 / 18663

28, Akila Lands, Ganapathy Colony (South)

Thiruvanaikoil, Tirchirapalli – 620 005

Phone No. 0431 2432931 / 2433140

Firm Registration No.: 003010S

Factories

Singampunari – 630 502, Tamil Nadu

Viralimalai – 621 316, Tamil Nadu

A 24 / 25, Thiru – vi – ka – Industrial Estate

Guindy, Chennai

Karanaithangal Village, Mathur Post – 602 105

Sriperumbudur Taluk, Kancheepuram District

Windfarm

Panakudi, Tirunelveli District, Tamilnadu

Meenakshipuram, Theni District, Tamilnadu

Kulasekharamangalam, Sankaran Koil taluk,

Tirunelveli -627756

State Bank of Travancore

Commercial Branch, 556, Mount Road Branch,
Teynampet, Chennai – 600 018

Citibank N.A

163, Anna Salai, Chennai - 600002

State Bank of India

IFB,155, Anna Salai, Chennai – 600 002

DBS Bank

806, Anna Salai, Chennai - 600002

Cameo Corporate Services Limited

'Subramanian Building', Fifth Floor

No. 1, Club House Road, Chennai – 600 002

Phone : 044 - 28460390—94

PERFORMANCE HISTORY

(₹ in lakhs)

DESCRIPTION/YEAR	FY4	FY5	FY6	FY7	FY8	FY9	FY10	FY11	FY12	FY13
INCOME										
Sales - Exports	6710.14	9680.11	9564.91	10581.48	11255.01	13267.88	10417.74	18294.07	23905.35	25396.52
- Domestic	3676.49	6190.91	6931.38	7064.97	7839.53	7413.07	5426.22	8295.11	10476.61	9627.13
- Total	10386.63	15871.02	16496.29	17646.45	19094.54	20680.95	15843.96	26589.18	34381.96	35023.65
Other Operating Income	240.49	392.02	409.63	481.66	522.84	673.07	598.47	622.89	641.29	1088.14
Other Income	0.72	0.73	17.98	83.35	73.21	82.93	114.15	985.88	735.93	51.29
TOTAL INCOME	10627.84	16263.77	16923.90	18211.46	19690.59	21436.95	16556.58	28197.95	35759.18	36163.08
Operating Profit	2072.48	3111.49	3338.20	3938.92	4294.48	3891.58	2938.55	6318.08	6566.97	5783.49
Profit After Tax	736.43	1182.86	1209.76	1408.29	1478.86	1022.52	1041.66	2971.09	2675.46	2444.96
Reserves & Surplus	4387.93	4843.75	5817.83	7014.29	8140.11	8347.28	9177.11	11722.53	13977.08	16001.18
Dividend including tax paid	153.61	204.72	204.72	211.83	353.04	211.83	211.83	422.25	420.85	420.85
Dividend	45%	30%	30%	30%	50%	15%	15%	30%	30%	30%
Share Capital	301.76	603.52	603.52	603.52	603.52	1207.04	1207.04	1207.04	1207.04	1207.04
Earnings per share	24.40	19.60	20.05	23.33	24.50	8.47	8.63	24.61	22.17	20.26
Bonus Share		1 : 1				1 : 1				
Return on Capital Employed	30.6%	30.4%	26.5%	29.0%	24.2%	20.4%	14.0%	20.2%	19.3%	17.8%
Return on Net Worth	14.6%	19.7%	17.3%	16.7%	16.8%	10.7%	9.3%	22.4%	17.7%	13.7%
Dividend as a % to PAT	20.9%	17.3%	16.9%	15.0%	23.9%	20.7%	20.3%	14.2%	15.7%	17.2%
Working Capital	770.35	1273.75	2562.35	2611.88	3637.72	3343.93	4314.15	7344.89	7299.61	7434.43
W C as a % to sales	7.2%	7.8%	15.1%	14.3%	18.5%	15.6%	26.1%	26.0%	20.4%	20.6%
Current Ratio	1.59	1.67	1.63	1.33	1.47	1.97	1.50	1.47	1.54	1.50
TOL / NW	0.67	1.32	1.22	1.02	1.44	1.27	1.26	1.19	1.17	1.05
Debt / Equity	0.21	0.63	0.55	0.37	0.69	0.82	0.69	0.43	0.53	0.41

Director's Report

1. FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

	(₹ in Lakhs)	
	2013-14	2012 -13
1.1. Forging Sales	40,073.91	35,023.65
1.2. Profit before exceptional items/ extraordinary items and Tax	3,680.48	3,002.01
1.3. Exceptional/Extraordinary Items	161.11	—
1.4. Profit Before Tax	3,841.59	3,002.01
1.5. Tax		
For current year	916.30	600.00
Relating to previous years	9.87	45.76
MAT credit entitlement	(90.48)	(153.68)
Deferred Tax	74.00	65.00
	909.69	557.08
Profit After Tax	2,931.90	2,444.93

Sales of forgings grew substantially by 14.4%. The performance has been highly satisfactory. The Directors commend the employees for their commitment and contribution.

2. DIVIDEND AND FINANCIAL RESULTS:

	(₹ in Lakhs)	
	2013 -14	2012 -13
2.1. Profit After Tax	2,931.90	2,444.93
2.2. Balance in P & L Account	493.18	669.10
2.3. Profit available for appropriation	3,425.08	3,114.03
2.4. Transfer to General Reserve	2,400.00	2,200.00
2.5. Interim Dividend paid	280.57	-
2.6. Interim Dividend inclusive of taxes	280.57	420.85
2.7. Balance carried forward	463.94	493.18

The Directors had declared a second Interim Dividend of 20% - ₹ 2.00 per share of face value of ₹ 10.00 each on 14th May 2014. The Directors earlier declared first Interim Dividend of ₹ 2.00 per share and the same was paid on 24th February 2014. With this, the total Dividend for the year ended 31st March 2014 is ₹ 4.00 per share as against ₹ 3.00 paid for the previous year ended 31st March 2013. The Directors do not recommend any final dividend for the year 2013 – 2014.

3. HIGHLIGHTS OF THE COMPANY'S OPERATIONAL PERFORMANCE

- 3.1. Sales Turnover of the Company crossed ₹ 400 Crores for the first time in the Company's History.
- 3.2. Exports at ₹ 291.12 Crores accounting for 72.65% of Company's Sales is at an all time high and has crossed the ₹ 250 Crore mark for the second time. The Company continues to be one of the largest exporter of forgings from India and has received 24 consecutive Annual Awards from The Engineering Exports Promotion Council since 1989.
- 3.3. The Company continues to be a net foreign exchange earner. The net foreign exchange earnings during the current year were ₹ 238.15 Crores.
- 3.4. The Company has retained its ISO 9001 TS 16949 Certification for its Quality Management.
- 3.5. The capital expenditure during the year was ₹ 53.10 Crores. Machining capacity has been substantially increased in line with customer demand.
- 3.6. The Directors increased the Dividend by 10% over previous year and paid 40%.

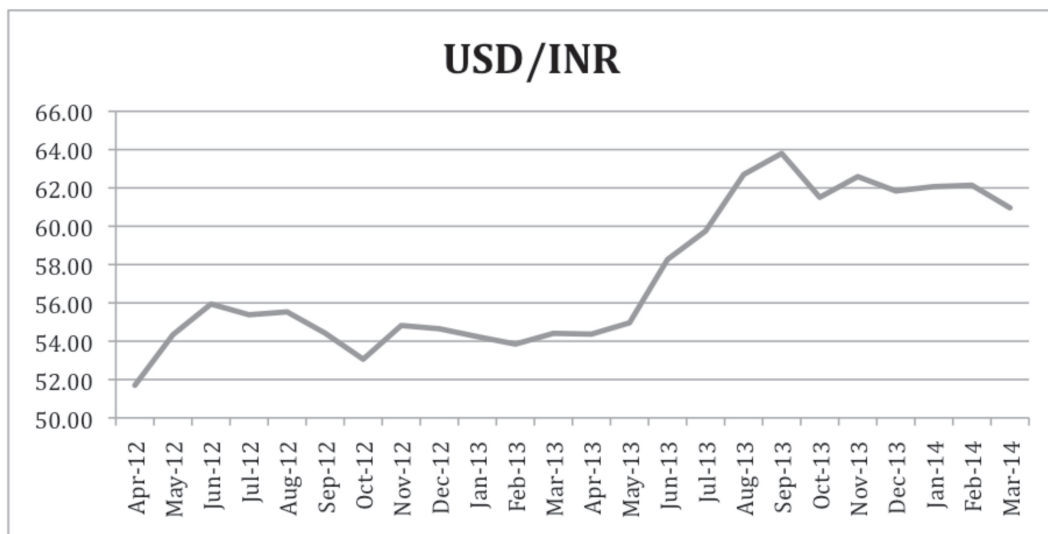
4. MANAGEMENT DISCUSSION AND ANALYSIS :

GLOBAL SCENE

- 4.1. The last fiscal 2013-14 saw a further firming up of equity markets from the increases of previous year. Globally, the availability of “cheap money” was a significant contributing factor for this.
- 4.2. USA - The US economy has shown resilience and has shown strong performance compared to its peers amongst G7 economies.
- 4.3. Europe – The Euro has weathered the pressures on account of the floundering economies of Portugal, Ireland, Greece and Spain (PIGS countries).
- 4.4. Germany along with a few countries bordering the North Sea have emerged as pillars of the European economy. Their relative prosperity forms the back bone of the efforts to keep the EU and ECU integrated. The moribund labour markets in France is a considerable risk to the very EU itself.
- 4.5. The rigid labour markets of Europe, absence of political union, unwillingness of the German public to bear a higher burden, significant welfare commitments, large share of government spending in the economy, etc., are some of the significant structural issues. Countries like Spain, Ireland, etc., have embarked on a journey of significant and painful structural reforms which are starting to bear fruit.
- 4.6. The significant challenge for European leadership is the management of structural reforms and containment of public spending without causing social turbulence.
- 4.7. China – the Chinese economy has maintained its growth rate of around 7.7% for 2013. A further slow-down is expected upto 2017.
- 4.8. Japan – Japan has benefitted from Abenomics, the radical monetary expansion, fiscal stimulus and structural reforms, promulgated by Mr.Shinzo Abe, the Prime Minister of Japan. In 2013, a real GDP growth of 1.5% has been achieved as against 1.4% in 2012.
- 4.9. Commodities – The Dow Jones – UBS Commodity Index has risen considerably in the last one year, signifying the impact of “cheap money”.
- 4.10. Overall, Global output is expected to have grown around 3.3% per various economic think tanks. Across mature economies, the 2014 growth outlook has improved significantly to 2.0 percent growth in 2014, compared to 1.3 percent in 2013.
- 4.11. The issue of high levels of sovereign debt which most countries have run up over the last two decades, continues to be of serious concern. The next few years appear to be a consolidation phase for the global economy with growth stuck in a range of 1-2%. Getting out of high levels of sovereign debt without derailing economies into recession will be a significant conundrum.

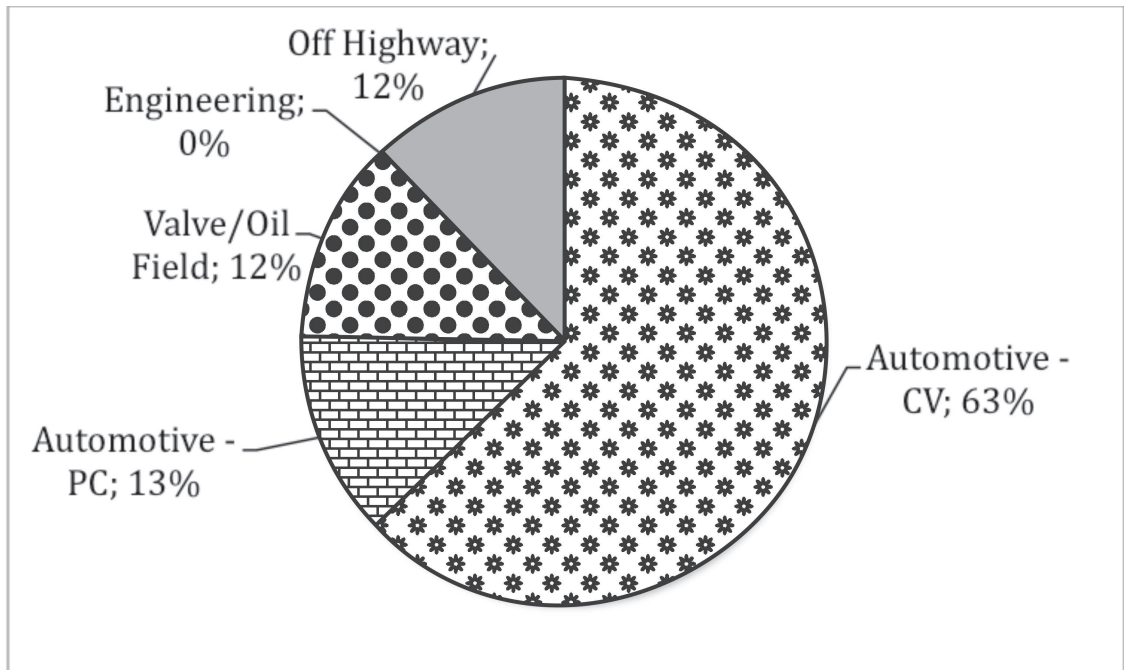
INDIA

- 4.12. The Indian economy is expected to have grown by approximately 4.6% in F14 as compared to about 5% in F13.
- 4.13. During F14 the automotive industry posted negative growth rates of approximately 5% in the car segment and 21% in the CV segment.
- 4.14. Steel prices have dropped by about 6% compared to the highs of the previous year.
- 4.15. The INR ended the year lower by approximately 6.5%, ending the year at a level of ₹ 60.96 per USD. Please refer graph below. Further weakening of the INR is anticipated. However, if FDI inflows are strong, the pressure on the INR will be relieved.



M M FORGINGS – capitalising on favourable winds

- 4.16. The following were important developments witnessed during the year :
- ❖ Adding to the volume of existing parts, were the new parts which were developed in the last 2 years.
 - ❖ Despite the fall in the automotive and commercial vehicle segments in India, the company has posted a growth of 14% in domestic sales by the development of new parts. Riding on the back of strong global demand, export sales grew by 15%.
 - ❖ Changes in steel prices which are in line with international markets are being passed on to customers as is the industry practice.
 - ❖ We are focusing on capacity utilisation, to take advantage of the production capacities created in the last 3 years.
- 4.17. Overall sales increased by 14.43%. As highlighted in the Directors' Report, Return On Net Worth is 14.51% and Return On Capital Employed is 22.45%. Current Ratio is 1.41. The total outside liabilities to net worth stands at 0.87. Debt Equity Ratio is 0.25.
- 4.18. The details of segment-wise sales distribution are provided below:



Human Resources and Industrial Relations

- 4.19. Your company continues to focus on the development of its human resources to improve its performance. The company currently has approximately 1100 employees. It is their invaluable contribution that has primarily resulted in your company's position of strength in the industry.
- 4.20. Focus on a safe working atmosphere, constantly evolving systems for recognition and reward, consistent communication and imparting skills and training – all these focused on meeting customer needs, characterise the HR development of the Company.
- 4.21. Every year, each plant of the Company celebrates 'Founder's Day' in a family atmosphere with all employees and their household members.

Health, Safety and Environment

- 4.22. The Company follows a policy of zero tolerance towards accidents. Wherever possible, visible controls and fail-safe systems are provided to ensure prevention of accidents. Regular communication, training and periodic reviews of practices play a vital role in maintaining safety standards.
- 4.23. The Company ensures compliance with all pollution control regulations. Adequate pollution control equipments have been installed to treat effluents and to control air pollution.



Risk Management

- 4.24. The Company is a leading manufacturer of automotive components. Automotive industry is subjected to cyclical variations in performance and is very sensitive to policy changes. The market is very competitive. Prices of raw materials change based on supply and demand. Margins remain under constant pressure. Any steep reduction in off-take exposes the Company to high fixed costs.
- 4.25. A considerable portion of the customers of the Company are situated outside of India. Hence, demand for the Company's product is subject to the health of the global economy.
- 4.26. The Company has spread its risks by increasing the geographic spread of its customer base. The Company proposes to improve capacity utilization in its existing facilities. Working capital management will receive high priority.

M M FORGINGS – forging ahead

- 4.27. Our goals in the coming months:
- ❖ Focus on improving sales in keeping with market conditions.
 - ❖ Utilise the production capacity which has been created in the last 3 years.
 - ❖ Focus on cost reduction continuously and particularly on reducing energy consumption.
 - ❖ Enhance IT systems with the continued development of the ERP system in place.
 - ❖ Continue the evolution into green sources of energy in the coming months.
 - ❖ Reduce the impact on the environment.

5. DIRECTORS

- 5.1 As per the provisions of the New Companies Act, 2013, the Independent Directors of the Company viz., Shri N. Srinivasan, Shri. V. Vaidyanathan and Shri. A.Gopalakrishnan are being appointed for a period of 5 years term.
- 5.2 Shri. Vidyashankar Krishnan, Director retires by rotation and being eligible, offers himself for reappointment.

6. DIRECTORS RESPONSIBILITY STATEMENT:

The Directors have fulfilled their responsibility for the preparation of the accompanying financial statements by taking all reasonable steps to ensure that -

- 6.1. In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- 6.2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- 6.3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 6.4. The Directors have prepared the annual accounts on a going concern basis.

7. CORPORATE GOVERNANCE:

The guidelines evolved by SEBI were applicable to the company. The company is committed to ethical management and excellence in performance. Details are provided in Annexure 3.

8. AUDITORS:

The retiring auditors of the Company, G. Ramesh Kumar & Co., Chartered Accountants, Tiruchirapalli being eligible, offer themselves for reappointment.

9. PERSONNEL:

Information required to be furnished u / s 217 (2A) of the Companies Act, 1956, read with the Company's (Particulars of Employees) Rules, 1975, as amended, has been annexed to this Report.



10. SUBSIDIARY COMPANY:

Srivatsa Electric & Electronic Limited - The final order pertaining to amalgamation petition is pending in High Court of Chennai.

11. DEPOSITS:

The Company does not have any deposits. Fresh deposits are not being accepted by the Company.

12. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:

Disclosures as per requirements of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in report of the Board of Directors) Rules, 1988 with respect to Energy Conservation, Technology Absorption, Research & Development and Foreign Exchange Earnings / Outgo are given in Annexure

13. ACKNOWLEDGEMENT:

Your Directors would like to express their gratitude for the cooperation and continued assistance received from **Citibank N.A., DBS bank, State Bank of India and State Bank of Travancore.**

Your Directors wish to record their appreciation for the exemplary services rendered by the employees of the company. The results achieved would not have been possible but for their outstanding effort.

Above all the Directors thank the shareholders for their continued confidence in the management.

For and On behalf of the Board

Place : Kodaikanal
Date : 14 May 2014

N. SRINIVASAN
Chairman

Annexure I – to the Directors’ Report:

Information in accordance with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 and forming part of the report of the Directors for the year ended 31 March 2014

(A) CONSERVATION OF ENERGY:

1. Energy conservation methods undertaken:
 - 1.1 Conservation of energy is a continuous process. We have spent around ₹ 35 lakhs to improve compressor efficiency and saving on power consumption. Around 50 tons of CO₂ is saved on account of this.
 - 1.2 New buildings are set up with natural lighting and energy efficient LED lights. Energy efficient LED lights are also employed in existing buildings wherever replacements occur. We have spent around ₹ 10 lakhs for LED lights last year and saved 1.25 tons of CO₂.
 - 1.3 Consumption of Light Diesel Oil and Furnace Oil is closely monitored to conserve energy.
 - 1.4 The company has invested in Induction Billet Heaters to replace Oil Fired Furnaces thereby reducing direct emission of 645 tons of CO₂.
 - 1.5 Extracting waste heat from forgings to reduce energy consumption in Heat Treatment.
2. Additional investment and proposals, if any, being implemented for the reduction in consumption of energy: Optimising energy consumption. Close monitoring of Power Consumption of Induction Billet Heaters to reduce power consumption.
3. Solar Power : The Company has invested around ₹ 1600 lakhs in a 2.125 MWp Solar Power Plant as continuation of its investments in renewable energy. The Company has generated 220 lakh units from its wind and solar farms equivalent to approximately 20000 tons of CO₂.
4. Impact of measures at 1, 2 & 3 for reduction of energy consumption and consequent impact on the cost of production of goods: It is not possible to determine the figure.

Form of disclosure of particulars with respect to conservation of energy power and fuel consumption

	2013-14	2012-13
1 ELECTRICITY ^a .		
a. Purchased:		
Units	4,30,85,251	3,50,01,674
Total Amount. (₹)	33,54,44,313	28,84,35,387
Rate / Unit (₹)	7.55	8.24
b. Own Generation:		
Units	1,21,308	31,28,186
Units per ltr.	2.51	2.86
Cost / Unit (₹)	21.94	15.61
2 FUEL OIL		
Quantity (in ltrs)	24,22,276	29,21,347
Total amount (₹)	11,23,39,951	17,24,85,653
Average Rate (₹/ltr.)	46.38	59.04
3 CONSUMPTION PER UNIT OF PRODUCTION		
a. Electricity	Units	1234
b. Fuel Oil	Litres	95

Note: No standards are available for comparison.

(B) Technology absorption: research and development (R & D)

Specific areas in which R & D are carried out by the company:

1. R & D efforts in a manufacturing industry like ours, is an ongoing process. Continuous efforts have been taken in various areas of the manufacturing activity.



2. Benefits derived as a result of the above R & D: It has not been possible to determine the figure.
3. Future plan of action:
Continuous efforts are being put in by way of Research & Development in all the areas of manufacturing to reduce the cost of major inputs such as steel, fuel, power, etc.
4. Expenditure on R & D: Not less than ₹ 60 lakhs though indirectly.

Technology Absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
 - 1.1. Continuous efforts are made on conservation of raw material by improving design and layout of dies.
 - 1.2. The Company has upgraded its Quality Management Systems to TS 16949
2. Benefits derived as a result of the above efforts:
 - 2.1. Optimisation in raw material consumption.
 - 2.2. With the accreditation to TS 16949 many new export customers are being developed.
 - 2.3. Technology imported during the last 5 years: Nil

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

1	Activities relating	Exports at ₹ 29112.09 lakhs form a significant part of the company's turnover (₹ 25396.53 lakhs in 2012-13)
2	Initiatives taken to increase development of new export markets for products and services and export plan	a. Vigorous efforts are taken by marketing department to locate new multinational customers in addition to the existing multinationals. b. The Company has been consistently retaining the TS 16949 certification for its Quality Management system.
3	Total Foreign Exchange	a. Earned: ₹ 2,91,12,08,621 (₹ 2,53,96,52,860 in 2012-13) b. Used: ₹ 52,96,87,359 (₹ 35,93,86,337 in 2012-13)

For and On behalf of the Board

Place : Kodaikanal
Date : 14 May 2014

N. SRINIVASAN
Chairman

ANNEXURE II FORMING PART OF THE REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31.03.2014

Sl. No	Name	Designation	Remuneration ₹	Qualification	Experience (years)	Date of Joining	Age	Last Employment	% of shares held in the Company
a) Employed throughout the year and were in receipt of remuneration at a rate of not less than ₹ 60,00,000 per annum									
1	Shri Vidyashankar Krishnan DIN : 00081441	Vice Chairman and Managing Director	20229537	B.E.,M.S.	24	25.06.1990	48	— Nil —	11.27%
2	Shri. K.Venkatramanan DIN : 00823317	Jt. Managing Director	19542740	B.E.	22	24.01.1992	44	— Nil —	10.71%
b) Employed for a part of the year and were in receipt of remuneration at a rate of not less than ₹ 5,00,000 per month.									
— Nil —									

Note:

- Remuneration as shown above includes salary, commission, employer's contribution to Provident Fund and value of perquisites together with other allowances.

For and on behalf of the Board

Place : Kodaikanal
Date : 14 May 2014

N. SRINIVASAN
Chairman



M M FORGINGS LIMITED

Annexure 3 - Report on Corporate Governance

1. Company's Philosophy On Code of Governance:

The Company is committed to good Corporate Governance, which to us means protection of shareholders' rights, enhancement of shareholder value and equitable treatment of all other stakeholders such as customers, suppliers and employees. The Company is committed to reporting financial information transparently, objectively and accurately. A judicious mix of empowerment based on trust and accountability forms the foundation of our management philosophy.

2. Board of Directors:

2.1. Composition and category of Directors as of 31 March 2014 is as follows:

Category	No. of Directors	%
Executive Directors	2	40
Non-executive, Independent Directors	3	60
Total	5	100

2.2. Attendance of each Director at the Board meetings and the last AGM:

Name of the Director	No. of Board Meetings held	No. of Board Meetings Attended	Last AGM attendance (Yes / No)
Shri N. Srinivasan	4	4	Yes
Shri V. Vaidyanathan	4	3	Yes
Shri Vidyashankar Krishnan	4	4	Yes
Shri K. Venkatramanan	4	2	Yes
Shri. A. Gopalakrishnan	4	4	Yes

2.3. No. of Board Meetings held, dates on which held:

Four Board Meetings were held during the year- 21May 2013, 07 Aug 2013, 07 Nov 2013 and 05 Feb 2014.

2.4. Number of other Boards or Board Committees in which the Directors are members or Chairman: Refer Notes on Accounts.

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

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

- Annual operating plans and budgets and any updates
- Capital Budgets any updates.
- Annual Accounts, Directors' Report etc.
- Quarterly Results of the Company
- Minutes of the meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and promotion of Senior Officers to the level of Executive Director which is just below the Board level
- Fatal or serious accidents, dangerous occurrences etc.
- Operational highlights.
- Major investments.
- Award of large contracts
- Disclosure of interest by Directors about directorship and committee positions occupied by them in other companies.
- Quarterly Report on foreign exchange exposures.
- Any significant development in Human Resources / Industrial Relations
- Non- Compliance of any regulatory, statutory or listing requirements and shareholders services such as non-payment of Dividend, delay in share transfer etc.
- Short term investments.



- Information relating to any legal disputes.
- Other materially important information.

2.6. Code of Conduct:

The Board of Directors have laid out a Code of Conduct which is applicable to each member of the Board of Directors and Senior Management of the company. The Company has received confirmation from all the Directors and Senior Management of the Company regarding compliance with the said Code for the year ended March 31, 2014. A certificate from Shri Vidyashankar Krishnan, Vice Chairman and Managing Director to this effect is given below. The said Code is also posted on the website of the Company 'www.mmforgings.com'

2.7. Prevention of Insider Trading:

The Company has framed a code of Conduct for Prevention on trading based on SEBI (Insider Trading) Regulations 1992. This Code is applicable to all Board Members / Officers / Designated Employees. This Code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

3. Audit Committee (AC):

3.1. Terms of reference: The terms of reference of the AC are in accordance with clause 49 of the Listing Agreement and it includes the following:

- 3.1.1. Reviewing the Company's internal control system, audit procedures, compliance with statutory and regulatory requirements, financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and correct.
- 3.1.2. It reviews half yearly and annual financial statements with the management before submission to the Board with special emphasis on accounting policies and practices and legal requirements concerning financial statements
- 3.1.3. Recommending to the Board, the appointment, remuneration and terms of appointment and removal of Statutory Auditors and fixing their fees.
- 3.1.4. Any other terms of reference as may be included from time to time in Clause 49 of the listing agreement.

3.2. Date of Meetings:

During the year under review, the Committee had 4 meetings held as follows:
21 May 2013, 07 Aug 2013, 07 Nov 2013 and 05 Feb 2014.

3.3. Formation, Composition and attendance to the AC Meetings:

The AC of the Board was formed on 16 June 2001. The Committee was reconstituted as follows with effect from 06 November 2012:

Name	No. of AC Meetings	No. of AC Meetings attended
Shri N. Srinivasan (Chairman)	4	4
Shri V. Vaidyanathan	4	3
Shri A. Gopalakrishnan	4	4
Shri. Vidyashankar Krishnan	4	4

3.4. Three members are Non- Executive Independent Directors.

3.5. Statutory Auditors and Internal Auditor were present in the meetings.

4. Investors Grievance Committee/Stakeholders Relationship Committee :

4.1. Formation and no. of meetings held:

The Investor Grievance Committee of the Board was formed on 16 June 2001 to redress the grievances of the Investors / Shareholders.

During the year under review, the Committee had 4 meetings held as follows:
21 May 2013, 07 Aug 2013, 07 Nov 2013 and 05 Feb 2014.

4.2. **Composition:**

Non – Executive Chairman – Shri V. Vaidyanathan Other members: Shri Vidyashankar Krishnan, Shri K. Venkatramanan and Shri.A.Gopalakrishnan

4.3. **Attendance:**

Name	No. of IGC Meetings	No. of IGC Meetings attended
Shri V. Vaidyanathan	4	3
Shri Vidyashankar Krishnan	4	4
Shri K. Venkatramanan	4	4
Shri. A. Gopalakrishnan	4	4

4.4. Name and Designation of the Compliance Officer: Smt. J. Sumathi, Company Secretary.

4.5. No of Shareholder complaints received during the year: 1

4.6. No. not solved to the satisfaction of shareholders : 0

4.7. No. of Pending Complaints : 0

4.8. No. of pending share transfers: There are no share transfers pending with the company.

4.9. For Redressal of Investor complaints, complaints can be mailed to sumathi@mmforgings.com

5. Share Transfer Committee:

The Share Transfer Committee was formed on June 16, 2001. It considers transfer / transmission of shares issued by the Company, issue of duplicate certificates and certificates after split/ consolidation / renewal. During the year the Committee met 24 times.

6. Directors' Remuneration:

6.1. Remuneration of Vice Chairman and Managing Director and Joint Managing Director

	Mr. Vidyashankar Krishnan		Mr. K. Venkatramanan	
	2014	2013	2014	2013
Salary and allowances	1,32,00,633	92,16,505	1,25,97,500	87,60,240
Perquisites:				
Provident Fund	10,31,838	7,17,654	10,31,838	7,17,654
Superannuation	10,85,639	8,21,300	10,85,639	8,21,300
Gratuity Insurance	2,82,374	2,24,482	2,82,374	2,24,482
Others	3,79,053	2,54,847	2,95,389	74,864
Commission on Profits	42,50,000	58,89,504	42,50,000	58,89,504
Total	2,02,29,537	1,71,24,292	1,95,42,740	1,64,88,044

6.2. Remuneration of non – executive directors:

Name	Year	Commission in ₹	Sitting Fees in ₹	Total in ₹
Mr. N. Srinivasan	2012-13	600000	29000	629000
	2013-14	700000	24000	724000
Mr. V.Vaidyanathan	2012-13	300000	33000	333000
	2013-14	350000	21000	371000
Mr. A. Gopalakrishnan	2012-13	200000	14000	214000
	2013-14	250000	28000	278000

7. **Subsidiary Company**

7.1 Winding up of SEEL: The final order is pending with High Court, Chennai.

**8. General Meetings:****8.1. Location and time, where last three AGMs held:**

Financial year	Date	Time	Location
2010-11	12 August 2011	12.05 P.M.	Narada Gana Sabha, Chennai
2011-12	03 Aug 2012	3.30 P.M.	Narada Gana Sabha, Chennai
2012-13	29 August 2013	12 Noon	Narada Gana Sabha, Chennai

8.2. Special Resolutions passed in the previous 3 AGMs:**8.2.1. Resolution passed in the AGM held on 27 August 2010****8.2.2. Renewal of sitting fees and commission for non executive directors for 5 years.****9. Disclosures:****9.1. There were no transactions of material nature with the Directors or the management or relatives of the Directors during the year except to the extent as mentioned below:**

The company has purchased power from Coromandel Electric Company Ltd. (CECL) to the tune of ₹ 1400.29 lakhs. By means of this, the Company has substantially saved power cost by eliminating running of Diesel Generating sets.

Shri N. Srinivasan, Chairman of your Company is also the Chairman of CECL as mentioned in the Notes forming part of the financial statements.

9.2. Directors are considered to be interested to the extent of their shareholding in the Company and following is the status of their shareholding as on 31 March 2014

Name	Category	No. of shares	% to total
Shri. V.Vaidyanathan	Non-Executive Director	6000	0.05
Shri A.Gopalakrishnan	Non-Executive Director	800	0.01
Shri Vidyashankar Krishnan	Executive Director	1360120	11.27
Shri K. Venkatramanan	Executive Director	1292480	10.71

9.3. Compliances by the Company:

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities relating to the above.

9.4. The company has complied with all the mandatory requirements under the Code of Corporate Governance.**9.5. Disclosures regarding appointment or reappointment of Director:**

This year Shri Vidyashankar Krishnan, Vice Chairman and Managing Director of the Company, shall retire and being eligible, offer himself for reappointment.

Given below are the brief resume of the Director:

Shri Vidyashankar Krishnan is a Post Graduate in Engineering from IIT, Chennai with 24 years of experience in the Company, serving on the Board since April 1997. In February 1999 he became the Managing Director. His accomplishments include major expansion at Viralimalai Plant, setting up of new Plant near Chennai, setting up of Wind farm and also Company's foray into machined components. The Company has posted considerable growth under his stewardship. With effect from 24th October 2012, he was appointed as Vice Chairman and was designated as Vice Chairman & Managing Director.

10. Means of Communication**10.1. The quarterly, half yearly and annual results of the Company's performance are published in financial dailies viz., Business line and Makkal Kural****10.2. The financial results and the shareholding pattern for every quarter are uploaded in the website framed in this regard by the Bombay Stock Exchange Ltd and National Stock exchange Ltd. in the**

prescribed form, which would enable them to place it on their website www.bseindia.com and www.nseindia.com

10.3. The financial results are displayed on the website of the Company, www.mmforgings.com.

11. General Shareholders Information

11.1. Date, time and venue of the Annual General Meeting

Annual General Meeting is proposed to be held at Narada Gana Sabha (Mini Hall), 314, T.T.K. Road, Chennai- 600 018 on Wednesday 27 August 2014 at 11.45 a.m.

11.2. Financial year :01 April 2013 to 31 March 2014

11.3. Date of Book Closure : 26 August 2014 to 27 August 2014 (Both days inclusive)

11.4. Record dates : 18 February 2014 and 28 May 2014

11.5. Listing on Stock Exchanges :

The shares of the Company are listed at:

11.5.1. Bombay Stock Exchange Limited

Rotunda Building, P.J.Towers, First Floor, New Trading Wing, Dalal Street, Mumbai –400 001.

Annual Listing fees has been paid as on date

11.5.2. National Stock Exchange of India Ltd

'Exchange Plaza', Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051

Annual Listing Fees has been paid as on date.

11.6. Stock Exchange Security Code :

Physical : Bombay Stock Exchange Scrip Code:522241 Name of the Scrip : MMFORG

National Stock Exchange Scrip Code: MMFL Name of the Scrip : MMFL – EQ

11.6.1. The ISIN No. of the Company's equity shares in Demat form : INE227C01017

11.6.2. Depository Connectivity : National Securities Depository Limited, Central Depository Services (India) Limited

11.7. Registrar and Transfer Agents:

Cameo Corporate Services Limited, Unit: M M Forgings Limited, "Subramanian Building"
Fifth Floor, No. 1, Club House Road, Chennai – 600 002

They are the Common Agency for all Investor Servicing activities relating to both electronic and physical segments.

11.8. Share Transfer System

- The Share Transfer Agent acknowledges and executes transfers of securities. The Share Transfer Committee approves the transfers etc..
- They arrange for issue of dividend. They reconcile the Dividend paid with that of the list of the shareholders.
- They also accepts, deals with and resolves complaints of the shareholders. Shareholder complaints are given top priority by the Company and are replied to, promptly by the Secretarial Department and Share Transfer Agents.
- Remat requests are processed within the time prescribed.
- Demat requests are processed within the time prescribed.
- The Company's Registrar and share Transfer Agents, Cameo Corporate Services Limited have adequate infrastructure to process the share transfers.



11.9. Pattern of shareholding as on 31 March 2014

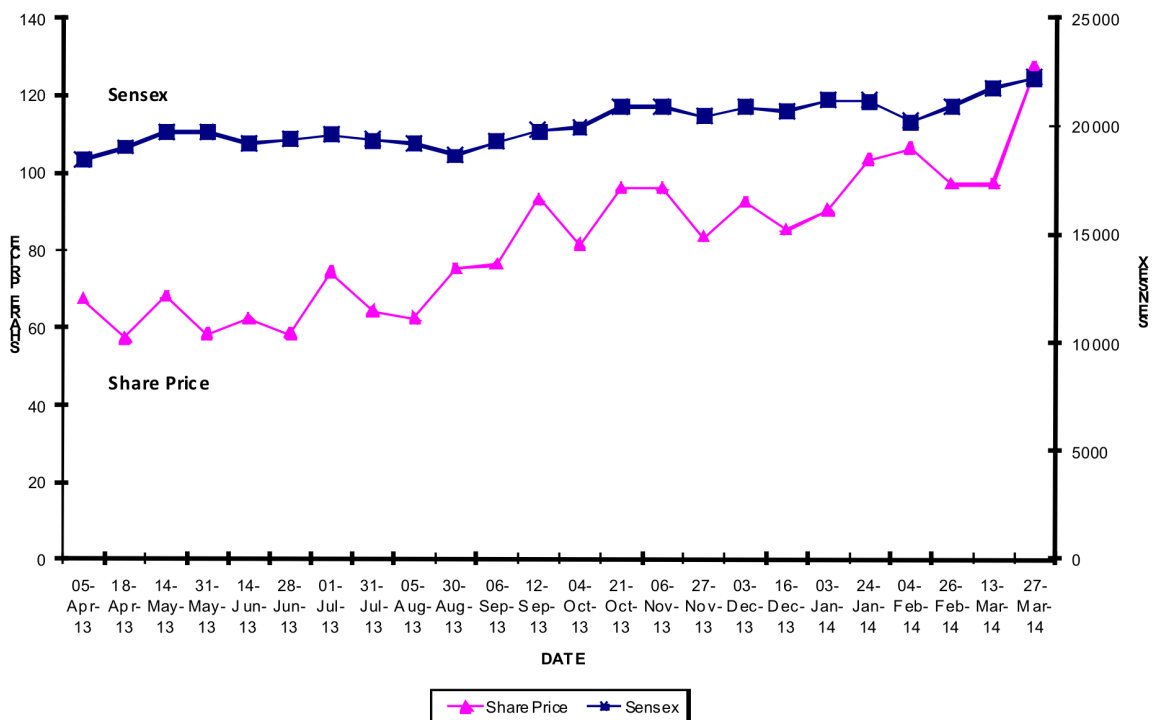
No. of equity share held	No. of shareholders	% to total	No. of shares held	% of shareholding
1-500	4999	87.50	710247	5.89
501-1000	342	5.99	274041	2.27
1001-2000	172	3.01	267779	2.22
2001-3000	56	0.98	145136	1.20
3001-4000	36	0.63	130886	1.08
4001-5000	11	0.19	50935	0.42
5001-10000	33	0.58	242435	2.01
10000& above	64	1.12	10248941	84.91
TOTAL	5713	100.00	12070400	100.00

11.10. Shareholding pattern as on 31 March 2014

Category	No. of Share holders	% to total	No. of shares held	% of share holding
Resident Indians	5386	94.27	3248425	26.91
FII	1	0.02	100	0
NRIs	125	2.19	60445	0.50
Domestic Company	182	3.19	567314	4.70
Non-domestic Cos.	0	0	0	0
Trust	2	0.03	15822	0.13
Mutual Funds	13	0.07	999108	8.28
Promoters	4	0.23	7179186	59.48
Total	5713	100.00	12070400	100.00

11.11. Share Performance BSE vs SENSEX

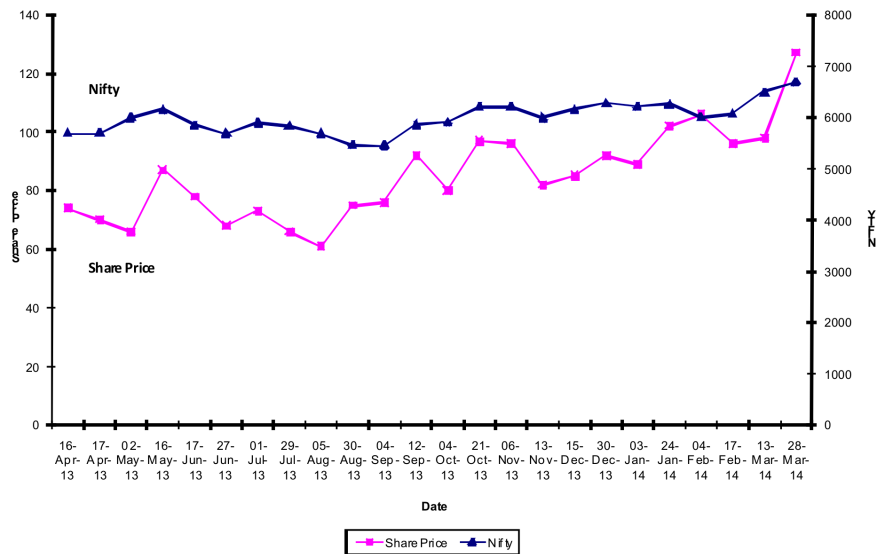
SHARE PRICE VS SENSEX IN BSE FOR THE YEAR ENDED 31 MARCH 2014





11.12. Share Performance NSE vs Nifty

NSE VS NIFTY for the year ended 31 March 2014



11.13. Share price data

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-13	67	57	74	70
May -13	68	58	87	66
June – 13	62	58	78	78
July -13	74	64	73	66
Aug -13	75	62	75	61
Sept-13	93	76	92	76
Oct -13	96	81	97	80
Nov- 13	96	83	96	82
Dec-13	90	85	92	85
Jan -14	103	90	102	89
Feb -14	106	97	106	96
Mar-14	127	97	127	98

11.14. Dematerialisation of shares :
 11693523 Shares (96.88%) dematerialized as on 31 March 2014.
 Promoters: 7179186 (59.48 %)
 Public: 4514337 (37.40%)

11.15. Details of public funding obtained in the last three years
 No capital has been raised in the last three years by way of public issue

11.16. Outstanding GDRs / ADRs / Warrants or any convertible instruments etc
 As on 31 March 2014 the company has not issued these types of securities

11.17. Plant Location

11.17.1. Singampunari – 624 502

11.17.2. Viralimalai – 621 316

11.17.3. A24/25 Thiru-Vi-Ka Industrial Estate, Guindy, Chennai

11.17.4. Karanaithangal Village, Mathur Post – 602 105, Sriperumbudur Taluk, Kancheepuram District

11.17.5. Wind farm at Panagudi Village near Muppandal in Tirunelveli District.

- 11.17.6. Wind farm at Meenakshipuram Village, Theni District.
- 11.17.7. Wind farm at Kulasekaramangalam Villlage, Sankaran Kovil Taluk, Tirunelveli – 627 756.
- 11.17.8. Solar Plant at Bommakkottai, Kalayar Karisalkulam Village, Virudhunagar District, Aruppukottai – 626 105.
- 11.18. Address for correspondence :
The Company's registered office is situated at No.95 Anna Salai, Guindy, Chennai – 600 032.
Telephone : 044-22352153 Fax : 044-22352160
Email : mmforge@mmforgings.com
- 11.19. Compliance Officer : Ms.J.Sumathi, Company Secretary
- 11.20. Exclusive Email id for redress of Investor Complaints : sumathi@mmforgings.com
- 11.21. Website : www.mmforgings.com
- 11.22. Details of bonus share certificates returned undelivered – Bonus issue 2005
No. of shareholders at the beginning of the year – 67
No. of outstanding shares at the beginning of the year – 8100
No. of shareholders who approached the issuer for transfer of these shares during the year– 0
No. of shareholders to whom shares were transferred - 0
No. of shareholders at the end of the year– 67
No. of outstanding shares at the end of the year – 8100
- 11.23. Details of bonus share certificates returned undelivered – Bonus issue 2008
No. of shareholders at the beginning of the year – 75
No. of outstanding shares at the beginning of the year – 15900
No. of shareholders who approached the issuer for transfer of these shares during the year– 0
No. of shareholders to whom shares were transferred - 0
No. of shareholders at the end of the year– 75
No. of outstanding shares at the end of the year – 15900
- 11.24. Unclaimed bonus share certificates had been credited to Suspense Account. The shares shall be issued either in demat form or physical form, when the rightful owner of such shares claims the shares.

Auditors Certificate on Corporate Governance

To The Members of M M Forgings Ltd

1. We have examined the compliance of conditions of Corporate Governance by M M Forgings Ltd for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s)
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and the representations made to the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. Risk Management is reviewed every quarter at the Board level.
5. As required, we have reviewed the company's procedures for compliance with the provisions of Clause 49 of the Listing Agreement.
6. On the basis of our review and according to the information and explanations given to us and the representations made to us by the Directors and the Management, we state that to the best of our knowledge and belief, the Company has complied in all material respects with the conditions of Corporate Governance stipulated in Clause 49 with the concerned stock exchanges, where the equity shares of the company are listed and traded.

For M/s. G. RAMESH KUMAR & CO.
Chartered Accountants

Place : Kodaikanal
Date : 14 May 2014

G. Ramesh Kumar
Partner
Membership No. 200/18663



CEO Certification

We hereby certify that

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief, we state that:
 - 1.1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 1.2. 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit committee
 - 4.1. Significant changes, if any, in internal control during the year;
 - 4.2. Significant changes, if any, in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 4.3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place : Kodaikanal
Date : May 2014

Vidyashankar Krishnan
Vice Chairman and Managing Director

Declaration to the Members pursuant to Clause 49 (1)(D)(ii) of the Listing Agreement

In accordance with Clause 49 1D (ii) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management personnel of the company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended 31 March 2014.

For M M Forgings Limited

Place : Kodaikanal
Date : 14 May 2014

Vidyashankar Krishnan
Vice Chairman and Managing Director

Matters under Companies Act 2013

1. **Whistle Blower Policy:**
 - 1.1 Formation:
This Committee is formed with effect from 01 April 2014, as per the provisions of the new Companies Act 2013.
 - 1.2 The Constitution of the Committee:
Shri Vidyashankar Krishnan (Chairman)
Shri. K. Venkatramanan
Shri. N. Ramnath
 - 1.3 Function:
Whistle Blower policy is framed and Whistle Blower Protection Committee is formed as per the Companies act 2013.
2. **Nomination and Remuneration Committee:**
 - 2.1 Formation:
This Committee is formed with effect from 01 April 2014, as per the provisions of the new Companies Act 2013.
 - 2.2 The Constitution of the Committee:
Shri. Vidyashankar Krishnan - Chairman
Shri. V. Vaidyanathan
Shri K. Venkatramanan
Shri. A.Gopalakrishnan



3. Corporate Social Responsibility (CSR) :

3.1 Formation:

As per the provisions of the new Companies Act 2013, this Committee was formed with effect from 01 April 2014

3.2 The Constitution of the Committee:

Shri. Vidyashankar Krishnan (Chairman)
Shri K. Venkatramanan
Shri V. Vaidyanathan
Shri. A. Gopalakrishnan

4. Stakeholders Relationship Committee : Investor grievance Committee will be renamed as Stakeholders Relationship Committee (w.e.f 01 April 2014)

5. Secretarial Audit: The Board had appointed M/S Dhanapal & Associates, Practicing Company Secretaries, as Secretarial Auditors of the Company for the year 2014 -15 and authorised Shri Vidyashankar Krishnan, Vice Chairman and Managing Director to fix their remuneration.



INDEPENDENT AUDITOR'S REPORT

To the Members of **M M FORGINGS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of M M Forgings Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Profit and Loss Statement, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For G.Ramesh Kumar&Co
Chartered Accountants

FRN: 003010S

Partner

Membership No. 200/18663

Place : Tiruchirapalli

Date : 14 May 2014

ANNEXURE TO OUR REPORT

(Referred to in Paragraph 1 of our Report of Even date)

As required by the Companies' (Auditor's Report) Order, 2003 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we report that:

1. 1.1 The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- 1.2 As explained to us, the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and the verification is reasonable and no material discrepancies have been noticed on such physical verification.
2. 2.1 The inventories have been physically verified by the management during the year at reasonable intervals, except materials lying with third parties, where confirmations are obtained;
- 2.2 The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business;
- 2.3. The Company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material.
3. 3.1 The Company has neither granted nor taken any loans to and from companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956.
- 3.2 The rate of interest and other terms and conditions in respect of unsecured loans given by the Company to its employees and others, are in our opinion, prima facie not prejudicial to the interest of the Company;
- 3.3 In respect of such loans given by the Company, where stipulations have been made, they have generally repaid the principal amounts as stipulated and have been regular in payment of interest, where applicable;
- 3.4 In respect of such loans given by the Company, there are no overdue amounts more than ₹ 1,00,000.
- 4 There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods.
5. 5.1 The transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been recorded in the register;
- 5.2 There are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956 aggregating during the year to ₹ 5,00,000 or more in respect of each party.
6. The Company has not accepted any deposits from the public.
7. No order under Section 209(1)(d) of the Companies Act, 1956 has been passed by the Central Government for maintenance of cost records.
8. 8.1 According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2014 for a period more than six months from the date they became payable.



- 8.2 There are no disputed Sales-tax, Customs Duty and Excise Duty, except what is stated in the notes forming part of the accounts.
9. The Company has no losses either in the current financial year or in the immediately preceding financial year.
 10. The Company has not defaulted in repayment of its dues to banks.
 11. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
 12. The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / are not applicable to the Company.
 13. The company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of para 4 (xiv) are not applicable to the Company.
 14. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
 15. The Company has utilised the term loan availed during the year, for the purpose for which the same are sanctioned.
 16. On the basis of our examination of the Cash Flow Statement, the funds raised on short-term basis have not been used on long term investments, as they have been financed out of internal accruals.
 17. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
 18. No debentures have been issued by the company.
 19. The Company has not raised any money by way of Public issues during the year.
 20. On the basis of our examinations and according the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

For M/S G. RAMESHKUMAR & Co
Chartered Accountants
FRN 003010S

Place : Tiruchirapalli
Date : 14 May 2014

G.Ramesh Kumar
Membership No. 200 / 18663

**Balance Sheet as at 31st March, 2014**

(₹ in lakhs)

	Note No.	As at March 2014	As at March 2013
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
1.1 Share capital	3	1,207.04	1,207.04
1.2 Reserves and surplus	4	18,371.93	16,001.15
		<u>19,578.97</u>	<u>17,208.19</u>
2 Non-current liabilities			
2.1 Long-term borrowings	5	3,477.77	4,237.61
2.2 Deferred tax liabilities (net)		1,144.16	1,070.16
2.3 Other long-term liabilities	6	64.32	55.23
		<u>4,686.25</u>	<u>5,363.00</u>
3 Current liabilities			
3.1 Short-term borrowings	7	10,251.78	7,434.43
3.2 Trade payables	8	1,555.19	2,989.71
3.3 Other current liabilities	9	1,406.00	2,908.28
3.4 Short-term provisions	10	280.57	420.85
		<u>13,493.54</u>	<u>13,753.27</u>
TOTAL		<u>37,758.76</u>	<u>36,324.46</u>
B ASSETS			
1 Non-current Assets			
1.1 Fixed Assets			
1.1.1 Tangible Assets	11	19,967.55	19,576.60
1.1.2 Capital work-in-progress		665.54	375.83
		<u>20,633.09</u>	<u>19,952.43</u>
1.2 Non-current investments	12	14.02	14.02
1.3 Long-term loans and advances	13	1,598.16	1,406.22
1.4 Other non-current assets	14	440.35	342.80
		<u>2,052.53</u>	<u>1,763.04</u>
2 Current Assets			
2.1 Inventories	15	7,627.85	7,123.92
2.2 Trade receivables	16	2,894.98	3,408.08
2.3 Cash and cash equivalents	17	137.43	132.72
2.4 Short-term loans and advances	18	4,408.36	3,929.59
2.5 Other current assets	19	4.52	14.67
		<u>15,073.14</u>	<u>14,608.98</u>
		<u>37,758.76</u>	<u>36,324.46</u>

See accompanying notes forming part of the financial statements

In terms of our Report of even date

For G. Ramesh Kumar & Co.
Chartered Accountants
FRN 003010S**N. Srinivasan**
Chairman**Vidyashankar Krishnan**
Vice Chairman and
Managing Director**G.Ramesh Kumar**
Partner
Membership no. 200 / 18663**V.Vaidyanathan**
Director**A. Gopalakrishnan**
DirectorPlace : Kodaikanal
Date : 14 May 2014**J.Sumathi**
Company Secretary**R.Venkatakrishnan**
Chief Financial Officer

Profit and Loss account for the year ended 31st March, 2014

(₹ in lakhs)

	Note No.	For the year ended 31 March 2014	For the year ended 31 March 2013
A CONTINUING OPERATIONS			
1 Revenue from operations Net of Excise Duty	20	41,143.47	36,111.79
2 Other income	21	154.76	51.29
3 Total revenue (1+2)		<u>41,298.23</u>	<u>36,163.08</u>
4 Expenses			
4.1 Cost of materials consumed	22	17,670.04	15,919.41
4.2 Changes in inventories of Finished Goods / Work-In-Process	23	-21.59	-495.80
4.3 Employee benefits expense	24	3,862.59	3,445.40
4.4 Finance costs	25	765.93	714.12
4.15 Depreciation and amortisation Expenses	11.3	3,602.44	2,113.07
4.6 Other expenses	26	11,738.33	11,464.87
Total expenses		<u>37,617.74</u>	<u>33,161.07</u>
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		3,680.49	3,002.01
6 Exceptional items			
Profit on Sale of Business Asset		-	-
Profit on Sale of Other Assets			
7 Profit / (Loss) before extraordinary items and tax (5 ± 6)		3,680.49	3,002.01
8 Extraordinary items		161.12	-
9 Profit / (Loss) before tax (7 ± 8)		<u>3,841.61</u>	<u>3,002.01</u>
10 Tax expense:			
10.1 Current tax expense for current year		916.30	600.00
10.2 Tax expense relating to prior years		9.87	45.76
10.3 Net current tax expense		926.17	645.76
10.4 Mat Credit entitlement		-90.48	-153.68
10.5 Deferred tax Liability /(Asset)		74.00	65.00
		<u>909.69</u>	<u>557.08</u>
11 Profit / (Loss) from continuing operations (9 ± 10)		2,931.92	2,444.93
B DISCONTINUING OPERATIONS			
12 Profit / (Loss) from discontinuing operations		-	-
C TOTAL OPERATIONS			
13 Profit / (Loss) for the year (11 ± 12)		<u>2,931.92</u>	<u>2,444.93</u>
14 Earnings per share (of Rs. 10 /- each):			
14.1 Basic			
14.1.1 Continuing operations		24.29	20.26
14.1.2 Total operations		24.29	20.26
14.2 Diluted			
14.2.1 Continuing operations		24.29	20.26
14.2.2 Total operations		24.29	20.26

See accompanying notes forming part of the financial statements

In terms of our Report of even date

For G. Ramesh Kumar & Co.
 Chartered Accountants
 FRN 003010S

N. Srinivasan
 Chairman

Vidyashankar Krishnan
 Vice Chairman and
 Managing Director

G.Ramesh Kumar
 Partner
 Membership no. 200 / 18663

V.Vaidyanathan
 Director

A. Gopalakrishnan
 Director

 Place : Kodaikanal
 Date : 14 May 2014

J.Sumathi
 Company Secretary

R.Venkatakrishnan
 Chief Financial Officer

**Notes forming part of the financial statements****1 Corporate information**

The Company is engaged in the manufacture of Steel Forgings . The plants for manufacture are located at Singampunari-Pasumpon Muthuramalingam District, Viralimalai-Pudukkottai District and Karainathangal Village-Kanchipuram District, all within the state of Tamil Nadu. The company has its Wind Farm at Panakudi Village-Tirunelveli District, Meenakshipuram, Theni District and Kulasekaramangalam Villlage, Sankaran Kovil Taluk, Tirunelveli. The company has Solar Plant at Bommakkottai, Kalayar Karisalkulam Village, Virudhunagar District, Aruppukottai.

2 Significant accounting policies followed by the company:-**2.1 Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. Sales does not include Excise Duty.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Inventories

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Work-in-progress and finished goods include appropriate proportion of overheads .

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

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

2.6 Depreciation and amortisation

Depreciation has been provided on straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 and accelerated depreciation is provided, wherever necessary.

2.7 Revenue recognitionSale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer. Sales does not include excise duty.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes all expenses incurred in connection with the acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Note 2 Significant accounting policies (contd.)Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Foreign currency transactions and translationsInitial recognition

Transactions in foreign currencies entered into by the Company and its integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

The Loss, if any, in the case of Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are considered/restated at the year-end rates. However, gains if any, are not considered.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss. The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. The amount capitalised in the current year is at ₹ 45996427 (Last Year ₹ 38289883).

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts.

2.11 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

2.12 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences,

Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund / Super Annuation fund, the same are covered under Group Gratuity Scheme of LIC and Super Annuation Fund with LIC..

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

2.14 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. .

2.15 Segment reporting

The Company is engaged in only one segment - Manufacture of Steel Forgings

**Note 2 Significant accounting policies (contd.)****2.16 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the statement of Profit and Loss.

2.18 Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

2.19 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.20 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.21 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.22 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

**Notes forming part of the financial statements****Note 3 Share capital**

	Particulars	As at 31 March 2014		As at 31 March 2013	
		Number of shares	₹ in Lakhs	Number of shares	₹ in Lakhs
3.1	Authorised				
	Equity shares of ₹ 10 each with voting rights	15,000,000	1,500.00	15,000,000	1,500.00
3.2	Issued				
	Equity shares of ₹ 10 each with voting rights	12,072,800	1,207.28	12,072,800	1,207.28
3.3	Subscribed and fully paid up				
	Equity shares of ₹ 10 each with voting rights	12,070,400	1,207.04	12,070,400	1,207.04
(1)	Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				

Particulars	Opening Balance	Buy back	Other changes (give details)	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2014				
- Number of shares	12,070,400	-	-	12,070,400
- Amount ₹ in lakhs 1,207.04	-	-	-	-
Year ended 31 March, 2013				
- Number of shares	12,070,400	-	-	12,070,400
- Amount ₹ in lakhs 1,207.04	-	-	-	-

(2) Details of shares held by each shareholder holding more than 5% shares:

Class of Shares	As at 31 March 2014		As at 31 March 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Synmax Consultants and Trading Pvt Ltd	2,898,000	24.01	2,898,000	24.01
Vidyashankar Krishnan	1,360,120	11.27	1,360,120	11.27
Venkatramanan Krishnan	1,292,480	10.71	1,292,480	10.71

(3) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date.

Particulars	Aggregate number of shares	
	As at 31 March 2014	As at 31 March 2013
	Equity shares with voting rights	12,070,400
Fully paid up by way of bonus shares	-	-

**Note 4 Reserves and surplus**

₹ in Lakhs

Particulars	₹ in Lakhs	
	As at 31 March 2014	As at 31 March 2013
4. Details of shares pledged by Director	-	-
4.1 Capital reserve		
Opening balance	4.60	4.60
Add: Additions during the year		
Less: Utilised / transferred during the year		
Closing balance	4.60	4.60
4.2 Securities premium account		
Opening balance	305.00	305.00
Closing balance	305.00	305.00
4.3 General reserve		
Opening balance	15,198.36	12,998.36
Add: Transferred from surplus in Statement of Profit and Loss	2,400.00	2,200.00
Less: Utilised / transferred during the year for:		
Loss on Subsidiary Merger		
Closing balance	17,598.36	15,198.36
4.4 Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	493.19	669.11
Add: Profit for the year	2,931.92	2,444.93
Less: Interim dividend / Dividend Tax	280.57	-
Dividends proposed to be distributed to equity shareholders Rs. 2 per share)	241.41	362.11
Tax on dividend	39.16	58.74
Transferred to: General Reserve	2,400.00	2,200.00
Closing balance	463.97	493.19
Total	18,371.93	16,001.15

Note 5 Long-term borrowings

Term Loans From Banks		
Secured	3,477.77	4,237.61
Unsecured	-	-
Total	3,477.77	4,237.61

5.1 Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

	₹ in Lakhs		₹ in Lakhs	
	As at 31 March 2014		As at 31 March 2013	
	Secured	Unsecured	Secured	Unsecured
<u>Term loans from banks:</u>				
Bank Citi Bank	477.49		2,344.43	
DBS - Loan 1	2,376.90		2,598.05	
DBS - Loan 2	2,001.59		2,181.79	
Total - Term loans from banks	4,855.98	-	7,124.27	-

5.2 Terms of Security / Repayment

All loans secured by the charge over Fixed Assets of the Company except the lands at Singampunari / Viralmalai



	₹ in Lakhs		₹ in Lakhs	
	As at 31 March 2014		As at 31 March 2013	
	Secured	Unsecured	Secured	Unsecured
5.3 Rate of Interest				
Citi Bank	3.25%		3.25%	
DBS - Loan 1	4.52%		4.52%	
DBS - Loan 2	5.27%		5.27%	
5.4 Instalments Payable	Citi Bank	DBS Loan 1	DBS Loan 2	
2014 - 2015	477.49	500.40	400.32	
2015 - 2016	-	500.40	400.32	
2016 - 2017	-	500.40	400.32	
2017 - 2018	-	500.40	400.32	
2018 - 2019	-	375.30	400.31	
Total	477.49	2,376.90	2,001.59	-

Details of long-term borrowings guaranteed by some of the directors or others: **NIL**

For the current maturities of long-term borrowings, refer items 9.1 and 9.2 - Other current liabilities.

No default in the servicing / repayment of the loans.

Note 6 Other long-term liabilities

	₹ in Lakhs	
	As at 31 March 2014	As at 31 March 2013
6.1 Trade Payables	9.36	25.20
6.2 Others		
Payables on Purchase of Fixed Assets	35.03	11.76
Advance from Customers	19.93	18.27
Total	64.32	55.23

Note 7 Short-term borrowings

7.1 Loans repayable on demand from Banks		
Secured	10,251.78	7,434.43
Unsecured	-	-
Total	10,251.78	7,434.43

Note: Details of security for the secured short-term borrowings:

	Nature of Security		
Loans repayable on demand from Banks	Hypothecation of Inventory/	10,251.78	7,434.43
Total - from banks	Book Debts	10,251.78	7,434.43
No Default in the Servicing of the facility availed.	Rate of Interest 5.5%		

Note 8 Trade payables

Trade Payables - Other than Acceptances	1,555.19	2,989.71
Total	1,555.19	2,989.71

Note 9 Other current liabilities

9.1 Current maturities of long-term debt - Secured	1,378.21	2,886.66
9.2 Unpaid dividends	27.79	21.62
Total	1,406.00	2,908.28

Note : Current maturities of long-term debt (Refer Notes 5.1 and 5.4 - Long Term Borrowings for details of Security)

Note 10 Short Term Provisions

10.1 Provision for tax (net of advance tax) (As At 31 March 2014 ₹ 72,500,000) (As at 31 March, 2013 ₹ 56,000,000)	-	-
10.2 Provision for proposed equity dividend	241.41	362.11
10.3 Provision for tax on proposed dividend	39.16	58.74
Total	280.57	420.85

Notes forming part of the financial statements

Note 11 Fixed Assets

11.1 Tangible Assets	Gross block						
	Balance as at 1 April, 2013	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2014
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.1.1 Land	3854.36	202.76	1308.58				2748.54
11.1.2 Buildings	3434.96	590.84					4025.80
11.1.3 Plant and Equipment	31075.38	3844.75		459.96	64.37		35444.46
11.1.4 Furniture and Fixtures	125.59						125.59
11.1.5 Vehicles	404.18	25.93	13.61				416.50
11.1.6 Office equipment	917.12	121.48					1038.60
Total	39811.59	4785.76	1322.19	459.96	64.37	0.00	43799.49
Previous year	36917.90	2519.30	8.51	382.90	0.00	0.00	39811.59

All the Assers are Free Hold and None of them are Lease Hold or held for others use.

Note 11 Fixed Assets (contd.)

11.2 Tangible Assets	Accumulated depreciation and impairment				Net Block		
	Balance as at 1 April, 2013	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Other adjustment	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.2.1 Land	0.00				0.00	2748.54	3854.36
11.2.2 Buildings	880.17	115.19			995.36	3030.44	2554.79
11.2.3 Plant and Equipment	18394.21	3379.45			21773.66	13670.80	12681.17
11.2.4 Furniture and Fixtures	86.88	11.71			98.59	27.00	38.71
11.2.5 Vehicles	155.62	33.82	5.49		183.95	232.55	248.56
11.2.6 Office equipment	718.11	62.27			780.38	258.22	199.01
Total	20234.99	3602.44	5.49	0.00	23831.94	19967.55	19576.60
Previous year	18127.21	2113.07	5.29	0.00	20234.99		



11.3 Depreciation and amortisation relating to continuing operations:

Particulars	For the year ended	For the year ended
	31 March, 2014	31 March, 2013
	₹ in Lakhs	₹ in Lakhs
Depreciation and amortisation for the year on tangible assets as per Note 12 A	3,602.44	2,113.07
Depreciation and amortisation for the year on intangible assets as per Note 12 B	-	-
Less: Utilised from revaluation reserve	-	-
Depreciation and amortisation relating to continuing operations	3,602.44	2,113.07

Note 12 Non-current investments

Particulars	As at 31 March, 2014			As at 31 March, 2013		
	Quoted # ₹ in Lakhs	Unquoted # ₹ in Lakhs	Total ₹ in Lakhs	Quoted ₹ in Lakhs	Unquoted ₹ in Lakhs	Total ₹ in Lakhs
Investments (At cost):						
12.1 <u>Trade</u>	NIL	NIL	NIL	NIL	NIL	NIL
12.2 <u>Other investments</u>						
12.2.1 Investment in equity instruments - Fully Paid	11.02	3.00	14.02	11.02	3.00	14.02
Total - Other investments (12.2)	11.02	3.00	14.02	11.02	3.00	14.02
Less: Provision for diminution in value of investments			-			-
Total			14.02			14.02
Aggregate amount of quoted investments			11.02			11.02
Aggregate market value of listed and quoted investments			26.24			31.69





₹ in Lakhs

Particulars	₹ in Lakhs	
	As at 31 March 2014	As at 31 March 2013
Note 13 Long-term loans and advances		
13.1 Security deposits		
Secured, considered good		
Unsecured, considered good	147.26	206.53
Doubtful	-	-
	147.26	206.53
Less: Provision for doubtful deposits	-	-
	147.26	206.53
13.2 Advance Income Tax	(22.96)	(18.88)
13.3 Mat Credit Available	97.85	153.68
13.4 Balances with government authorities		
Unsecured, considered good		
13.4.1 Advance Sales tax	116.38	116.38
13.4.2 VAT credit receivable	1,259.63	948.51
	1,376.01	1,064.89
Total	1,598.16	1,406.22
Note: Long-term loans and advances - No dues from Directors, Officers of the Company, Firms in which any Director is a partner or any Private Limited Companies in which any Director is a Director		
Note 14 Other non-current assets		
14.1 Long Term Inventories (At lower of cost and net realisable value)		
14.1.1 Raw materials	217.70	110.78
14.1.2 Work-in-progress - Steel Forgings	63.03	60.49
14.1.3 Stores & Spares	7.00	18.55
14.1.4 Consumable Tools	91.62	85.79
Total	379.35	275.61
14.2 Other Assets		
14.2.1 Sundry Debtors	18.97	21.82
14.2.2 Advance to Suppliers	23.38	-
14.2.3 Insurance claims	18.66	45.37
Total	440.36	342.80
Note 15 Inventories (At lower of cost and net realisable value)		
15.1 Raw materials	1,747.16	1,256.89
15.2 Work-in-progress - Steel Forgings	5,186.76	5,167.71
15.3 Stores and spares	461.01	514.65
15.4 Consumable Tools	232.91	184.67
Total	7,627.84	7,123.92

₹ in Lakhs

Particulars	As at 31 March 2014	As at 31 March 2013
Note 16 Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment #		
Secured, considered good	-	-
Unsecured, considered good	2,894.98	3,408.08
Doubtful	2,894.98	3,408.08
Less: Provision for doubtful trade receivables	-	-
Total	2,894.98	3,408.08

Note: Trade Receivables - No dues from Directors, Officers of the Company, Firms in which any Director is a partner or any Private Limited Companies in which any Director is a Director

Note 17 Cash and cash equivalents

17.1 Cash on hand	3.51	6.27
17.2 Cheques, drafts on hand	-	-
17.3 Balances with banks		
17.3.1 In current accounts	39.24	34.90
17.3.2 In deposit accounts (Refer Note below)	94.68	91.55
Total	137.43	132.72

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 - Cash Flow Statement is ₹ 137.41 Lakhs. (As at 31st March 2013 ₹ 78.94 Lakhs)

Note: Balances with banks include deposits amounting to ₹ 0.02 Lakhs as at 31st March 2014 which have an original maturity of more than 12 months. (As at 31st March 2013- ₹ 53.78 Lakhs)

Note 18 Short-term loans and advances

18.1 Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	163.11	170.29
Doubtful	-	-
	163.11	170.29
Less: Provision for doubtful loans and advances	-	-
	163.11	170.29
18.2 Prepaid expenses - Unsecured, considered good	66.69	82.90
18.3 Balances with government authorities - Unsecured, considered good		
18.3.1 CENVAT credit receivable	1,038.15	972.78
18.3.2 VAT credit receivable	675.00	450.00
18.4 Others -ICD		
Secured, considered good		
Unsecured, considered good	2,465.41	2,253.62
Doubtful	-	-
	2,465.41	2,253.62
Less: Provision for other doubtful loans and advances	-	-
	2,465.41	2,253.62
Total	4,408.36	3,929.59

Note: Short-term loans and advances - No amount is due from any Directors, Other Officers of the Company, Firms in which any Director is a partner, Private Companies in which any Director is a Director



₹ in Lakhs

Particulars	As at 31 March 2014	As at 31 March 2013
Note 19 Other current assets		
19.1 Others		
19.1.1 Insurance claims	4.52	14.67
Total	4.52	14.67
Note 20 Revenue from operations		
20.1 Sale of products	40,073.91	35,023.65
20.2 Other operating revenues	1,069.56	1,088.14
Total	41,143.47	36,111.79
20.1.1 Sale of products comprises		
<u>Manufactured goods</u>		
Steel Forgings	40,073.91	35,023.65
Total - Sale of products	40,073.91	35,023.65
20.2.1 Other operating revenues		
Power Generated	1,069.56	1,088.14
Total - Other operating revenues	1,069.56	1,088.14
Note 21 Other income		
21.1 Interest income from Bank Deposits	10.61	50.07
21.2 Dividend income: from long-term investments	143.72	0.85
21.3 Miscellaneous Income	0.43	0.37
Total	154.76	51.29
Note 22 Cost of materials consumed		
Opening stock	1,367.67	3,032.26
Add: Purchases	18,267.23	14,254.82
	19,634.90	17,287.08
Less: Closing stock	1,964.86	1,367.67
Cost of material consumed	17,670.04	15,919.41
Material consumed comprises: Raw material Steel Billets		
Note 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<u>Inventories at the end of the year:</u>		
Work-in-progress Forgings	5,249.79	5,228.20
<u>Inventories at the beginning of the year:</u>		
Work-in-progress Forgings	5,228.20	4,732.40
Net (increase) / decrease	-21.59	-495.80
Note 24 Employee benefits expense		
24.1 Salaries and wages	2,787.01	2,520.90
24.2 Managerial Remuneration	410.72	357.12
24.2 Contributions to provident and other funds	233.51	197.03
24.3 Staff Gratuity	27.32	15.30
24.4 Staff welfare expenses	404.03	355.05
Total	3,862.59	3,445.40



₹ in Lakhs

Particulars	As at 31 March 2014	As at 31 March 2013	As at 31 March 2014	As at 31 March 2013
Note 25 Finance costs				
Interest expense on:Borrowings			765.93	714.12
Total			765.93	714.12
Note 26 Other expenses				
26.1 Consumption of Stores			950.00	803.46
26.2 Consumption of Tools			833.16	684.33
26.3 Outside Labour			477.80	460.80
26.4 Power and fuel			4,377.84	4,609.21
26.5 Repairs and Maintenance				
26.5.1 Buildings	56.85	39.15		
26.5.2 Machinery	598.77	642.24		
26.5.3 Machinery Spares	<u>814.17</u>	<u>985.30</u>		
			1,469.79	1,666.69
26.6 Selling Expenses			436.52	402.92
26.6 Export Expenses				
26.7.1 Packing & Forwarding	554.08	461.92		
26.7.2 Freight	962.03	890.80		
26.7.3 Commission	440.09	350.81		
26.7.4 Warehousing Charges	240.43	258.32		
26.7.5 Others	<u>127.48</u>	<u>73.86</u>		
			2,324.11	2,035.71
26.8 Loss on fixed assets sold / scrapped / written off			7.56	1.19
26.9 Miscellaneous expenses			861.55	800.56
Total			11,738.33	11,464.87
Miscellaneous expenses includes payment to auditors comprising of :				
As auditors - statutory audit			13.81	11.06
For taxation matters			1.00	1.20
Reimbursement of Expenses / Service Tax			3.48	3.21
Total			18.29	15.47
Note 27 Additional information to the financial statements				
27.1 Contingent liabilities and commitments (to the extent not provided for)				
27.1.1 Contrinengt Liabilities - Foreign Bills Discounted with Bank			1,990.26	1,362.07
Note 28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006			NIL	NIL



Particulars	As at 31 March 2014	As at 31 March 2013
29.3 The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:	Receivable/ (Payable)	Receivable/ (Payable)
Receivable/ (Payable) in Foreign Currency	NIL	NIL
	For the year ended 31 March 2014	For the year ended 31 March 2013
29.4 Value of imports calculated on CIF basis		
Raw materials	1.00	52.00
Consumable Stores / Tools	65.63	48.10
Machinery Spares	4.16	10.97
Capital goods	1,304.18	444.75
29.5 Expenditure in foreign currency		
Travelling	118.62	126.13
Export Expenses	416.92	604.34
Staff Training	0.72	0.37
29.6 Details of consumption of imported and indigenous items		
	31st Mar 2014	31st Mar 2013
<u>Imported</u>	₹ in Lakhs	%
Raw materials	1.00	0.01%
Consumable Stores / Tools	65.63	3.65%
Machinery Spares	4.16	0.51%
	70.79	111.07
<u>Indigenous</u>		
Raw materials	17,699.04	99.99%
Consumable Stores / Tools	1,717.53	96.32%
Machinery Spares	810.01	99.49%
	20196.58	18281.43
29.7 Earnings in foreign exchange		
Export of goods calculated on CIF basis	28,404.02	24,504.91

Note 30 Disclosures under Accounting Standards (contd.)

Particulars	As at 31 March 2014	As at 31 March 2013
30.1 Details of government grants	Nil	Nil
30.2 Details of borrowing costs capitalised		
Borrowing costs capitalised during the year		
- as fixed assets / intangible assets / capital work-in-progress	64.37	-
- as inventory	-	-

30.3 - Claims against the Company not acknowledged as debts

The Company has received claim from Commercial Taxes Department - Demanding a sum of ₹ 196.64 lakhs, on the ground that forgings falls under automobile components.

In matters of similar nature, Sales Tax Appellate Tribunal has already deleted the demand by the department. Hence no provision is required in this regard. The Company has already paid a sum of ₹ 116.38 lakhs against the same, which is treated as advance refundable

Note 31 Deferred Tax Liability

Tax Effect of Items constituting the same:-

on difference between book balance and tax balance of Fixed Assets	1,144.16	1,070.16
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**Cash Flow Statement for the year ended 31st March 2014** (₹ in lakhs)

	For the year ended 31 March 2014	For the year ended 31 March 2013
A Cash Flow From Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	3,841.61	3,002.01
<i>Adjustments for:</i>		
Depreciation and amortisation	3,602.44	2,113.07
(Profit) / Loss on sale / write off of assets	(153.56)	1.19
Finance costs	765.93	714.12
Interest income	(10.61)	(50.07)
Dividend income	(143.72)	(0.85)
	<u>4,060.48</u>	<u>2,777.46</u>
Operating Profit / (Loss) before working capital changes	7,902.09	5,779.47
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(503.93)	1,399.71
Trade receivables	515.95	(1,103.77)
Short-term loans and advances	(478.77)	(1,201.02)
Long-term loans and advances	(191.94)	(572.54)
Other current assets	10.15	1.93
Other non-current assets	(100.40)	4.39
<i>Adjustments for increase/(decrease) in operating liabilities</i>		
Trade payables	(1,434.52)	1,224.46
Other current liabilities	(1,502.28)	813.50
Other long-term liabilities	9.09	(33.10)
	<u>(3,676.65)</u>	<u>555.38</u>
Cash generated from operations	4,225.44	6,334.85
Net income tax (paid) / refunds	835.67	586.15
Net cash flow from / (used in) operating activities (A)	3,389.77	5,748.70
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(5,599.80)	(3,020.00)
Proceeds from sale of fixed assets	1,470.26	2.03
Long Term Investments	0.00	(3.00)
Interest received	10.61	50.07
Dividend received	143.72	0.85
Net cash flow from / (used in) investing activities (B)	(3,975.21)	(2,970.05)
C. Cash flow from financing activities		
Proceeds from long-term borrowings(Net)	(759.84)	(1,791.02)
Repayment of long-term borrowings(Net)		
Net increase / (decrease) in working capital borrowings	2,817.35	134.82
Repayment of other short-term borrowings		
Finance cost	(765.93)	(714.12)
Interim Dividend / Tax on Dividend	(280.57)	-
Dividends paid	(362.11)	(362.11)
Tax on dividend	(58.74)	(58.74)
Net cash flow from / (used in) financing activities (C)	590.16	(2,791.17)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	4.72	(12.52)
Cash and cash equivalents at the beginning of the year	132.72	145.24
Cash and cash equivalents at the end of the year	<u>137.44</u>	<u>132.72</u>
	4.72	(12.52)

In terms of our Report of even date

For G. Ramesh Kumar & Co.
Chartered Accountants
FRN 003010S

G.Ramesh Kumar
Partner
Membership no. 200 / 18663

Place : Kodaikanal
Date : 14 May 2014
40

N. Srinivasan
Chairman

V.Vaidyanathan
Director

J.Sumathi
Company Secretary

Vidyashankar Krishnan
Vice Chairman and
Managing Director

A. Gopalakrishnan
Director

R.Venkatakrishnan
Chief Financial Officer

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