



M M FORGINGS LIMITED

Regd. Office: 95, Anna Salai, Chennai - 600 032.

**67th Annual Report
and
Accounts for the year ended 31.03.2013**

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Board of Directors

Chairman

Shri. N. Srinivasan

Directors

Shri. V. Vaidyanathan

Shri. A. Gopalakrishnan

Vice-Chairman and Managing Director

Shri. Vidyashankar Krishnan

Jt. Managing Director

Shri. K. Venkatramanan

Company Secretary

Smt. J. Sumathi

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

Registered Office

95, Anna Salai, Guindy, Chennai – 600 032

Phone : 044 -22352153

Fax No. 044- 22352160

E-mail : mmforge@mmforgings.com

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

Bankers

Citibank N.A

163, Anna Salai, Chennai - 600002

DBS Bank

806, Anna Salai, Chennai - 600002

State Bank of India

IFB,155, Anna Salai, Chennai – 600 002

State Bank of Travancore

556, Mount Road , Teynampet, Chennai – 600 018

Share Transfer Agents

Cameo Corporate Services Limited

'Subramanian Building', Fifth Floor

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

Phone : 044 - 28460390—94



Notice To Shareholders

Notice is hereby given that the 67th Annual General Meeting of the shareholders of M M Forgings Limited will be held at Narada Gana Sabha, 314, T.T.K. Road, Chennai - 600 018 at 12 noon on Thursday, 29 August, 2013 transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet and Profit And Loss Account for the year ended 31 March 2013 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Shri V. Vaidyanathan who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri K Venkatramanan who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors, G. Ramesh Kumar & Co., Chartered Accountants, Tiruchirapalli are eligible for reappointment. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution.

“RESOLVED THAT G. Ramesh Kumar & Co., Chartered Accountants be and are hereby appointed Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors, exclusive of traveling and other out of pocket expenses.”

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification, the following as an Ordinary Resolution.
“RESOLVED THAT pursuant to the provision under Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 along with Article 35 of the Articles of Association of the Company, Shri Vidyashankar Krishnan be re-appointed as Managing Director for a period of five years with effect from 01 September 2013 on the terms and conditions including remuneration as set out in the explanatory statement of the notice and is hereby redesignated as Vice Chairman and Managing Director”
None of the Directors except Shri Vidyashankar Krishnan himself and Shri K. Venkatramanan, brother of Shri Vidyashankar Krishnan, are concerned or interested in the said appointment.
6. To consider and if thought fit, to pass, with or without modification, the following as an Ordinary Resolution.
“RESOLVED THAT pursuant to the provision under Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 along with Article 35 of the Articles of Association of the Company, Shri K. Venkatramanan be re-appointed as Jt. Managing Director for a period of five years with effect from 01 September 2013 on the terms and conditions including remuneration as set out in the explanatory statement of the notice.”
None of the Directors except Shri K. Venkatramanan himself and Shri Vidyashankar Krishnan brother of Shri K. Venkatramanan, are concerned or interested in the said appointment.
7. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution
“RESOLVED THAT in accordance with the provisions of section 293 (1) (e) and other applicable provisions, if any, of the Companies Act, 1956, the company enhances the present limit of donation to be made to Charitable and other funds not directly relating to the business of the Company or welfare of its employees, from ₹ 1,00,00,000 to ₹ 2,00,00,000 in any financial year, effective from 2013-2014 and that the Board of Directors of the company are hereby authorised to contribute and subscribe on behalf of the company”

By Order of the Board

Place : Kodaikanal
Date : 21 May 2013

J.SUMATHI
Company Secretary



NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business is appended.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The proxy form duly stamped and executed should be deposited with our Company's Share Transfer Agents, M/S Cameo Corporate Services Limited, No. 1, Club House Road, Chennai – 600 002, not less than 48 hours before the commencement of the meeting.
4. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
5. The Register of Members and the share books will remain closed from 27 August, 2013 to 29 August, 2013, both days inclusive.
6. Change of address, if any, should be sent to the Company's Share Transfer Agents, M/S Cameo Corporate Services Limited, No. 1, Club House Road, Chennai – 600 002.
7. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on their Dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such members for change / deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in Physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may therefore give instructions regarding bank accounts in which they wish to receive dividend to their Depository Participants.
8. Green Initiative : Shareholders who are desirous of receiving their Annual Report through mail may take action as follows:

In case of shareholders holding shares in physical form: Inform M/s. Cameo Corporate Services Ltd.

In case of shareholders holding in demat form : Inform your DP.
9. The Company has transferred the Unclaimed amount lying in the Dividend Account for the year 2004- 05 of ₹ 125,528 /- to the credit of Investor Education and Protection Fund established by the Central Government on 05 October 2012.
10. Shareholders seeking any information with regard to accounts are requested to send their queries at least 7 days before the meeting so as to enable the company to keep the information ready.

Item No. 2 and 3

11 Reappointment of Director retiring by rotation:

11.1 Reappointment of Director Shri. V. Vaidyanathan, retiring by rotation:

Shri. V. Vaidyanathan is liable to retire by rotation at the 65th Annual General Meeting and being eligible has offered himself for reappointment. 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.

11.2 Reappointment of Shri. K. Venkatramanan, retiring by rotation:

Shri. K. Venkatramanan is liable to retire by rotation at the 65th Annual General Meeting and being eligible has offered himself for reappointment. He has been in the Board of M M Forgings Ltd since 1997.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 5 and 6

Reappointment of Shri Vidyashankar Krishnan as Vice Chairman and Managing Director and Shri. K. Venkatramanan as Joint Managing Director of the Company expires on 01 September 2013. The Board recommends their reappointment for a further period of five years with effect from 01 September 2013. Accordingly, an Ordinary Resolution is submitted for your consent.

Details of remuneration payable to each of the managerial personnel:

1. Salary: ₹ 7,50,000 per month
2. Commission: As may be decided by the Board of Directors subject to a maximum of 2.5% of the net profits of the Company, subject to the overall limit(s) prescribed under the Act.
3. PERQUISITES
 - 3.1 Housing:
 - i. The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60% of the salary.
 - ii. The amount(s) paid by the Company on gas, electricity, water, furniture, furnishings and other utilities will be evaluated as per Income Tax Rules, 1962.
 - iii. Wherever the Company does not provide accommodation, House Rent Allowance may be paid in accordance with (i) above;
 - iv. Where accommodation in a Company owned house is provided, the Company will charge 10% of his salary by way of rent.
 - 3.2 Medical reimbursement: Expenses incurred for self and family including premium payable for medical insurance in accordance with the rules of the Company.

Explanation: "Family" means the spouse, dependent children and dependent parents of the appointee.
 - 3.3 Personal Accident Insurance as per the rules of the Company.
 - 3.4 Leave Travel Assistance for self and family once in a year in accordance with the rules of the Company.
 - 3.5 Payment of company's contributions to Provident Fund / Pension Fund / Superannuation Fund / Gratuity Fund and encashment of leave (at the end of the tenure) shall not be included in the computation of remuneration or ceiling on the perquisites.
 - 3.6 Fees for clubs, subject to a maximum of three clubs
 - 3.7 Provision of chauffeur driven company cars.
 - 3.8 Provision of telephone (s) at the residence of the Director.
 - 3.9 Such other allowances, perquisites, benefits and amenities, as may be provided by the Company to other senior executives from time to time.
 - 3.10 Benefits under the loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time, subject to the provisions of the Companies Act, 1956.
 - 3.11 Tax on non-monetary perquisites to be paid by the Company.
 - 3.12. For the purpose of calculating the ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule, the same shall be evaluated at actual cost.
4. The Board of Directors are authorised to enhance the remuneration package as above, by up to 25% each year.
5. The above said remuneration and perquisites shall be subject to the ceiling laid down in Sections 198, 309 and all other applicable provisions of the Companies Act, 1956 as may be amended from time to time.

None of the Directors except Shri Vidyashankar Krishnan and Shri K. Venkatramanan may be concerned or interested in the said resolutions.

Item No. 7. Limit for donations

As per section 293 (1) (e) of the Companies Act, 1956 approval of the General Body is required for contributing to any Charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amount the aggregate of which will, in any financial year exceed ₹ 50,000/- or 5% of the Company's average Net Profits as determined in accordance with section 349 and 250 of the Companies Act, 1956, during the three immediately preceding financial years, whichever is greater.

At the Annual General Meeting of the Company held on 27 August 2007, the Directors of the Company were authorised to contribute to any Charitable Fund or Institution up to a sum of ₹ 1,00,00,000 in any financial year. Keeping in view of the increase in the activities of the Company, the Company may contribute in excess of the existing limit ₹ 1,00,00,000 to various Bodies / Charitable Organisations. The proposed resolution seeks now to authorise the Directors to make such contributions / expenditure up to a limit of ₹ 2,00,00,000/- in any one financial year.

The Board recommends this resolution for acceptance. None of the Directors is any way concerned or interested in the resolution proposed to be passed.

PERFORMANCE HISTORY

(₹ in lakhs)

DESCRIPTION/YEAR	FY 4	FY 5	FY 6	FY 7	FY 8	FY 9	FY 10	FY 11	FY 12	FY 13
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



M M FORGINGS LIMITED

Director's Report

1. FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Lakhs)

	2012-13	2011-12
1.1. Forging Sales	35,023.65	34,381.96
1.2. Profit before exceptional items/ extraordinary items and Tax	3,002.01	3,133.05
1.3. Exceptional/Extraordinary Items	—	724.62
1.4. Profit Before Tax	3,002.01	3,857.67
1.5. Tax		
For current year	600.00	775.00
Relating to previous years	45.76	214.60
MAT credit carried forward	(153.68)	—
Deferred Tax	65.00	192.65
Total Tax	557.08	1,182.25
1.6. Profit After Tax	2,444.93	2,675.42

Despite the slower growth in the world economy and in India, sales of forgings grew marginally by 1.9%.

Given the adverse environment and market conditions, the performance has been highly satisfactory. The Directors commend the employees for their commitment and contribution.

2. DIVIDEND AND FINANCIAL RESULTS:

(₹ in Lakhs)

	2012-13	2011-12
2.1. Profit After Tax	2,444.93	2,675.42
2.2. Balance in P & L Account	669.10	614.54
2.3. Profit available for appropriation	3,114.03	3,289.66
2.4. Transfer to General Reserve	2,200.00	2,200.00
2.5. Interim Dividend inclusive of taxes	420.85	420.85
2.6. Balance carried forward	493.18	669.15

The Directors have declared an Interim Dividend of 30% - ₹ 3/- per share of face value of ₹ 10/- each. The cost of the Interim Dividend inclusive of all taxes is ₹ 420.85 Lakhs. The Interim Dividend is already in line with the Payout Policy of the Company. The Directors, therefore, do not recommend a final Dividend.

3. HIGHLIGHTS OF THE COMPANY'S OPERATIONAL PERFORMANCE

- 3.1. Sales Turnover of the Company crossed ₹ 350 Crores for the first time in the history of the Company.
- 3.2. Exports at ₹ 253.96 Crores accounting for 72.5% of the Sales of the Company and has crossed the ₹ 250 crore mark for the first time. The Company continues to be one of the largest exporter of forgings from India and has received 23 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 ₹ 209.11 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 ₹ 29.02 crores. Machining capacity has been substantially increased in line with customer demand.
- 3.6. Despite an adverse environment and difficult market conditions, the Directors have maintained the Dividend at 30%

MANAGEMENT DISCUSSION AND ANALYSIS

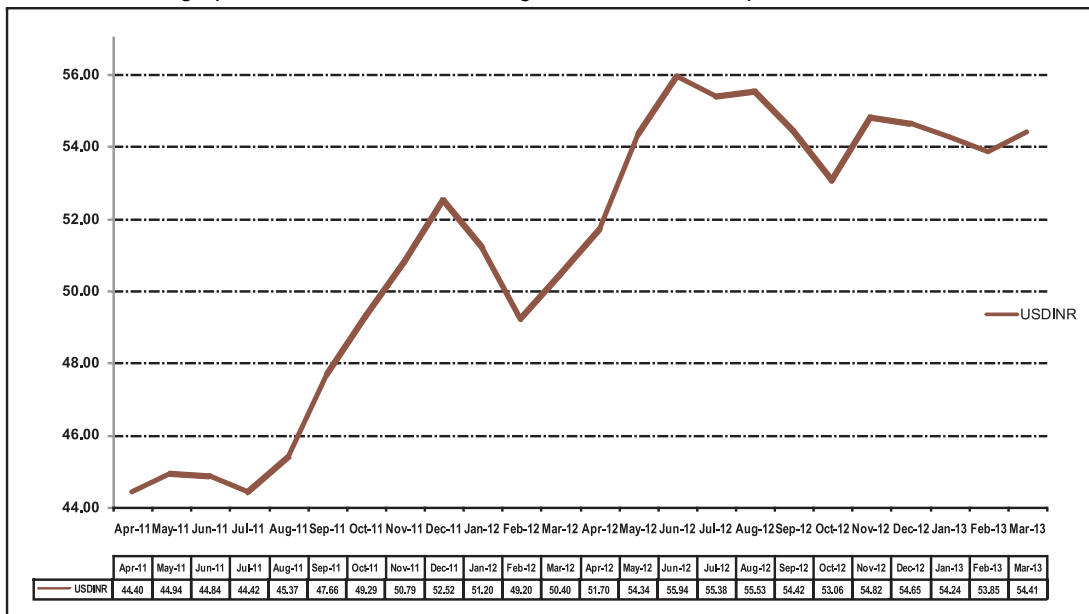
GLOBAL SCENE

- 4.1. The last fiscal 2012-13 saw a further firming up of equity from the increases of previous year. Globally, the availability of "cheap money" was a significant contributing factor for this.

- 4.2. USA - The structural weaknesses in the US economy continue to prevail due to the sheer size and depth of the legacy.
- 4.3. Europe – The survival of the Euro as a single currency union without a political union continues to be under severe pressure in the last few months. The pressures due to the floundering economies of European nations bordering the Mediterranean Sea pose a significant threat to the single currency. This panned out as envisaged by us last year.
- 4.4. Germany along with a few countries bordering the North Sea have emerged as pillars of the European economy. While peripheral EU countries look towards Germany for leadership and financial security, there is considerable pressure on German politicians and the bureaucracy, from the German public, to be very careful with usage of German tax payer money for bailing out indisciplined countries.
- 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.
- 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 is slowing down with growth forecast of around 7.5% 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 Shinzo Abe, the Prime Minister of Japan. In 2013, a real GDP growth of 1.7% is now expected, up from 1.2% expected earlier.
- 4.9. Commodities – have largely remained static through the year. The Dow Jones – UBS Commodity Index has fallen by about 4.3% year on year.
- 4.10. Overall, Global output is expected to have grown around 2.1% per various economic think tanks. The issue of high levels of sovereign debt which most countries have run up over the last two decades, is now 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

- 4.11. The Indian economy is expected to have grown by approximately 5% in F13 as compared to about 6.5% in F12 and average growth rate of approximately 8% in the last one year. This growth though relatively higher than the global average is not upto expectation. Most of the developed world was content with marginal growth in this period.
- 4.12. During F13 the automotive industry posted growth rates of approximately 3% in the car segment whereas it is down by 3% in the CV segment.
- 4.13. Steel prices have increased by about 5% compared to the lows of the previous year.
- 4.14. The INR ended the year lower by approximately 8%, ending the year at a level of ₹ 54.41 per USD. Please refer graph below. Further weakening of the INR is anticipated.



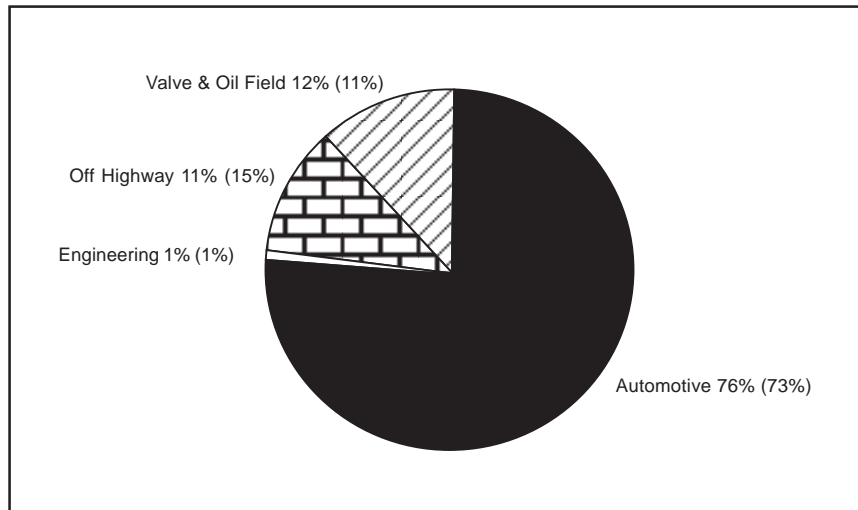
M M FORGINGS – capitalising on favourable winds

4.15. 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.
- ❖ Though the Indian market was characterised by reasonable growth, the domestic sales of your company fell by 8% on account of lower offtake from customers who are involved in exporting products of your company as machined components or as sub-assemblies.
- ❖ 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.

4.16. Sales increased by 1.9%. As highlighted in the Directors' Report, Return On Net Worth is 14% and Return On Capital Employed is 18%. Current Ratio is 1.50. The total outside liabilities to net worth stands at 1.05. Debt Equity Ratio is 0.41.

4.17. The details of segment-wise sales distribution are provided below:



Note : F12 figures provided in brackets for comparison

Human Resources and Industrial Relations

- 4.18. Your company continues to focus on the development of its human resources to improve its performance. The company currently has approximately 1105 employees. It is their invaluable contribution that has primarily resulted in your company's position of strength in the industry.
- 4.19. 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.
- 4.20. 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

- 4.21. 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.
- 4.22. 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

- 4.23. 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.
- 4.24. 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 which, currently, is on much weaker fundamentals than the Indian economy.
- 4.25. 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

4.26. 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. Shri. V.Vaidyanathan, Director retires by rotation and being eligible, offers, himself for reappointment.
- 5.2. Shri. K.Venkatramanan, Director retires by rotation and being eligible, offers, himself for reappointment
- 5.3. Shri. N. Srinivasan , has been appointed as Chairman of the Board w.e.f. 24 October 2012.
- 5.4. Shri. Vidyashankar Krishnan, Managing Director has been appointed as Vice Chairman of the Board and will be designated as Vice Chairman and Managing Director w.e.f. 24 October 2012.
- 5.5. Shri V. Narayanan, Director, had resigned from directorship of the Company and Shri. A.Gopalakrishnan was appointed in his place as a Director appointed by way of casual vacancy with effect from 24 October 2012. The Directors record their appreciation for the valuable services rendered by Shri. V. Narayanan as a Chairman and Director, during his 20 years tenure in your Company.

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, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- 6.4. The directors had 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, Tirchirapalli 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 : 21 May 2013

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 2013

(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.
 - 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.
 - 1.3. Consumption of Light Diesel Oil and Furnace Oil is closely monitored to conserve energy.
 - 1.4. Replacement of Oil Fired Furnaces with Induction Billet Heaters.
 - 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 planned to invest in Solar Power Plant to initiate green energy.
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

	2012-13	2011-12
1 ELECTRICITY		
a. Purchased:		
Units	3,50,01,674	3,33,85,689
Total Amount. (₹)	28,84,35,387	23,64,94,356
Rate / Unit (₹)	8.24	7.08
b. Own Generation:		
Units	31,28,186	44,58,207
Units per ltr.	2.86	2.53
Cost / Unit (₹)	15.61	18.02
2 FUEL OIL		
Quantity (in ltrs)	29,21,347	35,17,392
Total amount (₹)	17,24,85,653	21,20,91,246
Average Rate (₹/ltr.)	59.04	60.30
3 CONSUMPTION PER UNIT OF PRODUCTION		
a. Electricity	1234	1162
b. Fuel Oil	95	108

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 ₹ 50 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. Reduction 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 ₹ 24504.91 lakhs form a significant part of the company's turnover (₹ 22868.19 lakhs in 2011-12)
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: ₹ 2,45,04,91,402 (₹ 2,28,68,19,281 in 2011-12) b. Used: ₹ 35,93,86,337 (₹ 11,70,84,001 in 2011-12)

For and On behalf of the Board

Place : Kodaikanal
Date : 21 May 2013

N. SRINIVASAN
Chairman

ANNEXURE II FORMING PART OF THE REPORT OF THE DIRECTORS

(Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules,1975 and forming part of the Report of the Directors for the year ended 31.03.2013)

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	17124292	B.E.,M.S.	23	25.06.1990	47	— Nil —	11.27%
2	Shri. K.Venkatramanan DIN : 00823317	Jt. Managing Director	16488044	B.E.	21	24.01.1992	43	— 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 Providend Fund and value of perquisites together with other allowances.

For and on behalf of the Board

Place : Kodaikanal
Date : 21 May 2013

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 2013 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 V. Narayanan	2	2	Yes
Shri N. Srinivasan	5	5	Yes
Shri V. Vaidyanathan	5	5	Yes
Shri Vidyashankar Krishnan	5	5	Yes
Shri K. Venkatramanan	5	2	Yes
Shri. A. Gopalakrishnan	2	2	N.A

2.3. Shri V. Narayanan, Director, had resigned from directorship of the Company and Shri. A.Gopalakrishnan was appointed in his place as a Director appointed by way of casual vacancy with effect from 24 October 2012. The Directors record their appreciation for the valuable services rendered by Shri. V. Narayanan as a Chairman and Director, during his 20 years tenure in your Company.

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

Five Board Meetings were held during the year- 19 May 2012, 03 Aug 2012, 24 Oct 2012, 06 Nov 2012 and 04 Feb 2013

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

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

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

- Annual operating plans and budgets and any updates
- Capital Budgets and 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.

2.7. 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, 2013. 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'

2.8. 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 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:

19 May 2012, 03 Aug 2012, 06 Nov 2012 and 04 Feb 2013

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	4
Shri A. Gopalakrishnan	2	2
Shri. Vidyashankar Krishnan	2	2
Shri. V. Narayanan (Resigned)	2	2

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:

4.1. Formation and no. of meetings held:

4.1.1 The Investor Grievance Committee of the Board was formed on 16 June 2001 to redress the grievances of the Investors / Shareholders and was reconstituted as follows with effect from 06 November 2012

4.1.2. During the year under review, the Committee had 4 meetings held as follows:
19 May 2012, 03 Aug 2012, 06 Nov 2012 and 04 Feb 2013

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

4.2. Attendance:

Name	No. of IGC Meetings	No. of IGC Meetings attended
Shri V. Vaidyanathan	4	4
Shri Vidyashankar Krishnan	4	4
Shri K. Venkatramanan	4	2
Shri. A. Gopalakrishnan	2	2

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

4.4. No of Shareholder complaints received during the year: 0

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

4.6. No. of Pending Complaints : 0

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

4.8. 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	
	2013	2012	2013	2012
Salary and allowances	92,16,505	80,14,350	87,60,240	76,17,600
Perquisites:				
Provident Fund	7,17,654	6,24,098	7,17,654	6,24,098
Superannuation	8,21,300	6,21,000	8,21,300	6,21,000
Gratuity Insurance	2,24,482	1,95,201	2,24,482	1,95,201
Others	2,54,847	1,07,914	74,864	1,26,855
Commission on Profits	58,89,504	87,63,067	58,89,504	87,63,067
Total	1,71,24,292	1,83,25,630	1,64,88,044	1,79,47,821

6.2. Remuneration of non-executive directors:

Name	Year	Commission in ₹	Sitting Fees in ₹	Total in ₹
Mr. V. Narayanan	2013	1000000	12000	1012000
	2012	375000	24000	399000
Mr. N. Srinivasan	2013	600000	29000	629000
	2012	200000	6000	206000
Mr. V.Vaidyanathan	2013	300000	33000	333000
	2012	200000	28000	228000
Mr. A. Gopalakrishnan	2013	200000	14000	214000
	2012	-	-	-

7. **Remuneration Committee:**

The Board of Directors perform the functions of the Remuneration Committee. A separate remuneration committee is not mandatory.

**8. Subsidiary Company:**

- 8.1. Winding up of SEEL: The matter is pending with High Court, Chennai

9. General Meetings

- 9.1. Location and time, where last three AGMs held:

Financial year	Date	Time	Location
2009-10	27 August 2010	03.30 P.M.	Narada Gana Sabha, Chennai
2010-11	12 August 2011	12.05 P.M.	Narada Gana Sabha, Chennai
2011-12	03 August 2012	03.30 P.M.	Narada Gana Sabha, Chennai

- 9.2. Special Resolutions passed in the previous 3 AGMs:

- 9.2.2 Resolution passed in the AGM held on 27 August 2010

- 9.2.2.1 Renewal of sitting fees and commission for non executive directors for 5 years.

10. Disclosures:

- 10.1. 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 ₹ 502.30 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 29.2 of Notes forming part of the financial statements.

- 10.2. 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 2013

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

- 10.3. 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.

- 10.4. As Whistle Blower policy is not mandatory, this policy is not in force.

- 10.5. The company has complied with all the mandatory requirements under the Code of Corporate Governance.

- 10.6. Disclosures regarding appointment or reappointment of Directors:

This year Shri V. Vaidyanathan and K.Venkatramanan, Directors of the Company, shall retire and being eligible, offer themselves for reappointment.

Given below are the brief resume of the Directors:

- 10.6.1 Shri. V. Vaidyanathan as a Technocrat Executive, established a 100% EOU which has the largest manufacturing facility in the world for the production of computer chip packaging with Japanese collaboration. He is the Honorary Secretary and Treasurer 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.

10.6.2 Mr. K. Venkatramanan has a Bachelor of Engineering degree. He has 17 years of experience. He joined the Board as an Additional Director of the Company on 21st April 1997. With effect from February 24, 1999 he became the Joint Managing Director in this Company. He has been responsible for the tremendous growth in the sales & profits of the company. His accomplishments include a 10 fold increase in export sales. He serves on various committees in the Ministry of Finance and Ministry of Commerce.

11. Means of Communication

- 11.1. The quarterly, half yearly and annual results of the Company's performance are published in financial dailies viz., Business line and Makkal Kural
- 11.2. 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
- 11.3. The financial results are displayed on the website of the Company, www.mmforgings.com.

12. General Shareholders Information

- 12.1. Date, time and venue of the Annual General Meeting
Annual General Meeting is proposed to be held at Narada Gana Sabha, 314, T.T.K. Road, Chennai - 600 018 at 12 noon on Thursday, 29 August, 2013
- 12.2. Financial year : 01 April 2012 to 31 March 2013
- 12.3. Date of Book Closure : 27 August 2013 to 29 August 2013 (Both days inclusive)
- 12.4. Record date : 03 June 2013
- 12.5. Listing on Stock Exchanges :
- The shares of the Company are listed at:
- 12.5.1. 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
- 12.5.2. 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.
- 12.6. 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
- 12.6.1. The ISIN No. of the Company's equity shares in Demat form : INE227C01017
- 12.6.2. Depository Connectivity : National Securities Depository Limited, Central Depository Services (India) Limited
- 12.7. 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.
- 12.8. 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.



- Demat requests are processed within a period of 25 days from the date of receipt.
- Demat requests are processed within a period of 10 days from the date of receipt.
- The Company's Registrar and share Transfer Agents, Cameo Corporate Services Limited have adequate infrastructure to process the share transfers.

12.9. Pattern of shareholding as on 31 March 2013

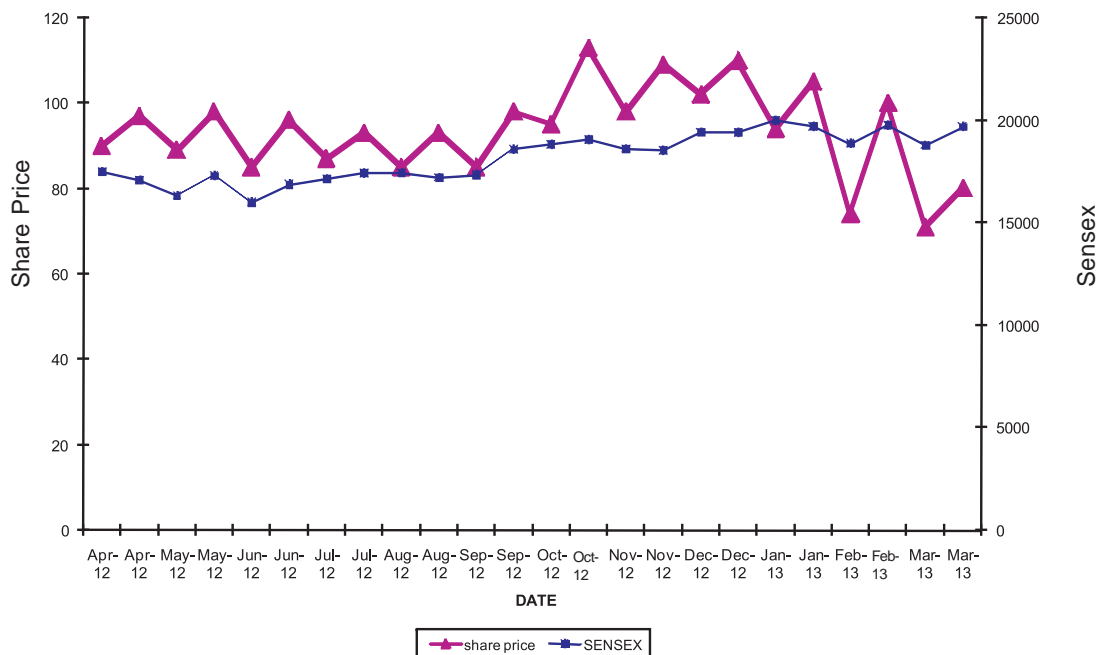
No. of equity shares held	No. of shareholders	% to total	No. of shares held	% of shareholding
1-500	4598	88.00	677702	5.62
501-1000	308	5.89	243868	2.02
1001-2000	154	2.95	238309	1.97
2001-3000	45	0.86	115940	0.96
3001-4000	25	0.48	91260	0.76
4001-5000	12	0.23	54046	0.45
5001-10000	23	0.44	169563	1.40
10000 & above	60	1.15	10479712	86.82
TOTAL	5225	100.00	12070400	100.00

12.10. Shareholding patter as on 31 March 2013

Category	No. of Shareholders	% to total	No. of shares held	% of share holding
Resident Indians	4915	94.07	3022444	25.04
NRIs	112	2.14	46639	0.39
Domestic Company	179	3.43	424909	3.52
Non-domestic Cos.	0	0	0	0
Financial Institutions / BanksMutua	0	0	0	0
Funds	5	0.09	1397222	11.57
Promoters	14	0.27	7179186	59.48
Total	5225	100.00	12070400	100.00

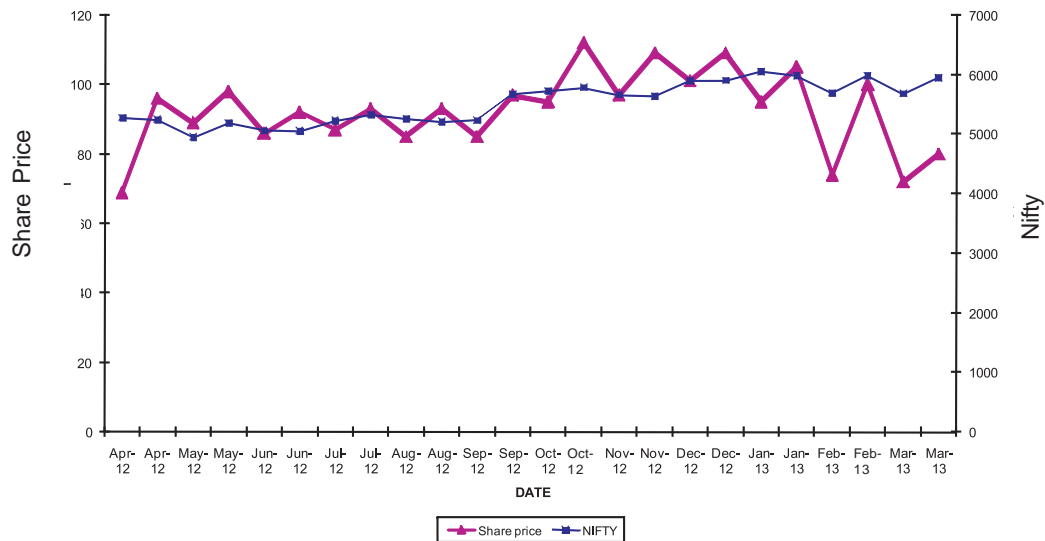
12.11. 1 Share Performance BSE vs SENSEX

SHARE PRICE VS SENSEX IN BSE FOR THE YEAR ENDED 31 MARCH 2013



12.12.2 Share Performance NSE vs Nifty

NSE VS NIFTY FOR THE YEAR 31 MARCH 2013



12.12. Share price data

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-12	97	90	96	69
May-12	98	89	98	89
June -12	96	85	92	86
July - 12	93	87	93	87
Aug - 12	93	85	93	85
Sept -12	98	85	97	85
Oct -12	113	95	112	95
Nov -12	109	98	109	97
Dec-12	110	102	109	101
Jan-13	105	94	105	95
Feb-13	100	74	100	74
Mar-13	80	71	80	72

12.13. Dematerialisation of shares :

11661922 Shares (96.62%) dematerialized as on 31 March 2013.

Promoters: 7179186 (59.48 %)

Public: 4482736 (37.14 %)

12.14. 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

12.15. Outstanding GDRs / ADRs / Warrants or any convertible instruments etc

As on 31 March 2013 the company has not issued these types of securities

12.16. Plant Location

12.16.1 Singampunari – 624 502

12.16.2 Viralimalai – 621 316

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

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

12.16.5 Wind farm at Panagudi village near Muppandal in Tirunelveli District.

12.16.6 Wind farm at Meenakshipuram Village, Theni District.

- 12.17. Address for correspondence :
The Company's registered office is situated at:
No.95 Anna Salai, 1st Floor, Guindy, Chennai – 600 032.
Telephone : 044-22352153 Fax : 044-22352160
Email : mmforge@mmforgings.com
- 12.18. Compliance Officer : Ms.J.Sumathi, Company Secretary
- 12.19. Exclusive Email id for redress of Investor Complaints : sumathi@mmforgings.com
- 12.20. Website : www.mmforgings.com
- 12.21. Details of bonus share certificates returned undelivered – Bonus issue 2005
No. of shareholders at the beginning of the year – 68
No. of outstanding shares at the beginning of the year – 8200
No. of shareholders who approached the issuer for transfer of these shares during the year– 1
No. of shareholders to whom shares were transferred - 1
No. of shareholders at the end of the year– 67
No. of outstanding shares at the end of the year – 8100
- 12.22. Details of bonus share certificates returned undelivered – Bonus issue 2008
No. of shareholders at the beginning of the year – 77
No. of outstanding shares at the beginning of the year – 16300
No. of shareholders who approached the issuer for transfer of these shares during the year–2
No. of shareholders to whom shares were transferred - 2
No. of shareholders at the end of the year– 75
No. of outstanding shares at the end of the year –15900
- 12.23. Bonus issue made during 2005 and 2008 (5A of the Listing Agreement)
Three Reminders were sent to the shareholders, whose bonus shares were held in physical form, which were returned undelivered. 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 from the Share Transfer Agents, Cameo Corporate Services Ltd

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, 2013, 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

G. Ramesh Kumar
Partner

Place : Kodaikanal
Date : 21 May 2013

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 the following to the Auditors and the Audit Committee of the Company:
 - 4.1. There were no significant changes, in internal control during the year;
 - 4.2. There were no significant changes, in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 4.3. There were no 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 : 21 May 2013

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 2013.

For M M Forgings Limited

Place : Kodaikanal
Date : 21 May 2013

Vidyashankar Krishnan
Vice Chairman and Managing Director



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, 2013, 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, 2013;
- 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, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, 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 : 21 May 2013

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, 2013 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 : 21 May 2013

G.Ramesh Kumar
Membership No. 200 / 18663

**Balance Sheet as at 31st March, 2013**

(₹ in lakhs)

	Note No.	As at March 2013	As at March 2012
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
1.1 Share capital	3	1,207.04	1,207.04
1.2 Reserves and surplus	4	16,001.15	13,977.09
		<u>17,208.19</u>	<u>15,184.13</u>
2 Non-current liabilities			
2.1 Long-term borrowings	5	4,237.61	6,028.63
2.2 Deferred tax liabilities (net)		1,070.16	1,005.16
2.3 Other long-term liabilities	6	55.23	88.33
		<u>5,363.00</u>	<u>7,122.12</u>
3 Current liabilities			
3.1 Short-term borrowings	7	7,434.43	7,299.61
3.2 Trade payables	8	2,989.71	1,765.25
3.3 Other current liabilities	9	2,908.28	2,094.78
3.4 Short-term provisions	10	420.85	514.90
		<u>13,753.27</u>	<u>11,674.54</u>
TOTAL		<u>36,324.46</u>	<u>33,980.79</u>
B ASSETS			
1 Non-current Assets			
1.1 Fixed Assets			
1.1.1 Tangible Assets	11	19,576.60	18,790.69
1.1.2 Capital work-in-progress		375.83	258.03
		<u>19,952.43</u>	<u>19,048.72</u>
1.2 Non-current investments	12	14.02	11.02
1.3 Long-term loans and advances	13	1,406.22	833.68
1.4 Other non-current assets	14	320.98	347.19
		<u>1,741.22</u>	<u>1,191.89</u>
2 Current Assets			
2.1 Inventories	15	7,123.92	8,523.63
2.2 Trade receivables	16	3,429.90	2,326.13
2.3 Cash and cash equivalents	17	132.72	145.24
2.4 Short-term loans and advances	18	3,929.59	2,728.57
2.5 Other current assets	19	14.67	16.60
		<u>14,630.80</u>	<u>13,740.17</u>
		<u>36,324.46</u>	<u>33,980.79</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

Place : Kodaikanal
Date : 21 May 2013

A. Gopalakrishnan
Director

J.Sumathi
Company Secretary

**Profit and Loss account for the year ended 31st March, 2013**

(₹ in lakhs)

	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
A CONTINUING OPERATIONS			
1 Revenue from operations Net of Excise Duty	20	36,111.79	35,023.25
2 Other income	21	51.29	11.31
3 Total revenue (1+2)		<u>36,163.08</u>	<u>35,034.56</u>
4 Expenses			
4.1 Cost of materials consumed	22	15,919.41	16,525.87
4.2 Changes in inventories of Finished Goods / Work-In-Process	23	(495.80)	(1,827.36)
4.3 Employee benefits expense	24	3,445.40	3,132.43
4.4 Finance costs	25	714.12	614.72
4.5 Depreciation and amortisation Expenses	11.3	2,113.07	2,309.18
4.6 Other expenses	26	11,464.87	11,146.67
Total expenses		<u>33,161.07</u>	<u>31,901.51</u>
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		3,002.01	3,133.05
6 Exceptional items			
Profit on Sale of Business Asset		-	1.14
Profit on Sale of Other Assets		-	-
7 Profit / (Loss) before extraordinary items and tax (5 ± 6)		3,002.01	3,134.19
8 Extraordinary items		-	723.48
9 Profit / (Loss) before tax (7 ± 8)		<u>3,002.01</u>	<u>3,857.67</u>
10 Tax expense:			
10.1 Current tax expense for current year		600.00	775.00
10.2 Tax expense relating to prior years		45.76	214.60
10.3 Net current tax expense		645.76	989.60
10.4 Mat Credit C/F		153.68	-
10.5 Deferred tax Liability /(Asset)		65.00	192.65
		<u>557.08</u>	<u>1,182.25</u>
11 Profit / (Loss) from continuing operations (9 ± 10)		2,444.93	2,675.42
B DISCONTINUING OPERATIONS			
12 Profit / (Loss) from discontinuing operations		-	-
C TOTAL OPERATIONS		<u>2,444.93</u>	<u>2,675.42</u>
13 Profit / (Loss) for the year (11 ± 12)		2,444.93	2,675.42
14 Earnings per share (of Rs. 10/- each):			
14.1 Basic			
14.1.1 Continuing operations		20.26	22.17
14.1.2 Total operations		20.26	22.17
14.2 Diluted			
14.2.1 Continuing operations		20.26	22.17
14.2.2 Total operations		20.26	22.17

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

Place : Kodaikanal
Date : 21 May 2013

A. Gopalakrishnan
Director

J.Sumathi
Company Secretary

**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 and at Meenakshipuram, Theni District.

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 translations

Initial 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 ₹ 38289883 (Last Year ₹ 61005597).

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.

2.13 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 up to the date of capitalisation of such asset is added to the cost of the assets.

2.14 Segment reporting

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

**Note 2 Significant accounting policies (contd.)****2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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 2013		As at 31 March 2012	
		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, 2013				
- Number of shares	12,070,400	-	-	12,070,400
- Amount ₹ in lakhs 1,207.04	-	-	-	-
Year ended 31 March, 2012				
- 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 2013		As at 31 March 2012	
	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 2013	As at 31 March 2012
Equity shares with voting rights		
Fully paid up by way of bonus shares	6,035,200	6,035,200

**Note 4 Reserves and surplus**

₹ in Lakhs

Particulars	₹ in Lakhs	
	As at 31 March 2013	As at 31 March 2012
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	12,998.36	10,798.36
Add: Transferred from surplus in Statement of Profit and Loss	2,200.00	2,200.00
Less: Utilised / transferred during the year for:		
Loss on Subsidiary Merger		
Closing balance	15,198.36	12,998.36
4.4 Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	669.11	614.56
Add: Profit for the year	2,444.93	2,675.42
Less: Interim dividend		
Dividends proposed to be distributed to equity shareholders Rs. 30 per share)	362.11	362.11
Tax on dividend	58.74	58.74
Transferred to: General Reserve	2,200.00	2,200.00
Closing balance	493.19	669.13
Total	16,001.15	13,977.09

Note 5 Long-term borrowings

Term Loans From Banks		
Secured	4,237.61	6,028.63
Unsecured	-	-
Total	4,237.61	6,028.63

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 2013		As at 31 March 2012	
	Secured	Unsecured	Secured	Unsecured
Term Loans From Banks				
Bank Citi Bank	2,344.43		4,222.79	
DBS - Loan 1	2,598.05		2,536.70	
DBS - Loan 2	2,181.79		1,283.68	
SBI	-		60.43	
Total - Term loans from banks	7,124.27	-	8,103.60	-



Particulars	₹ in Lakhs		₹ in Lakhs	
	As at 31 March 2013	Unsecured	As at 31 March 2012	Unsecured
5.2 Terms of Security / Repayment All loans secured by the charge over Fixed Assets of the Company except the lands at Singampunari / Viralimalai				
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%	
SBI -			12.00%	
5.4 Instalments Payable	Citi Bank	DBS Loan 1	DBS Loan 2	
2013 - 2014	2,071.19	451.84	363.63	
2014 - 2015	273.24	451.84	363.63	
2015 - 2016	-	451.84	363.63	
2016 - 2017	-	451.84	363.63	
2017 - 2018	-	451.84	363.63	
2018 - 2019	-	338.85	363.64	
2019 - 2020	-	-	-	
Total	2,344.43	2,598.05	2,181.79	-

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 2013	As at 31 March 2013
6.1 Trade Payables		
Other than acceptances	25.20	21.07
6.2 Others		
Payables on Purchase of Fixed Assets	11.76	33.46
Advance from Customers	18.27	33.80
Total	55.23	88.33

Note 7 Short-term borrowings

7.1 Loans repayable on demand from Banks		
Secured	7,434.43	7,299.61
Unsecured	-	-
Total	7,434.43	7,299.61

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

	Nature of Security		
Loans repayable on demand from Banks	Hypothecation of Inventory/	7,434.43	7,299.61
Total - from banks	Book Debts	7,434.43	7,299.61
No Default in the Servicing of the facility availed.	Rate of Interest 5.5%		

Note 8 Trade payables

Trade Payables - Other than Acceptances	2,989.71	1,765.25
Total	2,989.71	1,765.25

Note 9 Other current liabilities

9.1 Current maturities of long-term debt - Secured	2,886.66	2,074.97
9.2 Unpaid dividends	21.62	19.81
Total	2,908.28	2,094.78

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 2013 ₹ 56,000,000) (As at 31 March, 2012 ₹ 61,000,000)	-	94.05
10.2 Provision for proposed equity dividend	362.11	362.11
10.3 Provision for tax on proposed dividend	58.74	58.74
Total	420.85	514.90

Notes forming part of the financial statements

Note 11 Fixed Assets

11.1 Tangible Assets	Gross block						
	Balance as at 1 April, 2012	Additions	Disposals	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2013
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.1.1 Land	3453.46	400.90					3854.36
11.1.2 Buildings	3381.03	53.93					3434.96
11.1.3 Plant and Equipment	28738.15	1954.33		382.90	0.00		31075.38
11.1.4 Furniture and Fixtures	125.35	0.24					125.59
11.1.5 Vehicles	358.14	53.85	7.81				404.18
11.1.6 Office equipment	861.77	56.05	0.70				917.12
Total	36917.90	2519.30	8.51	382.90	0.00	0.00	39811.59
Previous year	30396.88	5892.67	95.68	610.06	113.97	0.00	36917.90

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, 2012	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Other adjustment	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2012
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
11.2.1 Land	0.00				0.00	3854.36	3453.46
11.2.2 Buildings	770.84	109.33			880.17	2554.79	2610.19
11.2.3 Plant and Equipment	16477.04	1917.17			18394.21	12681.17	12261.11
11.2.4 Furniture and Fixtures	75.19	11.69			86.88	38.71	50.16
11.2.5 Vehicles	129.31	31.51	5.20		155.62	248.56	228.83
11.2.6 Office equipment	674.83	43.37	0.09		718.11	199.01	186.94
Total	18127.21	2113.07	5.29	0.00	20234.99	19576.60	18790.69
Previous year	15830.87	2309.18	12.84		18127.21		



11.3 Depreciation and amortisation relating to continuing operations:

Particulars	For the year ended	For the year ended
	31 March, 2013	31 March, 2012
	₹ in Lakhs	₹ in Lakhs
Depreciation and amortisation for the year on tangible assets as per Note 12 A	2,113.07	2,309.18
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	2,113.07	2,309.18

Note 12 Non-current investments

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted # ₹ in Lakhs	Unquoted # ₹ in Lakhs	Total ₹ in Lakhs	Quoted ₹ in Lakhs	Unquoted ₹ in Lakhs	Total ₹ in Lakhs
Investments (At cost):						
12.1 Trade	NIL	NIL	NIL	NIL	NIL	NIL
12.2 Other investments						
12.2.1 Investment in equity instruments - Fully Paid	11.02	3.00	14.02	11.02	NIL	11.02
Total - Other investments (12.2)	11.02	3.00	14.02	11.02		11.02
Less: Provision for diminution in value of investments			-			-
Total			14.02			11.02
Aggregate amount of quoted investments			11.02			11.02
Aggregate market value of listed and quoted investments			31.69			33.60





₹ in Lakhs

Particulars	₹ in Lakhs	
	As at 31 March 2013	As at 31 March 2012
Note 13 Long-term loans and advances		
13.1 Security deposits		
Secured, considered good		
Unsecured, considered good	206.53	217.81
Doubtful	-	-
	206.53	217.81
Less: Provision for doubtful deposits	-	-
	206.53	217.81
13.2 Advance Income Tax	(18.88)	-
13.3 Mat Credit Available	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	948.51	499.49
	1,064.89	615.87
Total	1,406.22	833.68
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	110.78	169.66
14.1.2 Work-in-progress - Steel Forgings	60.49	91.96
14.1.3 Stores & Spares	18.55	-
14.1.4 Consumable Tools	85.79	-
Total	275.61	261.62
14.2 Other Assets		
14.2.1 Insurance claims	45.37	85.57
Total	320.98	347.19
Note 15 Inventories		
(At lower of cost and net realisable value)		
15.1 Raw materials	1,256.89	2,862.60
15.2 Work-in-progress - Steel Forgings	5,167.71	4,640.44
15.3 Stores and spares	514.65	772.14
15.4 Consumable Tools	184.67	248.45
Total	7,123.92	8,523.63

₹ in Lakhs

Particulars	As at 31 March 2013	As at 31 March 2012
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	3,429.90	2,326.13
Doubtful	3,429.90	2,326.13
Less: Provision for doubtful trade receivables	-	-
Total	3,429.90	2,326.13

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	6.27	3.54
17.2 Cheques, drafts on hand	-	-
17.3 Balances with banks		
17.3.1 In current accounts	34.90	57.94
17.3.2 In deposit accounts (Refer Note below)	91.55	83.76
Total	132.72	145.24

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 - Cash Flow Statement is ₹ 78.94 Lakhs. (As at 31st March 2012 ₹ 96.23 Lakhs)

Note: Balances with banks include deposits amounting to ₹ 53.78 Lakhs as at 31st March 2013 which have an original maturity of more than 12 months. (As at 31st March 2012- ₹ 49.01 Lakhs)

Note 18 Short-term loans and advances

18.1 Loans and advances to employees		
Secured, considered good		
Unsecured, considered good	170.29	189.11
Doubtful	-	-
	170.29	189.11
Less: Provision for doubtful loans and advances	-	-
	170.29	189.11
18.2 Prepaid expenses - Unsecured, considered good	82.90	34.17
18.3 Balances with government authorities - Unsecured, considered good		
18.3.1 CENVAT credit receivable	972.78	2,045.00
18.3.2 VAT credit receivable	450.00	456.66
18.4 Others -ICD		
Secured, considered good		
Unsecured, considered good	2,253.62	3.63
Doubtful	-	-
	2,253.62	3.63
Less: Provision for other doubtful loans and advances	-	-
	2,253.62	3.63
Total	3,929.59	2,728.57

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

Particulars	₹ in Lakhs	
	As at 31 March 2013	As at 31 March 2012
Note 19 Other current assets		
19.1 Others		
19.1.1 Insurance claims	14.67	16.60
Total	14.67	16.60
Note 20 Revenue from operations		
20.1 Sale of products	35,023.65	34,381.96
20.2 Other operating revenues	1,088.14	641.29
Total	36,111.79	35,023.25
20.1.1 Sale of products comprises		
<u>Manufactured goods</u>		
Steel Forgings	35,023.65	34,381.96
Total - Sale of products	35,023.65	34,381.96
20.2.1 Other operating revenues		
Power Generated	1,088.14	641.29
Total - Other operating revenues	1,088.14	641.29
Note 21 Other income		
21.1 Interest income from Bank Deposits	50.07	10.09
21.2 Dividend income: from long-term investments	0.85	0.97
21.3 Miscellaneous Income	0.37	0.25
Total	51.29	11.31
Note 22 Cost of materials consumed		
Opening stock	3,032.26	2,918.89
Add: Purchases	14,254.82	16,639.24
	17,287.08	19,558.13
Less: Closing stock	1,367.67	3,032.26
Cost of material consumed	15,919.41	16,525.87
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	5,228.20	4,732.40
<u>Inventories at the beginning of the year:</u>		
Work-in-progress Forgings	4,732.40	2,905.04
Net (increase) / decrease	(495.80)	(1,827.36)
Note 24 Employee benefits expense		
24.1 Salaries and wages	2,520.90	2,232.25
24.2 Managerial Remuneration	357.12	370.48
24.2 Contributions to provident and other funds	197.03	178.01
24.3 Staff Gratuity	15.30	8.79
24.4 Staff welfare expenses	355.05	342.90
Total	3,445.40	3,132.43

Particulars	₹ in Lakhs			
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
Note 25 Finance costs				
Interest expense on: Borrowings			714.12	614.72
Total			714.12	614.72
Note 26 Other expenses				
26.1 Consumption of Stores			803.46	770.31
26.2 Consumption of Tools			684.33	704.46
26.3 Outside Labour			460.80	562.66
26.4 Power and fuel			4,609.21	4,485.86
26.5 Repairs and Maintenance				
26.5.1 Buildings	39.15	34.79		
26.5.2 Machinery	642.24	564.12		
26.5.3 Machinery Spares	<u>985.30</u>	<u>698.65</u>	1,666.69	1,297.56
26.6 Selling Expenses			402.92	401.91
26.6 Export Expenses				
26.7.1 Packing & Forwarding	461.92	453.84		
26.7.2 Freight	890.80	837.24		
26.7.3 Commission	350.81	461.04		
26.7.4 Warehousing Charges	258.32	355.74		
26.7.5 Others	<u>73.86</u>	<u>83.06</u>	2,035.71	2,190.92
26.8 Loss on fixed assets sold / scrapped / written off			1.19	0.10
26.9 Miscellaneous expenses			800.56	732.89
Total			11,464.87	11,146.67
Miscellaneous expenses includes payment to auditors comprising of :				
As auditors - statutory audit			11.06	10.10
For taxation matters			1.20	1.20
Reimbursement of Expenses / Service Tax			3.21	3.58
Total			15.47	14.88
27.1 Contingent liabilities and commitments (to the extent not provided for)				
27.1.1 Contrinenet Liabilities - Foreign Bills Discounted with Bank			1,362.07	1,120.32
Note 28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006			NIL	NIL
Note 29 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges				
29.1 Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:			NIL	NIL

29.2 The Directors of the Company are Directors/Partners of the following concerns:

Other Directorship		Other Committee Memberships		
Name of the Company	Position	Name of the Company	Committee	Position
Shri. N. Srinivasan Andhra Pradesh Gas Power Corp. Ltd	Director	The India Cements Ltd.	Shareholders / Investor Grievance Audit	Member
Anna Investments Private Ltd	Chairman	India Cements Capital Ltd		Member
Coromandel Electric Co. Ltd	Chairman	India Cements Capital Ltd	Shareholders /Investor Grievance	Chairman
Coromandel Sugars Ltd	Chairman	Trinetra Cement Ltd	Shareholders /Investor Grievance	Chairman
Coromandel Ship Management P Ltd	Chairman	Coromandel Sugars Ltd	Audit	Chairman
E.W.Stevens & Co. Private Ltd	Chairman	Coromandel Electric Co Ltd	Audit	Chairman
EWS Finance & Invst Ltd	Chairman			
Jhunjhunu Cement Ltd	Chairman			
ICL Financial Services Ltd	Chairman			
ICL International Ltd	Chairman			
ICL Securities Ltd	Chairman			
ICL Shipping Ltd	Chairman			
India Cements Capital Ltd	Chairman			
Prince Holdings (Madras) P Ltd	Chairman			
Raasi Cement Limited	Chairman			
Rupa Holdings P Ltd	Chairman			
Thambi Investments Private Ltd	Chairman			
Trinetra Cement Ltd	Chairman			
Trishul Concrete Products Limited	Chairman			
The India Cements Limited	Vice Chairman & Managing Director			
Shri V. Vaidyanathan Chettinad Morimura Semiconductor Material (P) Ltd – F Hi Silica Ltd Double Vee Associates	Director Partner			
Shri A.Gopalakrishnan Directorship in Other Companies	NIL			
Shri Vidyashankar Krishnan Association of Indian Forging Industry Synmax Consultants & Trading Private Limited Baylife Medicare Private Ltd Unique Technologies	Managing Committee Director Director Partner			
Shri Venkatramanan Krishnan Synmax Consultants & Trading Private Limited Sivasundar Private Limited Baylife Medicare Private Ltd Unique Technologies	Director Director Director Partner			

29.3 Transaction with related persons

The company has purchased power from Coromandel Electric Company Ltd. to the tune of ₹ 502.30 lakhs. By means of this, the Company has substantially saved power cost by eliminating running of Diesel Generating sets.

Particulars	As at 31 March 2013	As at 31 March 2012
29.4 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 2013	For the year ended 31 March 2012
29.5 Value of imports calculated on CIF basis		
Raw materials	52.00	42.20
Consumable Stores / Tools	48.10	82.09
Machinery Spares	10.97	0.93
Capital goods	444.75	390.40
29.6 Expenditure in foreign currency		
Travelling	126.13	91.78
Export Expenses	604.34	563.05
Staff Training	0.37	0.38
29.7 Details of consumption of imported and indigenous items		
	31st Mar 2013	31st Mar 2012
	₹ in Lakhs	₹ in Lakhs
<u>Imported</u>	%	%
Raw materials	52.00	42.20
Consumable Stores / Tools	48.10	82.09
Machinery Spares	10.97	0.93
	111.07	125.22
<u>Indigenous</u>		
Raw materials	15,867.41	16,483.67
Consumable Stores / Tools	1,439.69	1,392.68
Machinery Spares	974.33	697.72
	18281.43	18574.07
29.8 Earnings in foreign exchange		
Export of goods calculated on CIF basis	24,504.91	22,868.19

Note 30 Disclosures under Accounting Standards (contd.)

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	-	113.97
- 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	1,070.16	1,005.16
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**Cash Flow Statement for the year ended 31st March 2013** (₹ in lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
A Cash Flow From Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	3,002.01	3,857.67
<i>Adjustments for:</i>		
Depreciation and amortisation	2,113.07	2,309.18
(Profit) / Loss on sale / write off of assets	1.19	(724.52)
Finance costs	714.12	614.72
Interest income	(50.07)	(10.09)
Dividend income	(0.85)	(0.97)
	<u>2,777.46</u>	<u>2,188.32</u>
Operating Profit / (Loss) before working capital changes	5,779.47	6,045.99
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	1,399.71	(2,168.41)
Trade receivables	(1,103.77)	1,895.05
Short-term loans and advances	(1,201.02)	(663.75)
Long-term loans and advances	(572.54)	(178.38)
Other current assets	1.93	8.52
Other non-current assets	26.21	(39.93)
<i>Adjustments for increase/(decrease) in operating liabilities</i>		
Trade payables	1,224.46	572.94
Other current liabilities	813.50	328.88
Other long-term liabilities	(33.10)	1.63
	555.38	(243.45)
Cash generated from operations	6,334.85	5,802.54
Net income tax (paid) / refunds	586.15	1,015.55
Net cash flow from / (used in) operating activities (A)	5,748.70	4,786.99
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(3,020.00)	(6,694.43)
Proceeds from sale of fixed assets	2.03	807.36
Long Term Investments	(3.00)	
Interest received	50.07	10.09
Dividend received	0.85	0.97
Net cash flow from / (used in) investing activities (B)	(2,970.05)	(5,876.01)
C. Cash flow from financing activities		
Proceeds from long-term borrowings(Net)	(1,791.02)	443.38
Repayment of long-term borrowings(Net)		
Net increase / (decrease) in working capital borrowings	134.82	1,705.51
Repayment of other short-term borrowings		
Finance cost	(714.12)	(614.72)
Dividends paid	(362.11)	(362.11)
Tax on dividend	(58.74)	(60.14)
Net cash flow from / (used in) financing activities (C)	(2,791.17)	1,111.92
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(12.52)	22.90
Cash and cash equivalents at the beginning of the year	145.24	122.34
Cash and cash equivalents at the end of the year	132.72	145.24
	<u>(12.52)</u>	<u>22.90</u>

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

Place : Kodaikanal
Date : 21 May 2013

A. Gopalakrishnan
Director

J.Sumathi
Company Secretary



Cameo Corporate Services Limited

PROXY FORM

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

Folio No/ DP ID:

I/We.....resident of
.....being a member/members of the above named Company hereby
appoint.....resident of.....
..... as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to
be held at 'Narada Gana Sabha' (Mini Hall), 314, T.T.K.Road, Chennai - 600018, at 12.00 noon on Thursday, 29th day of
August 2013 and at any adjournment thereof.

Signature



Note: The Proxy form must be returned so as to reach the Company's Share Transfer Agents, Cameo Corporate Services Limited not less than 48 hours before the commencement of the aforesaid meeting.

Cameo Corporate Services Limited

Change of Address

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

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 67th Annual General Meeting of M M Forgings Limited at 'Narada Gana Sabha' (Mini Hall), 314, T.T.K.Road, Chennai - 600018, at at 12.00 noon on Thursday, 29th day of August, 2013.

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.



Quality Forgings

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

S.No.		
1	Name of the company	M M Forgings Limited
2	Annual financial statements for the year ended	31 March 2013
3	Type of Audit observation Un-qualified / Matter of Emphasis	Unqualified
4	Frequency of observation	Nil
5	To be signed by- <ul style="list-style-type: none"> • CEO/Managing Director (VIDYAS HANKAR KRISHNAN) <input checked="" type="checkbox"/> NS • CFO (R. VENKATAKRISHNAN) <input checked="" type="checkbox"/> • Auditor of the company (C. RANESH KUMAR) <input checked="" type="checkbox"/> CRK • Audit Committee Chairman (N. SRINIVASAN) <input checked="" type="checkbox"/> NS 	